
RECORD OF PROCEEDINGS

**Minutes of the Regular Meeting
of the Board of Directors of the
Red Sky Ranch Metropolitan Districts
November 18, 2013**

The Regular Meeting of the Board of Directors of the Red Sky Ranch Metropolitan District, Eagle County, Colorado, was held Monday, November 18, 2013, at 8:00 a.m., in the two elk conference room, 137 Benchmark Road, Avon, 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
- Mike Miner, RSR Director of Golf Maintenance
- Ramsey Romanin, RSR Caretaker
- Don Odell, VRDC Operations
- Sam Sharp, DA Davidson (via phone)
- Alex Iskenderian, HCMD Director

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 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

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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 November 4, 2013 Special Meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes of the November 4, 2013 Special Meeting as presented.

Public Input

No public input was offered.

Financial Statements

Mr. Marchetti presented the preliminary October 2013 financial statements including the 2014 budget for the District. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the preliminary October 2013 financial statement as presented.

2014 Budget

Mr. Marchetti began discussion on the 2014 budget. He reported options for restructuring debt continue to be researched. As no definite solution has presented itself at this time the 2014 budget has been prepared assuming no restructuring. Mr. Marchetti noted there are assessed valuation protests which are still working their way through the protest process. He explained the 2014 budget includes allowances for their settlement. The total mill levy has been budgeted to increase from 65 mills to 72 mills. Of this, 40 mills will be used for debt service and 32 mills will be used for contractual service obligations with HCMD. Even with 40 mills for debt service property tax revenues will fall short of covering the 2014 debt service expenditures, the shortfall will be covered by reserves. The Board stated it intends to continue searching for restructuring options.

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

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RESOLVED to approve the 2014 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 72 mills subject to receipt of final AV.

Debt Matters

Mr. Marchetti stated exploration of restructuring options will continue. He noted alternatives are being modeled for review. One option researched was a restructuring using a letter of credit. Mr. Sharp explained there has been a change in the market place and letter of credit financing is no longer desirable. The risks related to a short term restructuring center around what type of market might exist when the balloon payment came due, for instance interest rates could rise, or the maturity may not be extended. If the District were to consider holding the mill levy steady as build out and increased assessed valuation occurs in the future excess funds could be put toward decreasing the principal owed on the HCMD variable rate bonds.

Mr. Sharp pointed out the Board needs to determine what the main objective or goal for restructuring is, whether it is to lower the interest rate, keep the mill levy flat, or to consolidate debt. Director Connell stated the year started out with the Board looking at refinancing to decrease the interest rate to help reduce costs. Director Hudoff stated a long term solution to structure debt payoff is still a desirable outcome. They pointed out the refinancing became more complicated and was derailed with the increase in interest rates, the changes in the market and discovery of the parity of the IGA debt.

The position of Vail Resorts related to restructuring is still not clear. Mr. Iskenderian stated VR was open to consideration of creative options or alternatives but cautioned VR will need to consider how any alternatives would be reported on their financial statements.

Professional staff will continue researching alternatives that could benefit both Districts and VR. The matter was tabled.

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Legal Mr. Ankele stated there were no other legal matters for consideration.

Meeting Schedule The next regular meeting is scheduled for Monday, December 16, 2013 at the same time and location. The meeting may be cancelled if no new information regarding the restructuring is available.

Adjournment Upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn the November 18, 2013 Regular Meeting of the Red Sky Ranch Metropolitan District Board of Directors.

Respectfully submitted,
/s/ Kathy Lewensten

Kathy Lewensten
Recording Secretary