

RED SKY RANCH ASSOCIATION
Annual Member Meeting Minutes
December 20, 2024
Red Sky Golf Club Member Clubhouse and
Virtually via Zoom

The 2024 Annual Members Meeting of Red Sky Ranch Association was held in person at the Red Sky Golf Club Member Clubhouse and virtually via Zoom on December 20, 2024. Board members present in person were Bill Simon and Peter Mason and present virtually via Zoom were Marcella Barry and Dennis Grindinger. Also in attendance were Greg Perkins, Legal Counsel for the Association, Lee Hoover, Association Manager, Dana Miller, Financial Analyst, Martin O'Keefe, Assistant Ranch Manager, Andrew Hedrick, Director of Golf Operations, Steve Nusbaum, Senior Manager of Design Review Administration, Jerry Hensel, Director of Base Area Operations, Ken Marchetti with Marchetti & Weaver, Mike Heaphy, secretary to the meeting, and numerous property owners.

Call to Order

The meeting was called to order at 10:00 a.m.

Verification of Proper Notice and Quorum

Greg Perkins confirmed that timely and proper notice of the meeting was provided to the membership and that a quorum was present in person and by proxy.

Association Description and Election Results

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 and electing members to the Association's Board of Directors. In that, regard Greg noted that there were two open board seats up for election in 2024, that the membership voted in that election electronically, and, per that election, Marcella Barry and Peter Mason had been reelected to new three-year terms on the Board. In response to a question from a homeowner, Greg advised that you do not have to be a resident of the State of Colorado in order to vote in the Association's annual member election; membership in the Association and the corresponding right to vote in its elections is derived by virtue of ownership of property in the Association. Finally, Greg noted that the minutes of the 2023 annual members meeting were approved.

Community Updates

Bill Simon thanked the membership for their near-unanimous participation in the Red Sky Metro District election conducted in November and their participation in the homeowner meeting concerning the election that preceded it.

Golf Update: Andrew Hedrick noted that 2024 was a strong year for rounds-of-golf-played, reaching levels not seen since 2012. He continued on to advise that the Club recently announced modifications to its membership levels which were being received well in the community and resulting in strong membership sales. In terms of capital investment, Andrew noted that they had not yet received their capital allocation for 2025 but expressed that the top of their wish list would be maintenance equipment.

Finance/Budget: Dana Miller provided a financial report for the Association. The Association is expected to end 2024 with an operating surplus of approximately \$247,000, driven primarily by real estate transfer fee receipts. There were 8 property sales in 2024, four homes and four lots. Operating expenses were unfavorable to budget by about \$16,000, mostly due to legal fees. 2024 improvements included annual expenditures for things such as landscaping, fire mitigation, and trail improvements, as well as new expenditures on key pad light poles, all totaling \$64,000. Overall, the Association anticipates ending the year with \$1.3 million in the operating fund and \$100,000 in the improvements fund. The Association's funds are invested in two financial institutions, a federally insured operating account at First Western Trust and a federal money market account with Vanguard. Turning to the 2025 budget, Dana noted that dues will remain flat at \$2,500 per year, the same rate that has been in effect since 2022. Despite the unpredictability, the budget projects a slight increase in real transfer fee receipts, contemplating one home sale and two lot sales in 2025. Operating expenses reflect inflationary increases and several new items, including a new vehicle for the Ranch Manager (a \$10,000/year depreciation expense over the next five years), Bellyache fence staining (an every-three-year project, projected at \$35,000), and audit expenses (a \$10,000 expense, incurred every other year). Projected operating expenses for 2025 exceed projected income so the Association will roll

\$184,000 of the 2024 operating surplus into 2025 to cover the difference. In response to a homeowner question, Dana noted that the Association relies on a five-year reserve schedule to ensure sufficient funds are available for anticipated improvement projects. The budget anticipates \$85,000 in spending on improvement projects, some of which are continuing annual projects (landscaping, fire mitigation, and trail improvements) while new expenditures include \$7,500 for the Bellyache nursery gate and \$20,000 for Ranch Manager facility upgrades. Finally, Dana stated the budget, having been approved by the Board, will be ratified unless there is a motion to disapprove it. Hearing none, the budget was deemed ratified.

Design Review: On behalf of Design Review, Steve Nusbaum reported that 24 lots within the Association are vacant while, on the remaining lots, three new homes are under construction, two more new homes have been completed but are awaiting certificates of compliance from Design Review, two homes are undergoing major remodels, and two new homes have been approved but construction has not started. In response to a question from the Board, Steve explained that the Design Review Board had altered its regulations to allow a greater variety of roof types to encourage replacement of wood shake roofs within the Association. To that end, design review fees are waived for applications to replace wood roofs with non-combustible composite materials.

Ranch Manager Update: Martin O'Keefe described the core duties of the Ranch Manager, namely, conducting house checks every 7-10 days, alarm monitoring, granting contractor access, trash assistance, and package receipt. This prompted a discussion concerning the difficulties the Association has been experiencing with FedEx deliveries, with FedEx drivers leaving packages at gates with no notice to anyone. Despite Ramsey Romanin's and Martin's efforts to get FedEx to change their ways, the problem continues and they have decided to adjust their practices to try to collect and distribute packages delivered by FedEx in this way. Martin also stressed to the membership of having some form of low heat and/or water flow alarm to allow the Ranch Manager to address potential issues before they cause significant damage.

Water Quality: John Volk of Water Quality Control Professionals, who oversees the potable water system for the Association and the associated infrastructure, explained to the membership that TTHM levels are now under control due to various operational changes. He further outlined projects for 2025, including installation of new membranes and a new raw water strainer at the treatment plant.

Fire Mitigation: Tim Swaner from Eagle River Fire District and Eagle Valley Wildland described the fire mitigation treatment work completed in 2024. For 2025, they intend to return to previously treated areas to determine how best to maintain the treatment processes moving forward. Tim further described the free fire mitigation home inspection process they provide.

Red Sky Metro District Update: Ken Marchetti provided an overview of the relationship between and the structures of the Red Sky Metro District and Holland Creek Metro District, including a description of the general effect of the recent RSMD election through which its eligible voters denied authorization to incur new debt. Ken further confirmed the voting eligibility requirements for RSMD elections (versus Association elections), to wit, a person must either reside within RSMD's boundaries or be a Colorado resident who owns property within the boundaries in their own name (i.e., not in by a trust, LLC, or other entity.)

Holland Creek Metro District: Jerry Hensel provided an operations update on behalf of Holland Creek Metro District. He began by generally describing the responsibilities of the HCMD, to wit road infrastructure, light poles, address markers, regulatory signs, guardrails, lighting for those fixtures, lighting for street signs, and the water treatment plant. In 2024, HCMD completed mill and overlay projects on Saddle Rock and East Lakeside Trail. Similar work is planned for Lost Bear Trail and Elk Bugle in 2025. In addition to this work, HCMD stained all the regulatory address markers and street lights in 2024. Prompted by questions and comments from homeowners, Jerry affirmed that HCMD and the Association are exploring ways for the Ranch Manager and his staff to assume some of the day-to-day duties and responsibilities from HCMD in order to achieve greater efficiencies and more timely service due to the fact that the Ranch Manager is on site and in contact with members of the Association on a daily basis. It is anticipated that this will occur in 2025.

There being no further business, on motion duly seconded, the meeting was adjourned at

Respectfully submitted,
Mike Heaphy
Secretary for the Meeting