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# RECORD OF PROCEEDINGS

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## Minutes of the Regular Meeting of the Board of Directors of the Red Sky Ranch Metropolitan Districts January 16, 2017

The Regular Meeting of the Board of Directors of the Red Sky Ranch Metropolitan District, Eagle County, Colorado, was held Monday, January 16, 2017, at 9:00 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
- Frederick Hudoff

**The following Directors were absent and excused:**

- Graham Frank
- Jim Malernee

**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
- Mike McGinnis, Esq Greenburg Traurig (via phone)

**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 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 November 28, 2016 Special Meeting. Upon motion duly made and seconded, it was unanimously

**RESOLVED** to approve the minutes of the November 28, 2016 Special Meeting.

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### **Public Input**

Director Connell reported on the RSRPOA annual meeting. He stated the POA Board had approved raising the annual assessment from \$1,500 to \$2,500. They also discussed the possibility of using RETA funds for repayment towards HCMD debt. He explained this approach has been conveyed to VR for consideration. Director Hudoff inquired about the sales center as to whether it will be rented/used in the near future questioning whether marketing was suffering with the closing of the sales center. Mr. Baker explained interested parties are being directed to the Member's Clubhouse for further information. The Board asked to be kept informed of any future plans for the sales center.

### **Old Business**

**Water Rights:** Director Connell reminded the Board that under the current water lease there is an option to purchase the water rights in use but the request to exercise the option to purchase needs to be put into motion no later than April 30. This purchase would provide adequate water rights for the current properties. Negotiations continue with VR for the additional water rights that will be necessary for build out of the District. Mr. Marchetti pointed out the lease is between Holland Creek MD and VR so HCMD would need to exercise the option to purchase. He reminded the Board that if the water rights are purchased there will need to be an agreement for delivery of that water. It is expected the delivery fee will be similar to the current water lease costs. General discussion concerning the 210, now 285 parcel and potential water needs followed. It was noted the parcel is not currently part of the District so there is no obligation for the District in regards to water for this area.

The Board strongly expressed their interests in encouraging HCMD to exercise the option for purchase of water rights under the current lease.

**Debt Management:** No new developments related to debt were reported.

### **Resolution Authorizing**

#### **Loan Agreement**

Mr. McGinnis presented the resolution regarding the loan agreement with Guaranty Bank. He explained this authorized the issuance of a loan agreement with Guaranty Bank in the amount not to exceed \$1.78 million and other related documents, allowing any Director to execute the documents necessary. Mr. Ankele stated his office continues to review and comment on the documents but was substantially okay with them at this time.

Discussion of the maximum authorized debt amount and related questions followed. Director Connell requested it be made clear in the documents that HCMD would be the recipient of the net proceeds. It was noted a clause which

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covered engagement of Mr. McGinnis and Mr. Ankele's offices services had been added since the resolution was provided to the Board in the meeting packet. The closing date is anticipated to be January 31, 2017. Upon motion duly made and seconded, it was unanimously

**RESOLVED** to approve the Resolution Authorizing the execution of a Loan Agreement and related documents between the District and Guaranty Bank and Trust Company in an aggregate principal amount not to exceed \$1,780,000 as revised.

### Legal

**Posting Notice Resolution:** Mr. Ankele noted each year the District is asked to approve a posting notice resolution. The location of the 24 hour posting will remain at the member's clubhouse. Upon motion duly made and seconded, it was unanimously

**RESOLVED** to approve the 2017 Resolution Designating the District's 24-hour Posting Location.

**Engagement Letter:** Director Connell asked about the separate engagement letter from White Beaver Ankele Tanaka and Waldron PC for the loan, questioning why it was a set fee of \$15,000 instead of based on an hourly rate. Mr. Ankele explained it was his firm's policy to have a separate engagement letter at a fixed fee for debt issuances, and stated that \$15,000 is the lowest his firm would go for any debt issuance.

### Financial Statements

Mr. Marchetti reviewed the preliminary December 2016 financial statements. He reported the residential assessment percentage is expected to decrease from 7.96% to 6.56% in 2017 this will have an impact on the Districts assessed valuation and property taxes. He will provide further information at the next meeting. Upon motion duly made and seconded, it was unanimously

**RESOLVED** to approve the preliminary December 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.

### Future Meetings

The Board discussed going to quarterly meetings for 2017. The February and March 2017 meetings were cancelled. The next regular meeting is scheduled for Monday, April 17, 2017.

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**Adjourn**

Upon motion duly made and seconded, it was unanimously

**RESOLVED** to adjourn the January 16, 2017 Regular Meeting of the Red Sky Ranch Metropolitan District Board of Directors.

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