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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 August 21, 2017

The Regular Meeting of the Board of Directors of the Red Sky Ranch Metropolitan District, Eagle County, Colorado, was held Monday, August 21, 2017, 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
- Frederick Hudoff
- Steve Stroker
- James Benedict
- Jim Malernee

**Also in attendance were:**

- Bill Ankele, Esq. White Bear Ankele Tanaka and Waldron, PC (via phone)
- Ken Marchetti, CPA, Marchetti & Weaver LLC (via phone)
- Kathy Lewensten, Recording Secretary
- Tim Baker, VR Director of Base Area Operations
- Mike Connell, RSR Property Owner
- Peter Mason, RSR Property Owner

**Call to Order**                      The Regular Meeting of the Board of Directors of the Red Sky Ranch Metropolitan District was called to order at 4:00 p.m. by Director McGregor 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 June 15, 2017 Special Meeting. Upon motion duly made and seconded, it was unanimously

**RESOLVED** to approve the minutes of the June 15, 2017 Special Meeting.

**Public Input**                                      Mr. Mason stated he was attending the meeting to express and discuss three main concerns, the issue of sufficient water rights, the \$7 million HCMD note, and original debt of the District.

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He expressed concern over the District having adequate water rights for build out noting the potential effect on the sale-ability of properties within Red Sky Ranch. The original water lease had been drafted assuming full build out would occur prior to the expiration of the lease, which occurred in June of this year, at which time the purchase of the related water rights by Holland Creek Metro District (HCMD) would have been sufficient for build out. Since build out has not yet occurred, the recent purchase of the original water lease water rights by HCMD will only provide approximately two thirds of the necessary water rights needs at build out. He questioned how the additional water rights will be provided/leased/purchased.

He requested more information regarding the \$7 million HCMD promissory note and related interest that is due for costs incurred over and above the \$12 million issued in HCMD bonds for the infrastructure.

He stated he had not been aware of the full amount of the original debt responsibility of the District at the time he purchased his property. He encouraged discussions to work through the issues to keep RSR successful.

### **Old Business**

Discussion of steps taken by the Board regarding Mr. Mason's concerns followed. It was reiterated the Board has been working on resolving these concerns for several years however there has been no resolution to date even though meetings have been held with VR decision makers. The change in personnel at Vail Resorts (VR) has not helped matters move forward. Mr. Baker assured the Board that these matters are being actively discussed at VR. He expressed a desire to find win/win solutions to the multiple pieces.

It was reported that the District received an informal response from VR during last year's budget discussions. VR had suggested the District consider 40 mills for debt service with the intent of sending over the excess for debt repayment. The discussion turned to the debt service fund balances. For the 2017 budget the District chose to impose 32 mills for debt service which was higher than the 28 mills necessary to cover RSR debt service but not as high as the 40 mills suggested by VR. The debt service mill levy was set to generate some additional funds that could be available for water rights purchase, capital reserves or debt repayment depending on continued discussions/negotiations. Mr. Ankele explained the debt service mill levy should be set to cover the debt service payments for the next fiscal year but is allowed to be set such that a "reasonable reserve" may be generated. Mr. Marchetti added the District also has to cover the "contractual obligations" imposed through the Master IGA. At this time the additional debt service property taxes generated remain in the debt service fund balance.

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Mr. Mason asked if it is possible for the District to engage special counsel. Mr. Ankele responded the District is able to do so however the District would need to look at how to pay for such services. Mr. Mason asked if mediation has ever been considered. At one point in the past VR had stated they did not have interest in mediation. Mr. Mason suggested mediation or litigation may be worth another look depending on how current negotiations move forward.

**Water Rights and Debt Management:** The supplemental water needs and debt management continue to be outstanding matters.

### **New Business**

Director Stroker asked about the electric utility facility project as to whether any concern exists over the wear and tear on the roadways. Mr. Baker stated they are monitoring the situation and have pictures from before the start of the project noting the contractor has been cooperative so far.

Director Malernee asked about attending meetings by phone. This had been discussed at the May meeting. Mr. Ankele stated the statute is clear phone attendance is acceptable for issuance of debt, but not as clear related to other meetings. Mr. Ankele recommended that any actions that are taken at a meeting where directors are in attendance by phone be ratified at the next meeting with an in person quorum. The Board expressed a strong desire to allow attendance by phone and requested Mr. Ankele draft a resolution for consideration at the next meeting.

Mr. Baker left the meeting at 5:15 p.m.

**November Election** The Board considered the November 7, 2017 election resolution that had been included in the packet. At the last meeting the Board discussed asking the constituents to approve a 5.5% sales tax rate subject to maximum annual revenue of \$100,000. The tax revenue can be used to fund expenses related to streets, transportation, landscaping, and safety protection. A typo was pointed out in the sample ballot question. Upon motion duly made and seconded, it was unanimously

**RESOLVED** to approve the Resolution Calling the November 7, 2017 Sales Tax Election and the ballot language as revised.

### **Legal**

No additional legal matters were reported.

### **Financial Statements**

Mr. Marchetti reviewed the preliminary July 2017 financial statements. He reported work has begun on the 2018 preliminary budget pointing out no

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additional debt issuance has been budgeted as the District will not fall below the 50% debt to Assessed Value ratio based on the August preliminary report. Upon motion duly made and seconded, it was unanimously

**RESOLVED** to approve the preliminary July 2017 financial statements as presented.

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

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

**Future Meetings** The next regular meeting is scheduled for Monday, September 18, 2017 at 4:00 p.m. in the same location. (The meeting time was subsequently changed to begin at 2:30 p.m.)

**Adjourn** Upon motion duly made and seconded, it was unanimously

**RESOLVED** to adjourn the August 21, 2017 Regular Meeting of the Red Sky Ranch Metropolitan District Board of Directors.

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