
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting of the Board of Directors of the Red Sky Ranch Metropolitan Districts October 21, 2019

The Regular Meeting of the Board of Directors of the Red Sky Ranch Metropolitan District, Eagle County, Colorado, was held Monday, October 21, 2019, at 4:00 p.m., in the conference room at 1099 Red Sky Road, Wolcott, Eagle County, Colorado.

Attendance **The following Directors were present:**

- Beth McGregor
- James Malernee
- Steve Stroker (via phone)

The following Director was absent & excused:

- James Benedict

Also in attendance were:

- Trish Harris , Esq White Bear Ankele Tanaka & Waldron (via phone)
- Ken Marchetti, CPA, Marchetti & Weaver LLC
- Kathy Lewensten, Recording Secretary
- Jim Gregg, RSR property owner
- Mike Trueblood, Sr. Director Beaver Creek Operations (via phone)

Call to Order The Regular Meeting of the Board of Directors of the Red Sky Ranch Metropolitan District was called to order by Director McGregor noting a quorum via phone attendance was present. All actions taken will be ratified at the next meeting with an in person quorum.

Potential Conflicts The Board reviewed the agenda for the meeting. The Board confirmed that nothing appeared on the agenda for which disclosure certificates had not been filed. The Board noted, for the record, the intent of fully complying with laws pertaining to potential conflicts.

Minutes Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the May 20, 2019 minutes.

Public Input Mr. Marchetti began a discussion regarding the sales tax charged within Red Sky Ranch. He explained due to a federal Supreme Court ruling, commonly referred to as the “Wayfair decision” the State of Colorado enacted legislation which became effective December 1, 2018 aligning the State sales tax laws with the federal decision. The State actively began enforcing the new legislation in June 2019. The new legislation changed how sales tax applies to

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delivered goods. Under the new legislation items such as on line purchases, golf course supplies and leased equipment or building materials which are delivered to addresses within the District are now subject to the RSRMD sales tax. Prior to the new legislation, in particular when the sales tax was put before the voters and passed in November 2017, those delivered items were not subject to the District tax. Mr. Marchetti passed out a worksheet which reflected estimated sales tax revenues based on the new legislation.

Mr. Gregg stated he was attending the meeting to express his concern with the Districts sales tax now being charged on building materials delivered to his job site within Red Sky Ranch. He noted this sales tax will increase the cost of his current project by approximately \$70K pointing out that was an extra expense which he had not anticipated nor planned for. He expressed doubt that any new construction would happen in the future if this sales tax stays in place and encouraged the Board to consider eliminating the sales tax at this time. Director Malernee explained the District looks to generate revenues where possible for the benefit of the entire District and was not targeting builders, noting it was unfortunate timing in legislation for Mr. Gregg's project. Discussion continued.

Mr. Marchetti handed out revised preliminary financial statements which reflected a second option for the 2020 budget. Option 2 included the revised sales tax revenue as presented on the worksheet handed out earlier. It also reflected a reduction in the service mill levy based on the expected sales tax revenue. This offers constituents a small benefit of reduced property taxes while keeping revenue streams neutral.

The options for consideration by the Board include leaving the sales tax in place as is with a potential to lower the services mill levy rate, reducing the sales tax rate before the November deadline, or to not make any changes until an election could be held to present the new information to constituents to weigh in. The Board requested updated long-range financial information to help with the analysis. The matter was tabled to a future meeting.

Mr. Gregg left the meeting at 4:55 p.m.

Old Business There were no updates on old business to report.

Legal **Annual Administrative Resolution:** The Board reviewed the 2020 Annual Administrative Matters Resolution. Upon motion duly made and seconded, it was unanimously

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RESOLVED to approve the 2020 Annual Administrative Matters Resolution.

Electronic Posting Resolution: The Board considered the Resolution Concerning Online Notice of Regular and Special Meetings. Ms. Harris explained new State legislation was passed in 2019 which allows posting notices on the District website instead of physically posting. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the Resolution Concerning Online Notice of Regular and Special Meetings.

Capital Improvement Fee Promissory Note Renewal: Ms. Harris reviewed the background of the Capital Improvement Fee Promissory Note. The note relates to the capital improvement fee advances made by VR to the District to cover debt payments related to the Holland Creek 2001 Bonds. She stated the note needs to be renewed prior to the end of the year and noted the paragraph stating the District was not waiving any rights was included. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the execution of the Capital Improvement Fee Promissory Note Renewal including the language reserving the rights of the District.

May 2020 Election:

Ms. Harris presented the May 5, 2020 Election Resolution noting it is a Board of Directors election. She explained the terms of office in this election will be for three years to accommodate the change to odd year elections. If there are no more candidates then seats available the election will be cancelled. Upon motion duly made and seconded, it was unanimously,

RESOLVED to approve the May 5, 2020 Election Resolution.

Financial Statements

Mr. Marchetti presented the preliminary September 2019 financial statements including the 2020 budget options as discussed earlier in the meeting.

2020 Budget

Mr. Marchetti reviewed the 2020 budget options 1 & 2 in the revised handout. He presented options related to a potential lower service mill levy based on the estimated sales tax revenue. Discussion followed regarding the assumptions used. The public hearing for the 2020 budget was opened, no comment was

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offered and the public hearing was closed. Consideration of the 2020 Budget was tabled.

Accounts Payable Upon motion duly made and seconded, it was unanimously

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

2019 Audit The Board considered the 2019 Audit Engagement Letter from McMahan and Associates which had been included in the packet. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the 2019 Audit Engagement Letter with McMahan and Associates.

Future Meetings A special meeting will be scheduled in the next month to consider the 2020 budget. The next regular meeting is scheduled for February 17, 2020 at the same time and location.

Adjourn Upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn the October 21, 2019 Regular Meeting of the Red Sky Ranch Metropolitan District Board of Directors.

Respectfully submitted,
Kathy Lewensten
Recording Secretary