

RED SKY RANCH ASSOCIATION
Annual Member Meeting Minutes
December 21, 2023
Red Sky Golf Club Member Clubhouse

The 2023 Annual Member Meeting of Red Sky Ranch Association (the “Association”) was held at the Red Sky Golf Club Member Clubhouse on December 21, 2023, and by conference call. Board members present were Bill Simon, Marcella Barry, and Scott Wylie. Also in attendance were Greg Perkins, Legal Counsel for the Association; Lee Hoover, Association Manager; Dana Miller, Financial Analyst; Ramsey Romanin, Ranch Manager; Andrew Hedrick, Director of Golf Operations; Steve Nusbaum, Sr. Manager of Design Review Administration; Jerry Hensel, Director of Base Area Operations; Ken Marchetti with Marchetti & Weaver; Carol Floyd, Secretary to the Meeting; Steve and Pam Stroker, and Peter Mason, property owners.

Call to Order

The meeting was called to order at 10:01 a.m.

Verification of Proper Notice and Quorum

Greg Perkins confirmed proper notice was sent out timely for the meeting, and that a quorum was achieved by the electronic voting platform.

Introductions

Bill Simon introduced fellow Board members and support staff. He also introduced Andrew Hedrick, Director of Golf Operations, and Ken Marchetti, with Marchetti & Weaver.

Association Description

Greg Perkins described the Association as a Colorado non-profit corporation that all property owners are members of. The Association is governed by its Board of Directors. Owners are responsible for ratifying the budget which has been approved by the Board. Greg noted the budget is approved unless there is a motion to disapprove it.

Election Results and Approval of 2022 Annual Meeting Minutes

Greg Perkins offered the opportunity for anyone to vote during the meeting who had not voted through the online platform. He further stated sufficient votes had been received online for the election of Directors and approval of the 2022 Annual Meeting Minutes.

Community Updates

Golf Update: Andrew Hedrick said the golf courses closed in mid-October for winterization before the snow set in. May 17th is the target date to reopen with a good schedule of events planned for 2024. Business and activity levels were up from the 2022 season. Andrew announced the Fazio course superintendent has retired and that role will be filled within the next few weeks. Seasonal ramp-up and recruiting efforts will commence soon. There are 13 full-time employees; 140 are needed for the summer season to be fully staffed. No major facility projects are planned for 2024. The focus is on driving membership with new programs to be offered. When asked about the impact of tipping at the Club, Andrew said it has reduced the turnover rate and retained staff at a higher level. He added that the staff are very appreciative and thankful that the membership is supporting them in this way. He further spoke positively about the end-of-season recognition program.

Finance: Dana Miller stated the Association remains in a strong financial position. A deficit of \$179K from the Operating Reserve Fund was budgeted for 2023 and will end the year at \$165K favorable to budget. The real estate transfer assessment (“RETA”) was the main factor. RETA was budgeted conservatively at \$100K. Two lot and residence sales generated \$220K in RETA. Operating expenses were \$24K favorable because of an open position in Design Review Administration and the use of a Vail Resorts vehicle by the Ranch Manager rather than the purchase of a new vehicle as budgeted. Overall, the Association is forecasting to end the year with \$1.3M in the Operating Fund. \$80K was spent on improvements including gates, landscape, trail trees, and \$50K for fire mitigation. This brought the Reserve Fund balance down to \$44K at the end of 2023. Dana reviewed the 2024 budget. Dues will remain flat at \$2,500 per property. Operating expenses are increasing by approximately 5% including merit increases for staff and inflation. The improvement budget for 2024 is \$52K, including trails, landscape, road gates, and \$20K for fire mitigation. The Board is in the process of moving funds from First Western

Trust to Vanguard for a better return on investments. Dana stated the budget will be ratified unless there is a motion to disapprove it. Hearing none, the budget was deemed ratified.

Design Review: Steve Nusbaum reported construction has remained consistent with the previous couple of years. There are currently five homes under construction. Two homes were completed and received certificates of compliance in 2023. Three homes have active approvals but have not started construction. Two or three approvals expired in 2023 that did not proceed with construction. The Design Review Board (“DRB”) has seen a lot of wildfire mitigation with roof replacement and shrub and tree removal. DRB tries to expedite applications accompanied by a wildfire assessment from Eagle County or the Eagle River Fire Protection District. There is no fee for tree removal if the application is accompanied by such an assessment. DRB will work with the Association Board to reduce or eliminate fees associated with roof replacement if a cedar shake is being replaced with a fire-compliant composite shake.

