
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting of the Board of Directors of the Red Sky Ranch Metropolitan Districts November 17, 2014

The Regular Meeting of the Board of Directors of the Red Sky Ranch Metropolitan District, Eagle County, Colorado, was held Monday, November 17, 2014, at 8:00 a.m., in the conference room at the VR offices located at 135 Benchmark Rd, Avon, Eagle County, Colorado.

Attendance

The following Directors were present:

- Karen Braden-Butz
- William Kennedy
- Michael Connell
- Frederick Hudoff
- William Simmons

Also in attendance were:

- Brent Butzin, White, Bear and Ankele PC (via phone)
- Ken Marchetti, CPA, Marchetti & Weaver LLC
- Kathy Lewensten, Recording Secretary
- Alex Iskenderian, HCMD Director
- Cody O'Kelly, HCMD Director
- Kristine Lay, Esq. Kutak Rock LLP (via phone)
- Sam Sharp, DA Davidson (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 8:00 a.m. by Director Kennedy 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 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.

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Minutes The Board reviewed the minutes of the October 20, 2014 Regular Meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes of the October 20, 2014 Regular Meeting as presented.

Worker Compensation

Exclusion The Board directed waiving worker's compensation coverage for 2015. This waiver must be done annually and the Board has historically approved the waiver in the past. By motion duly made and seconded it was unanimously

RESOLVED to approve waiving worker's compensation coverage for the Directors of the District.

Public Input No public input was offered.

Bond Refinancing Mr. Butzin presented information related to the review of the Master IGA with bond counsel. He explained they were in the process of drafting acceptable disclosure language which would allow the District to proceed with the restructuring of the debt without amending the Master IGA. Ms. Lay summarized the interpretation of the agreement that had been reached in this review. She explained the process related to approval of the budget and setting the mill levies. HCMD is to provide a preliminary budget to the District for comment. If the District does not act "properly" HCMD can require the mill levy related to "capital costs" as set forth in the financing plan included in the Service Plan to be a certain mill levy. This differs from what was previously presented to the Board in that it is more specific. Mr. Sharp stated this was encouraging news. They will continue to develop appropriate "disclosure" language.

Mr. Marchetti asked what the District needed to do to keep the process moving forward while the matter is clarified. Ms. Lay responded the documentation from earlier this year would need to be updated and the new disclosure language and legal opinions would need to be drafted. The Board discussed the amount of any restructuring, whether it should be refinancing the current 2003 bonds alone, or including additional funds for either repayment on the HC bonds or for water rights. Discussion of the pros and cons followed. Director Connell noted the present value of the water rights had been determined earlier this year. The option to purchase the water rights is available through the current Water Lease Agreement. It is unclear how interested VR is in selling the rights or if the terms of the lease would be changed at the renewal in 2017. Mr. Marchetti pointed out if the District were

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to purchase the water rights there would still be delivery costs in getting the water pumped up to the water plant that would need to be understood.

No action was needed and the matter was tabled.

Legal

Annual Administrative Resolution: Mr. Butzin reviewed the 2015 Annual Administrative Matters Resolution. The meeting date will remain the third Monday of the month. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the 2015 Annual Administrative Matters Resolution.

Public Records Request Policy: Mr. Butzin reviewed the public records policies that had been included in the packet. He explained the policies presented meet current state statutes. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the Public Records Request Policies as presented.

Records Retention Policy: Mr. Butzin requested the Board consider adopting the Colorado Special District Records Retention Schedule developed by the State Archivists office. Upon motion duly made and seconded, it was unanimously

RESOLVED to adopt the Colorado Special District Records Retention Schedule developed by the State Archivists office.

Public Disclosure §32-1-104.8 C.R.S.: Mr. Butzin reported the legislature passed a new requirement related to additional Special District reporting. The District is required to record basic information with the County so it is readily available during a title search for property. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve recording of the public disclosure to comply with §32-1-104.8, C.R.S.

WBA Engagement letter: Mr. Butzin referred to the engagement letter from his office that had been included in the packet. He explained this would update the name of the firm and make several revisions that had been

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recommended by their insurance carrier. The fees will continue to be based on an hourly rate. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the engagement letter with White Bear Ankele Tanaka and Waldron.

2015 Budget

The Board continued discussion on the 2015 budget which was presented as part of the October preliminary financial statements. Mr. Marchetti noted the mill levy will be held constant at 69 mills. The 2015 budget was presented two ways, first without refinancing the debt and second assuming the debt is refinanced. The Board chose the 2015 budget that includes a restructuring of the debt based on the discussion above.

The public hearing was re-opened, no public comment was offered and the public hearing was closed. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the 2015 Budget and

FURTHER RESOLVED to appropriate the sums of money for Red Sky Ranch Metropolitan District, and

FURTHER RESOLVED to certify the mill levy at 69 mills subject to receipt of final AV.

Financial Statements

Mr. Marchetti presented the preliminary October 2014 financial statements. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the preliminary October 2014 financial statement as presented.

MWLLC Engagement Letter

Mr. Marchetti explained the firm has recently changed its name to Marchetti & Weaver LLC and asked the Board to consider approving a new engagement letter. The fees will continue to be billed hourly. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the engagement letter with Marchetti & Weaver LLC.

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Accounts Payable The Accounts Payable listing was reviewed. Upon motion duly made and seconded, it was unanimously

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

Future Meetings

The next regular meeting is scheduled for December 15, 2014 at 8:00 a.m. at the same time and location.

Adjourn

Upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn the November 17, 2014 Regular Meeting of the Red Sky Ranch Metropolitan District Board of Directors.

Respectfully submitted,
/s/ Kathy Lewensten

Recording Secretary