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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 May 18, 2015

The Regular Meeting of the Board of Directors of the Red Sky Ranch Metropolitan District, Eagle County, Colorado, was held Monday, May 18, 2015, at 8:00 a.m., in the conference room at the Red Sky Ranch Sales Center located at 376 Red Sky Road, Wolcott, Eagle County, Colorado.

### Attendance

#### The following Directors were present:

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

#### The following Director was absent and excused:

- William Kennedy

#### 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
- Don Odell, VR RSR Operations
- Tim Baker, 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 Connell 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; and [Karen Braden-Butz](#) is the Financial Analyst for Village Operations at Beaver Creek, 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.

### Minutes

The Board reviewed the minutes of the April 20, 2015 Regular Meeting. Upon motion duly made and seconded, it was unanimously

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## Red Sky Ranch Metropolitan District May 18, 2015 Meeting Minutes

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**RESOLVED** to approve the minutes of the April 20, 2015 Regular Meeting as presented.

**Public Input**

No public input was offered.

**New Business**

Director Connell pointed out bond counsel, along with the District and HCMD's attorney and VR representatives had discussed and addressed concerns related to the interpretation of several Master IGA provisions throughout the refinancing process. There are still some uncertainties related to how the process for setting the RSR mill levy and the 50% debt to assessed valuation formula will be implemented. Mr. Marchetti noted these topics will be discussed as part of the annual budget process between both Districts.

The bond documents do accommodate the issuance of additional debt if it became necessary for the acquisition of water rights. At April's HCMD meeting Director Kennedy had presented an email which provided a basic outline from VR regarding future leasing or purchase of water rights. One new provision, the payoff of HCMD debt before water rights could be purchased was a surprise. It was pointed out the current lease allows the District to purchase water rights without that restriction. Director Connell encouraged the appointment of a committee to continue pursuing discussions with VR related to water rights. He offered to be on the committee and suggested Mr. Marchetti and Mr. Baker would be good candidates as well.

Mr. Marchetti informed the Board that preliminary May assessed valuations show the RSRMD assessed valuation increasing approximately 30% which is more than anticipated. It is expected there will be protests that will likely result in a reduction of the overall increase later this year. He explained the District will want to keep a balance between covering necessary debt service payments and the service obligation while considering any flexibility available for potential repayment of HC debt without a substantial change in the mill levy. The HCMD Board will be a part of these discussions per the IGA interpretation.

**Legal**

Mr. Ankele stated there were no separate legal matters at this time.

**Financial Statements**

Mr. Marchetti reviewed preliminary April 2015 financial statements which included the final bond information. Upon motion duly made and seconded, it was unanimously

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## Red Sky Ranch Metropolitan District May 18, 2015 Meeting Minutes

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**RESOLVED** to approve the preliminary April 2015 financial statement as presented.

**Accounts Payable** The Accounts Payable listing was reviewed. Mr. Marchetti reported to the Board the District had received an unexpected invoice from Brownstein Hyatt, Mr. McGinnis's former firm, for bond counsel services provided prior to 2015. Mr. McGinnis was contacted to help sort the matter out. He explained Brownstein Hyatt no longer had bond attorneys and therefore would not have been able to complete the documents. After a brief discussion the Board determined Mr. McGinnis will need to sort out the matter noting the District will not pay more than \$62,000 for bond counsel services no matter how it is split. The Board directed Marchetti and Weaver LLC's office to hold the Greenburg Traurig payment until the matter is settled and proper documentation is received. Upon motion duly made and seconded, it was unanimously

**RESOLVED** to approve the accounts payable list as presented.

**Future Meetings**

The next regular meeting is scheduled for June 15, 2015 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 May 18, 2015 Regular Meeting of the Red Sky Ranch Metropolitan District Board of Directors.

Respectfully submitted,  
*/s/ Kathy Lewensten*

Recording Secretary