
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting of the Board of Directors of the Red Sky Ranch Metropolitan Districts October 19, 2015

The Regular Meeting of the Board of Directors of the Red Sky Ranch Metropolitan District, Eagle County, Colorado, was held Monday, October 19, 2015, at 8:00 a.m., in the two elk conference room at 137 Benchmark Rd, Avon, Eagle County, Colorado.

Attendance

The following Directors were present:

- Karen Braden-Butz
- Michael Connell
- William Simmons
- Frederick Hudoff

The following Director was absent and excused:

- William Kennedy

Also in attendance were:

- Bill Ankele, Esq White Bear Ankele Tanaka and Waldron (via phone)
- Ken Marchetti, CPA, Marchetti & Weaver LLC
- Kathy Lewensten, Recording Secretary
- Tim Baker, HCMD Director
- Doug Lovell, HCMD Director
- Mike Miner, RSR Director of Golf Maintenance
- Don Odell, RSR Operations

Call to Order

The Regular Meeting of the Board of Directors of the Red Sky Ranch Metropolitan District was called to order at 8:00 a.m. by Director Connell noting a quorum was present.

Potential Conflicts

The Board noted that it has received certain written disclosures of potential conflicts of interest statements from each of the Directors more than seventy-two hours prior to the meeting, indicating the following conflicts: [William M. Kennedy](#) is Director of Land Development for Vail Resorts Development Co., a subsidiary of the Vail Corporation and an indirect operating subsidiary of Vail Resorts, Inc., all of which have significant business interests within the Districts; and [Karen Braden-Butz](#) is the Financial Analyst for Village Operations at Beaver Creek, a subsidiary of the Vail Corporation and an indirect operating subsidiary of Vail Resorts, Inc., all of which have significant business interests within the Districts.

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Minutes The Board reviewed the minutes of the September 21, 2015 Regular Meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes of the September 21, 2015 Regular Meeting as presented.

Public Input No public input was offered.

Old Business Director Connell asked whether any new information was available from Vail Resorts concerning water rights and the request by the District to consider a lower interest rate on the HC promissory note.

Mr. Lovell stated he did not have any new information related to the promissory note interest rate but could provide some preliminary information on water rights. It was requested that VR in addition to looking at interest rates, look at the term of the loan. Currently the HC promissory note expires prior to the HC 2001 Bond.

Mr. Lovell presented several points outlined in a VR email related to a potential renewal of the water lease. They included a renewal term of 10 years at a rate of \$2.70/1,000 gallons with a 5% annual increase; terms related to a potential purchase of water rights would include a provision for immediate purchase if the water rights were to be dedicated to ERW for service at RSR, however the purchase option for RSR directly would be contingent upon the repayment of HC debt, the rights would be priced at the fair market value, and 34 acre feet would come from Homestake reservoir water. Mr. Lovell pointed out the new lease terms were similar to the current lease cost wise and would allow for sufficient water rights to serve the District at full build out. Director Hudoff expressed concern over the requirement for repayment of HC debt.

The current water lease has a purchase option clause however the water rights related to the current lease would not be sufficient to adequately serve the District at full build out. Mr. Marchetti asked whether there may be alternatives for “filling the gap” with outside water rights. The Board discussed delivery costs from the river to the water plant if the water rights were purchased. Director Connell suggested a working committee continue to review the matter. Mr. Lovell offered to request a term sheet from VR.

Legal Mr. Ankele stated there were no separate legal matters at this time.

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Financial Statements

Mr. Marchetti reviewed the preliminary September 2015 financial statements which included the 2016 budget. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the preliminary September 2015 financial statements as presented.

2016 Budget

The Board discussed the 2016 budget which was presented as part of the September preliminary financial statements. The public hearing for the 2016 budget was opened.

Mr. Marchetti reviewed the preliminary assessed valuation noting several homes were still under appeal. The debt service mill levy is budgeted to decrease to 64 mills which will cover the service obligation, the 2015 bond payments and allow approximately \$220,000 that could be provided to HCMD towards the capital obligation or debt repayment. Director Hudoff asked whether HC has sufficient reserves for upcoming capital costs pointing out it may be prudent to split the \$220,000 to allow for some reserves. Mr. Marchetti noted HC will also need to replenish reserves used for the Norman repairs. The Board tabled the discussion to the next meeting.

The public hearing was continued to the November 9, 2015 meeting.

Accounts Payable

Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the accounts payable listing as presented.

Future Meetings

The next regular meeting is scheduled for November 9, 2015 at the same location. The time of the meeting was changed to 9:00 a.m.

Adjourn

Upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn the October 19, 2015 Regular Meeting of the Red Sky Ranch Metropolitan District Board of Directors.

Respectfully submitted,
/s/ Kathy Lewensten
Recording Secretary