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# RECORD OF PROCEEDINGS

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**Minutes of the Special Meeting  
of the Board of Directors of the  
Red Sky Ranch Metropolitan Districts  
November 4, 2013**

The Special Meeting of the Board of Directors of the Red Sky Ranch Metropolitan District, Eagle County, Colorado, was held Monday, November 4, 2013, at 8:00 a.m., in the two elk conference room, 137 Benchmark Road, Avon, Eagle County, Colorado.

**Attendance**

**The following Directors were present:**

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

**The following Director was absent and excused:**

- William Kennedy

**Also in attendance were:**

- Bill Ankele, Esq White, Bear and Ankele PC (via phone)
- Ken Marchetti, CPA Robertson & Marchetti, PC
- Kathy Lewensten, RMPC Recording Secretary
- Mike Miner, RSR Director of Golf Maintenance
- Ramsey Romanin, RSR Caretaker
- Sam Sharp, DA Davidson (via phone)

**Call to Order**

The Special Meeting of the Board of Directors of the Red Sky Ranch Metropolitan District was called to order at 8:00 a.m. by Director Simmons 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; [Karen Braden-Butz](#) is the Project Accountant 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 [William Simmons](#) is Director of Village Operations for Vail Resorts Management Company, an indirect operating subsidiary of Vail

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Resorts, Inc., which both have significant business interests within the Districts.

### Minutes

The Board reviewed the minutes of the September 16, 2013 Regular Meeting. A revision to the legal section was discussed. Upon motion duly made and seconded, it was unanimously

**RESOLVED** to approve the minutes of the September 16, 2013 Regular Meeting as revised.

### Public Input

No public input was offered.

### Debt Matters

Mr. Marchetti opened discussion of matters related to the bonds and debt of the District. He reported Mr. Ankele, Mr. Iskenderian, Director Connell and himself had met to discuss the current situation. As reported at the last meeting the "Master IGA" places the HCMD debt on parity with the RSR debt. Due to this the RSR bond refinancing has been placed on hold. Director Hudoff asked for a legal interpretation of the current situation. Mr. Ankele explained the District has the legal authority for a refinancing but it does not appear to have the financial ability to do so at this time. Mr. Sharp concurred the parity of the debt makes a refinancing more challenging.

Director Connell asked if there were any creative solutions that have not been considered. He stated although several scenarios had been included in the packet there may be a more creative approach that has not been considered. Mr. Iskenderian asked if RSRMD had any proposals for consideration by HCMD noting the "Master IGA" is between HC and RSRMD. He pointed out VR has an outside interest in the matter since VR's supplies the letter of credit backing the HC bonds. Mr. Marchetti agreed it is a difficult situation. He pointed out after December 2013 the bonds can be called or refinanced at any time. Although it appears they will not be refinanced this year, talks can continue for alternatives that could benefit both Districts and VR.

Discussion turned to the mill levy. One goal of refinancing the bonds was to ensure a constant mill levy. With the rise in interest rates, a refinancing would have kept the mill levy constant but the debt would have been extended by 10 years. Without the refinancing the mill levy will need to increase to 72 mills from 65

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mills for the 2014 budget. Mr. Marchetti explained due to decreases in assessed valuations the dollar amount of property tax paid by a property owner at the higher mill levy could be slightly less than was paid this year. Director Connell stated that would be true until assessed valuations begin to rise again in the future. Director Hudoff expressed concern over the negative impact a high mill levy could have on sales within the District.

Mr. Marchetti pointed out after December 1, 2013 the RSR Bonds can be refinanced at any time. He suggested continued review of various options by staff. He pointed out the Board will be certifying a mill levy for the 2014 budget at the next meeting noting it is unlikely any changes will be made this year to the current bonds.

### **Legal**

Mr. Ankele stated there were no other legal matters for consideration.

### **Financial Statements**

Mr. Marchetti presented the preliminary September 2013 financial statements including the 2014 budget for the District. Upon motion duly made and seconded, it was unanimously

**RESOLVED** to approve the preliminary September 2013 financial statement as presented.

### **2014 Budget**

The Board began discussion on the 2014 budget which was presented as part of the September preliminary financial statements. The public hearing for the 2014 budget was opened.

As discussed earlier in the meeting the mill levy has been increased to 72 mills for the 2014 budget. Mr. Marchetti noted an allowance is reflected in revenues for assessed valuation protests still working their way through the process.

The public hearing was continued to the November 18, 2013 meeting.

### **Accounts Payable**

The Board reviewed the accounts payable list included in the packet. Upon motion duly made and seconded, it was unanimously

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**RESOLVED** to approve and ratify the accounts payable listing as presented.

**2013 Audit**

Mr. Marchetti referred to the 2013 Audit Engagement Letter from McMahan and Associates which had been included in the packet. The fee for the audit will remain the same. Upon motion duly made and seconded, it was unanimously

**RESOLVED** to approve the 2013 Audit Engagement Letter with McMahan and Associates

**Worker Compensation**

**Exclusion**

The Board directed waiving worker's compensation coverage for 2014. This waiver must be done annually and the Board has historically approved the waiver in the past. By motion duly made and seconded it was unanimously

**RESOLVED** to approve waiving worker's compensation coverage for the Directors of the District.

**Meeting**

**Schedule**

The next regular meeting is scheduled for Monday, November 18, 2013 at the same time and location.

**Adjournment**

Upon motion duly made and seconded, it was unanimously

**RESOLVED** to adjourn the November 4, 2013 Special Meeting of the Red Sky Ranch Metropolitan District Board of Directors.

Respectfully submitted,  
*/s/ Kathy Lewensten*

Kathy Lewensten  
Recording Secretary