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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 August 9, 2016

The Special Meeting of the Board of Directors of the Red Sky Ranch Metropolitan District, Eagle County, Colorado, was held Tuesday, August 9, 2016, at 10:00 a.m., in the two elk conference room at 137 Benchmark Road, Avon, Eagle County, Colorado.

### Attendance

#### The following Directors were present:

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

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

- Graham Frank

#### Also in attendance were:

- Bill Ankele, Esq White Bear Ankele Tanaka and Waldron
- Ken Marchetti, CPA, Marchetti & Weaver LLC
- Kathy Lewensten, Recording Secretary
- Tim Baker, HCMD Director
- Jonathan Block, RSR Property Owner

### Call to Order

The Special Meeting of the Board of Directors of the Red Sky Ranch Metropolitan District was called to order at 10:00 a.m. by Director Connell noting a quorum was present.

### Potential Conflicts

The Board reviewed the agenda for the meeting, following which each director confirmed the contents of any written disclosure previously made. The Board 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.

### Minutes

The Board reviewed the minutes of the June 27, 2016 Special Meeting. Upon motion duly made and seconded, it was unanimously

**RESOLVED** to approve the minutes of the June 27, 2016 Special Meeting.

### Public Input

Mr. Block addressed the Board sharing his observations and concerns. He explained he had been educating himself on the District expressing his dismay at the level of debt and the rate of his property taxes. He asked

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about expenses, sources of funding and whether the golf courses paid an appropriate portion for the level of use for water and wastewater services. He stated his concern related to raising property tax rates and the potential for deteriorating property values if debt becomes an issue. Mr. Ankele and Mr. Marchetti responded to the procedural and structural inquiries. Director Connell expressed appreciation to Mr. Block for attending the meeting and sharing his comments and concerns.

### **Old Business**

Director Connell stated the District had requested a formal response from VR concerning water rights, debt management and forgiveness of the HCMD promissory note as described in the resolution in the June 27<sup>th</sup> minutes noting a response has not yet been received.

Mr. Baker noted he was attending the meeting as a representative of VR. He too thanked Mr. Block for his comments. He stated he and Director Frank have been working diligently to pursue a business case scenario through the appropriate channels at VR with the intent of offering a mutually beneficial solution. He stated he understood the impatience of the Board for a response but asked for more time while the response works its way through the channels at VR. He reported his impression that there is a different position being considered than has been discussed in the past. He stated it was his impression that short term pressure was not too great so that a bit more time seemed reasonable.

Director Malernee stated he felt differently, that there is a lot of short term pressure noting these matters have been kicked down the road for some time and need a deadline. It was reported the RSR property owners are expecting the Board to have answers when they ask questions on the ongoing discussions. Director Connell stated his frustration at not being able to report progress when asked, agreeing a business case with everyone's best interest would be the way to go, but noting negotiations need to move forward.

Mr. Marchetti pointed out if the outcome requires issuance of bonds in 2016 the deadline for getting started would be within the next 30 days for issuance in 2016. Mr. Ankele stated the outcome would impact the budget mill levy and related planning which is approaching within the next month. The Board directed Mr. Marchetti to contact bond underwriters to obtain a timeframe and potential options.

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### Financial Statements

Mr. Marchetti reviewed the preliminary June 2016 financial statements. Upon motion duly made and seconded, it was unanimously

**RESOLVED** to approve the preliminary June 2016 financial statements as presented.

### Accounts Payable

Upon motion duly made and seconded, it was unanimously

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

### Legal

Director Connell stated he would like to defer discussion on the agenda items to a later meeting.

### Executive Session

Upon motion duly made and seconded, it was unanimously

**RESOLVED** to enter into executive session citing §24-6-402(4)(b) C.R.S. for the purpose of receiving legal advice and §24-6-402(4)(e) for determining positions subject to negotiations related to water rights and debt management; Furthermore, pursuant to Section 24-6-402(2(d.5)(II)(B), C.R.S., no record or electronic recording will be kept of those portions of the executive session that, in the opinion of the Board's attorney, constitute privileged attorney-client communication pursuant to Section 24-6-401(4)(b), C.R.S. The Board entered into executive session at 10:49 a.m. and adjourned the executive session at 12:10 p.m.

Upon returning from executive session, the Board took the following action. Upon motion duly made and seconded, it was unanimously

**RESOLVED** to set a special meeting for 10:00 a.m. on Thursday, September 1, 2016 and to advise Vail Resorts that this is the deadline for receiving a response to the Board's request made by resolution at the June 27<sup>th</sup> meeting, and

for  
the

**FURTHER RESOLVED** to authorize Directors Connell and McGregor to contact alternative legal counsel to represent the District in the event such representation becomes necessary as a result of further negotiations with Vail Resorts following the September 1 Board meeting.

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**Future Meetings** As requested a special meeting will be scheduled for Thursday, September 1, 2016 at 10:00 a.m. in the same location. The August 15, 2016 regular meeting was cancelled.

**Adjourn** Upon motion duly made and seconded, it was unanimously

**RESOLVED** to adjourn the August 9, 2016 Special Meeting of the Red Sky Ranch Metropolitan District Board of Directors.

Respectfully submitted,  
*/s/ Kathy Lewensten*  
Recording Secretary