

**RECORD OF PROCEEDINGS**  
**COMBINED SPECIAL MEETING**  
**OF THE**  
**ASPEN HIGHLANDS COMMERCIAL METROPOLITAN DISTRICT**  
**AND THE ASPEN HIGHLANDS RESIDENTIAL METROPOLITAN DISTRICT**

December 2, 2011

A combined special session of the Board of Directors of the Aspen Highlands Commercial Metropolitan District and the Aspen Highlands Residential Metropolitan District, in the County of Pitkin, State of Colorado, was held on day, December 2, 2011, at 12:00 pm at 0197 Prospector Rd., Suite 2105, Aspen Highlands Village, Aspen, CO with the following people present:

**Directors**

**Present:** Ron Chauner, President  
Jim Laing, Vice-President  
Nicholas DiMeglio, Treasurer  
Kristin Pride, Secretary/Director  
Ivan Skoric, Director

**Members of the**

**Public:** Gary L. Beach, District Manager  
Roy Saba, District Administrator

**Call to Order**

Pres. Chauner called the meeting to order at 12:04 p.m. and a quorum of Directors was present to conduct business.

**Approval of Agenda  
And 10/20/11 Meeting  
Minutes**

Dir. Chauner made a motion to approve the Meeting Agenda as presented and to approve the Meeting Minutes from the October 20, 2011 meeting. Dir. DiMeglio seconded and the motion passed unanimously.

**Final Hearing on 2012  
Proposed Budget**

Dir. Chauner opened the public hearing on the Proposed 2012 Budget at 12:06 p.m. and Mr. Beach advised the Board that notice of the hearing had been published and posted as required. Mr. Beach provided the Board with updates on cost projections through the end of 2011 and an explanation of changes that had been made to the budget to comport with prior meeting requests, such as an increase in the Reserve Study costs to \$7,000.

Mr. Beach reported that he had made the changes requested by the Board to present a budget that accepts a 50% reduction in revenues from the re-valuation of properties within both Districts. This directive by the Board was based on an understanding by the Board that many other taxing entities were looking at raising mill levies to continue to receive the same amount of taxes as the prior year.

Some Districts, such as the school district will actually be raising taxes to

increase revenues, and some districts and other taxing authorities intend to do both. Because the Highlands Commercial Metro District has settled its litigation against GE Johnson funds that were being spent on litigation are now available for operations and the Board has determined that it can prudently reduce its revenues and therefore the taxes collected in order to reflect the economic realities of today.

Mr. Beach explained the budget by describing all significant exceptions, and the Board asked several clarifying questions. Mr. Beach's recommended increases in expenditures for Village core maintenance, road work, landscape maintenance, irrigation system maintenance, drainage, and special projects are all intended to respond to deferred maintenance in those areas. The deferred maintenance was necessary in order to divert funds to litigation instead of raising taxes. Mr. Beach also pointed out that \$975,000 will be returned to the reserve funds from which monies were borrowed previously to pay legal and expert fees.

Special projects were explained and included \$12,500 to remove the temporary steel supports under Boomerang Road to allow for permanent repairs to be made by Stresscon, as part of the litigation settlement. \$20,000 was allocated to snowmelt repairs, \$12,000 to Loss Prevention Camera upgrades, \$3,500 to B5/B3 stair repairs, \$30,000 for Plaza improvements (will require further Board approval as to the improvements to be funded), \$20,000 to landscape improvements, and \$15,000 to District Block H (Bowling Green) improvements.

Dir. Chauner asked if there were any additional comments, questions or concerns to be addressed and hearing none, he closed the public hearing at 12:47 p.m.

**Motion**

Dir. DiMeglio moved and Dir. Chauner seconded a three part motion to adopt the budget as changed and presented by Management, to file the Budget with the State's Division of Local Governments by December 31, 2011 and to certify with Pitkin County, the mill levies necessary to generate the revenues called for in the Budget. By unanimous voice vote, all directors voting aye, the motion was adopted.

**Investment Policy**

Mr. Beach introduced this agenda item and advised the Board that the Investment Policy in their packet meets the requirements of Colorado Revised Statutes, Section 24-75-601 for Investments in Securities by a public entity. A review of the types of investments available was completed by the Board. Dir. DiMeglio suggested a change be made to require authorization by not less than two directors for any change in investment strategy and Dir. Laing pointed out two typographical errors in the policy. Mr. Beach agreed to add Dir. DiMeglio's change and to correct the typos. Dir. DiMeglio asked that he receive monthly statements regarding the District's investments.

**Motion**

Dir. DiMeglio moved to approve the Investment Policy with the change requested, the motion was seconded by Dir. Laing and approved by the Board by unanimous voice vote.

**Rules and Regulations** Mr. Beach presented the requested changes to revise the fine schedule that is included in the Districts' rules and regulations. The changes met the Board's

direction that they not be numerous or onerous.

**Motion**

Upon a motion made by Dir. Chauner and seconded by Dir. DiMiglio, the proposed changes to the District's Rules and Regulations were adopted by unanimous voice vote.

**Discussion of Wanger  
Proposed Purchase of  
Water Rights**

Mr. Beach introduced this agenda item with the explanation that he had just received the materials included in the Board Packet and understood that the Board may not have had an opportunity to review them thoroughly. He explained that Ralph and Leah Wanger, who purchased the property previously owned by the Highlands Developer, Whip Jones, had previously agreed to make improvements to the Pearson Spring Ditch in order to continue to receive water from the District's water right in the ditch. However, the cost of making the necessary improvements were significantly more than anticipated and were now looking to secure some guarantee of future flows from the spring to their pond. Mr. Beach stated that their offer to make improvements to the pipeline delivery system would be beneficial to both the District and to Wangers, and he explained why he believes that to be the case.

After discussing the Wanger's offer, the Board expressed concerns over the sale of any water right in its possession, but directed the manager to continue discussions with the Wangers to determine if a mutually acceptable solution to the necessary ditch and pipeline improvements could be found.

**Manager's Contract**

The Manager requested approval of an extension to the Manager's contract and provided the Board with an abbreviated two page contract. After briefly reviewing the contract the Board opted to table further discussion until the next meeting of the Board.

**Manager's Report**

briefed the Board on the potential construction schedule for making repairs to Boomerang Road, to the columns, corbels and bearing pads, to snowmelt and to sidewalks and walk way areas. A brief discussion was also held on the current problems being encountered with the snowmelt system and a leak found under the Building 8 skyway.

Dir. Chauner suggested that the mats that had been recently delivered to the B7 corridor were probably no longer necessary due to the new flooring installed this past summer. Mr. Beach said it was likely an oversight and the mats would be removed and the rental agreement terminated.

**New Business:**

There was no new business.

**Future Meeting**

The Board directed the manager to caucus the Board by email to determine the appropriate future meeting date. The Board agreed that it would prefer to meet on Thursdays at 12:00 p.m. at the White River Lodge.

**Adjournment**

Being there was no other business to come before the Board, a motion to adjourn was made and seconded and the meeting adjourned at 1:18 p.m.

The foregoing minutes constitute a true and correct copy of the minutes of the above-referenced meeting and were approved by the Board of Directors of the combined Aspen Highlands Metropolitan Districts.

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Gary L. Beach, District Manager  
Aspen Highlands Commercial Metropolitan District  
Aspen Highlands Residential Metropolitan District

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Date of Approval

Seal:

DRAFT