Ranch Manager Update: Ramsey Romanin encouraged the use of water devices and offered to provide further information upon request. He also recommended the use of low-temperature alarms and setting them at 55 degrees to allow the manager on duty time to react to a heat issue. With the recent break-in, he expressed the importance of arming alarm systems to protect property and keep the HOA team safe. Ramsey explained the Eagle County Sheriff would be the first to respond to burglar alarms to clear the scene before the HOA team responds. Ramsey asked property owners to ensure the manager on duty/security phone number is on their alarm call list: 970-930-1727. Regarding the trail dead fall tree project, the groundskeeper cleared trees from the end of Elk Bugle to Bellyache Ridge Road. Ascent Tree Services was contracted to spray for noxious weeds this year. This cost is covered by the annual assessment. The gate access system changeover from bar codes to TransCore is complete. Stickers are available at the welcome gate. Homeowners who are members of Bachelor Gulch Club can have their Club TransCore programmed for access to Red Sky Ranch. Ramsey noted Red Sky Ranch TransCore stickers cannot be programmed for access to Bachelor Gulch Club. When asked about TransCore interference with toll stickers, Ramsey advised separating the stickers by a distance or obtaining a clicker for access available at the Welcome Center. He spoke about issues with Tesla metallicized windshields canceling RFID frequency and the solution of a license plate tag. Garage-style openers for guests are available for checkout at the Welcome Center. Ramsey gave an overview of new gate protocols. All vehicles are issued hangtag passes. Colors will alternate monthly for construction. Gates will not be open during the offseason and will remain closed during staff breaks. The manager on duty may be called for access. New gate codes will be distributed monthly and are not to be shared with contractors. The Association and Holland Creek Metro District (“HCMD”) provided a combined \$100K to Eagle River Fire Protection District (“ERFPD”) who obtained an additional \$200K in grants for fuel reduction and fire breaks to mitigate the risk of wildfire in Red Sky Ranch. Old Growth Tree Services was contracted by ERFPD to do the work and has completed parcels near Aspen Bluff, Lark Sparrow Road, Bellyache Ridge Road, and the fire break above the member clubhouse. Currently, the contractor is working on the 280-acre parcel to the southwest of Setting Sun Road. Ramsey explained the \$20K budgeted for fire mitigation in 2024 is to maintain those areas. Ramsey revisited the package program noting the benefits of having packages delivered to the Welcome Center. There is a package log available through Google Docs for tracking. He offered a refresher on the services included in the Home Access Agreement for anyone interested.

Red Sky Metro District Update

Ken Marchetti spoke about increased property values across the state. Colorado assesses properties for tax purposes every other year. 2023 is a reassessment year and will impact 2024 taxes. On average in Red Sky Ranch (“RSR”), the assessment has gone up 61%. This is determined by actual property values based on comparable sales. Through legislative action, the State is giving all residential property owners a \$55K reduction from the actual value that will be multiplied by the residential assessment rate of 6.7%. The assessed value that funds the Red Sky Metro District (“RSRMD”) went from \$17M in 2023 to \$27.5M for taxes that will be paid in 2024. The RSRMD will lower the mill levy for payment of operations and services within the district. Adoption of the annual budget including a reduction from 31 mills to 25 mills is expected on December 22, 2023. Ken explained the dual district structure between RSRMD as the financing district and Holland Creek Metro District (“HCMD”) as the services and infrastructure district. When RSR was being developed, debt was placed on HCMD and the developer covered the cost to service the HCMD debt until RSR had sufficient assessed values to pay back HCMD. RSRMD issued bonds in 2015 and 2017. With the recent increase in values, the agreement between HCMD and RSRMD calls for RSRMD to issue additional bonds. The debt service mill levy rate was 10.6 mills last year and is scheduled to go to 11.9 mills to pay off a portion of the bonds HCMD issued to fund infrastructure. HCMD originally issued \$12M in bonds and has paid down debt to approximately \$6M. With this anticipated bond issuance, HCMD debt will be paid down to \$2M. The RSRMD overall mill levy rate will go from 42 mills to 37 mills. The total mill levy including all entities is expected to go down between five and 10 mills

Holland Creek Metro District: Jerry Hensel gave an operations update. Mill and overlays were completed on Lark Sparrow Lane and the water maintenance facility road. All guardrails were stained and UV-protected. Some of the regulatory signs have been replaced. Jerry said a light audit is done quarterly and asked to be notified if lights are noticed out. In 2024, the East Lakeside entrance and Saddle Rock will be overlaid. All lamp posts and address markers will be stained and UV-protected. One 22-year-old plow truck was replaced this year and the other will be replaced next year.

Water Quality Update: In John Volk's absence, Bill Simon referenced the water quality report. He talked about previous high levels of trihalomethanes (“TTHM”) in the water supply and stated they have been in an acceptable range for the past two years.

Election Results:

Greg Perkins reported minutes from the 2022 Annual Meeting have been approved as presented to the ownership. Bill Simon and Dennis Grindinger have been elected to three-year terms. Peter Mason has been elected to fill out the remainder of Eric Kurzweil’s term ending December 31, 2024.

There being no further business, Peter Mason moved to adjourn the meeting. Marcella Barry seconded the motion and the meeting was adjourned at 10:52 a.m.

Respectfully submitted,

Carol Floyd
Secretary for the Meeting