
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting of the Board of Directors of the Red Sky Ranch Metropolitan Districts May 16, 2016

The Regular Meeting of the Board of Directors of the Red Sky Ranch Metropolitan District, Eagle County, Colorado, was held Monday, May 16, 2016, at 9:00 a.m., in the Red Sky Ranch sales center conference room at 0376 Red Sky Road, Wolcott, Eagle County, Colorado.

Attendance

The following Directors were present:

- Michael Connell
- Frederick Hudoff
- William Kennedy
- Beth McGregor
- Jim Malernee (via phone)

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
- Graham Frank, VR, VP of Real Estate

Call to Order

The Regular Meeting of the Board of Directors of the Red Sky Ranch Metropolitan District was called to order at 9:00 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. The Directors reviewed the agenda for the meeting, following which each Director confirmed the contents of any written disclosure previously made, stating the fact and summary nature of any matters as required under Colorado law to permit official action to be taken at the meeting. Each director also confirmed that nothing appeared on the agenda for which disclosure certificates had not been filed. The Board noted, for the record, that these disclosures are restated at this time with the intent of fully complying with laws pertaining to potential conflicts. Additionally, the Board determined that participation by the directors with potential conflicts of interest was necessary to obtain a quorum or otherwise enable lawful action to occur.

Legal

Mr. Ankele presented an overview of the Landmark/Marin Metropolitan District Colorado Court of Appeals case decision. He explained the case could potentially have an impact on metropolitan districts that were formed

RECORD OF PROCEEDINGS

Red Sky Ranch Metropolitan District May 16, 2016 Meeting Minutes

using option contracts to seat the District's Board of Directors. Mr. Ankele stated legislation has moved through the Senate and House which addresses the issue by validating similar Metropolitan Districts and their prior actions unless a court case had already been brought against the Metropolitan District. Mr. Ankele stated the bill is expected to be signed by the governor before the legislative session recesses for the summer.

Minutes The Board reviewed the minutes of the March 21, 2016 Regular Meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes of the March 21, 2016 Regular Meeting.

Mr. Frank and Mr. Hudoff arrived at 9:35 a.m.

Oaths of Office Mr. Frank took his oath of office. It was noted Directors Malernee and McGregor had taken their oaths of office prior to today's meeting.

Election of Officers Upon motion duly made and seconded, it was unanimously

RESOLVED to elect the following officers:

President – Director Connell

Vice Pres/Secretary – Director Hudoff

Vice Pres/Treasurer – Director McGregor

Vice Pres/Asst Sec – Director Malernee

Vice Pres/Asst Sec – Director Frank

Old Business **Water Rights/Debt Management:** Director Connell stated he had met with Director Graham earlier this month to review District wide concerns and issues. They agreed to look at matters on a more global basis including those related to water rights and debt management. Director Graham stated he was attempting to understand the whole picture instead of isolated parts and hoped to create a comprehensive plan for moving forward. He anticipates having a plan to VR executives for consideration by the end of the month. Director Hudoff asked about any future development plans related to the 285 parcel. Director Graham responded there were no plans at this time. Directors Connell and Hudoff reminded the Board that time is of the essence, with the water lease purchase deadline in early 2017.

Financial Statements Mr. Marchetti reviewed the preliminary April 2016 financial statements. The ability of the District to issue bonds in 2016 was discussed. An alternative

RECORD OF PROCEEDINGS

Red Sky Ranch Metropolitan District May 16, 2016 Meeting Minutes

would be for the District to use excess funds generated by the current mill levy to pay down its obligation to HCMD. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the preliminary April 2016 financial statements as presented.

2015 Audit Mr. Marchetti presented the 2015 Audit. He explained the District will receive a “clean opinion”. The Board requested McMahan and Associates attend the June meeting to present the audit.

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 scheduled for June 20, 2016 was re-scheduled to Monday, June 27, 2016, at 3:00 p.m. in the two elk conference room.

Public Input Director Connell expressed appreciation to Mr. Kennedy for his years of service on the Boards noting his honesty and forthright manner while representing both VR and RSR property owner interests.

Adjourn Upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn the May 16, 2016 Regular Meeting of the Red Sky Ranch Metropolitan District Board of Directors.

Respectfully submitted,
/s/ Kathy Lewensten
Recording Secretary