
RECORD OF PROCEEDINGS

**Minutes of the Regular Meeting
of the Board of Directors of the
Red Sky Ranch Metropolitan Districts
May 20 2013**

The Regular Meeting of the Board of Directors of the Red Sky Ranch Metropolitan District, Eagle County, Colorado, was held Monday, May 20, 2013, at 8:00 a.m., in the Red Sky Ranch Sales Center conference room, 0376 Red Sky Road, Wolcott, 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
- Don Odell, VRDC Operations
- Ramsey Romanin, RSR Caretaker
- Mike Miner, RSR Director of Golf Maintenance
- Kyle Griffith, HCMD Director
- Mike Gibbs, HCMD Director (joined at 8:30 a.m.)
- Sam Sharp, DA Davidson (via phone)
- Glen Porzak, Esq. Porzak Browning and Bushong LLP (joined at 8:30 a.m.)

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 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

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

Minutes

The Board reviewed the minutes of the April 15, 2013 Regular Meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes of the April 15, 2013 Regular Meeting as presented.

Meeting Schedule

The next regular meeting is scheduled for Monday, June 17, 2013 at the same time and location.

Engagement Letters

DA Davidson: The Board discussed the DA Davidson/Piper Jaffray engagement letter included in the packet. Mr. Marchetti explained the fees related to the different types of refunding options. He noted the rates being offered were competitive. Mr. Sharp joined the meeting by phone and provided additional information. He explained the fees related to a long term fixed rate placement as opposed to a direct bank placement. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve execution of the Engagement Letter with DA Davidson & Co.

Brownstein Hyatt Farber Schreck: The Board considered the Brownstein engagement letter included in the packet. Mr. Sharp explained the letter was generic as the type of issuance was not known when the letter was drafted. If the District decides on a specific type of issuance it can request a not to exceed amount be included. The cost of issuance can be better estimated once the type of issuance is determined. If the District chooses a long term fixed rate bond the cost of bond counsel is anticipated to be in the

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range of \$40,000 to \$50,000. The matter was tabled until more information is available.

Bond Refunding

The refunding options provided by Mr. Sharp and included in the packet were reviewed.

The pros and cons of a tax free loan with direct bank placement were discussed. One matter of concern is the balloon principal payment due in 7 years. The refinancing of the remaining principal at that time would cause the District to incur more legal and cost of issuance expenses. It was noted that it is hard to predict what the market rates would be like in seven years making them riskier as it relates to keeping the mill levy steady.

The long term fixed rate non rated bond option was then discussed. With the non rated bond the District would only incur cost of issuance now. It would offer the benefit of allowing a stable debt service mill levy over the life of the bonds. It was pointed out the bonds would be callable in 10 years if market rates favorably change. A question was asked whether the District would be able to receive a rating any time in the near future. Mr. Sharp explained the District is not likely to receive a rating for some time since it is not near build out and is a concentrated tax base. The District would recognize savings with either option. After further discussion the Board determined the non rated bond appeared to be the best option. With the 30 year fixed non rated bond the overall anticipated savings to the District is approximately \$250,000.

Director Hudoff asked if any consideration is being given to increasing the amount of the issuance to cover expected capital expenses in the next few years such as those related to roadways or street lights. A long term capital improvements schedule will be created to see what projects may exist and the estimated costs.

The Board expressed the desire to move forward with refunding the 2003 bonds with a 30 year fixed non rated bond. The goal will be to have proposed refunding bond details drafted for review at the June meeting using a September issuance time frame. Mr. Sharp explained he will compile an estimate of the cost of issuance for review. The Board expressed a desire to continue this meeting to Thursday, May 30, 2013 at 8:00 a.m. to further discuss the cost of issuance estimate and the proposed amount of the bonds.

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- Legal** Mr. Ankele stated there were no legal matters for today's meeting.
- 2012 Audit** Mr. Marchetti referred to the 2012 audit which was included in the packet. He stated the District is expected to receive a "clean opinion". He asked if there were any concerns or questions. Director Hudoff requested the auditors come to the next meeting to present the audit. The matter was tabled.
- Financial Statements** Mr. Marchetti presented the preliminary April 2013 financial statements for the District. He noted the preliminary May assessed valuation had been included in the 2014 preliminary budget. He explained the AV is subject to protests and expressed caution that it may decrease if protests are successful. Upon motion duly made and seconded, it was unanimously
- RESOLVED** to approve the preliminary April 2013 financial statement as presented.
- Director Connell requested a representative from VA be asked to attend a future meeting to discuss the various agreements related to debt. He stated he felt it is important that the history and terms of the debt be understood.
- Accounts Payable** Upon motion duly made and seconded, it was unanimously
- RESOLVED** to approve the accounts payable list as presented.
- Continuation** Upon motion duly made and seconded, it was unanimously
- RESOLVED** at 9:10 a.m. to continue the May 20, 2013 Regular Meeting of the Red Sky Ranch Metropolitan District Board of Directors to Thursday, May 30, 2013 at 8:00 a.m. to be held in the conference room at the Robertson & Marchetti PC offices.

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