

RED SKY RANCH ASSOCIATION
Board of Directors Meeting
February 13, 2023
via Videoconference

A regular meeting of the Red Sky Ranch Association (“the Association”) Board of Directors was held on February 13, 2023, via videoconference. Board members in attendance were Eric Kurzweil, Bill Simon, Marcella Barry, and Dennis Grindinger. Also in attendance were Lee Hoover, Association Manager; Dana Miller, Financial Analyst; Ramsey Romanin, Ranch Manager; Steve Nusbaum, Sr. Manager of Design Review Administration; Jerry Hensel, representing Holland Creek Metro District; Chris Burns, Sr. Manager of Beaver Creek Mountain Services; Hugh Fairfield-Smith, Wildland Coordinator; and Carol Floyd, Secretary for the Meeting. Eric Kurzweil called the meeting to order at 4:00 p.m. Lee Hoover verified the presence of a quorum and that proper meeting notice was provided.

Approval of the September 26, 2022 and December 19, 2022 Board of Director Meeting Minutes

Eric Kurzweil moved to approve the September 26, 2022 and December 19, 2022 Board of Director Meeting Minutes as presented. Dennis Grindinger seconded the motion and it was unanimously approved.

Review of the December 19, 2022 Annual Meeting Minutes

There were no recommended changes to the December 19, 2022 Annual Meeting Minutes.

Fire Mitigation Update

Hugh Fairfield Smith stated a lot has been learned regarding the scope and cost of the Red Sky Ranch (“RSR”) fire mitigation project since his presentation at the last Association Board meeting. The plan designed will affect property owned by RSR and Vail Resorts (“VR”). He noted there are surrounding property owners that will need additional time to commit to fire mitigation. Hugh referenced a map illustrating the fire mitigation plan, noting the primary objectives would be a fuel break on the ridge system and a thinning area to the east of the ridge. He said there is concern of fire coming up out of Red Canyon. When asked about the specific treatment plan, Hugh explained they would focus on removing brush that will reduce the fuel load and allow for native grasses to return establishing a healthy eco system that would be much more resistant to catastrophic wildfire. The aspen tree areas would be mulched to reset for a healthier aspen stand. Maintenance would be on a three to five-year cycle and is estimated to cost 30% of the initial investment. The cost associated with this project is estimated to be \$300K. Hugh noted a Colorado State Forest Service (“CSFS”) grant was secured in the amount of \$308K for the Bellyache project. This incorporates Diamond Star and portions of Cordillera as well as RSR. Contributions of \$50K from the Association, Holland Creek Metro District (“HCMD”), and Eagle County would cover 50% of the project and allow Eagle Valley Wildland (“EVW”) to leverage a match of \$150K from CSFS. Because RSR touches BLM land, there is the possibility of obtaining a small grant from that federal organization. Hugh cautioned, if there are no matching funds, the grant money will be lost. Hugh shared his professional opinion that the 280 acres of land owned by VR will need to be treated to protect RSR. Once the Intergovernmental Agreement (“IGA”) is signed, EVW will track the funds, and manage the project from start to end. Eric Kurzweil suggested having legal counsel review the IGA. Discussion took place about the possibility of VR contributing toward the mitigation project. Hugh spoke about the cost-benefit and potential additional savings on homeowners insurance premiums. He asked for the Association’s help to spread the word to property owners about the opportunity for a free home risk assessment. Hugh explained the time sensitivity and asked for the Board’s permission to proceed with posting the request for proposal (“RFP”). The Board was in agreement to authorize EVW to proceed with the formal RFP process. Dennis Grindinger requested Hugh share the spreadsheet of time and cost by area of treatment. Hugh agreed to send it to the Board following the meeting. Eric and Lee will schedule a follow-up conversation.

Design Review Update

Steve Nusbaum reported 14 projects have been approved and there have been a few requests for a one-year extension of approval. Several projects are currently underway and a half-dozen are expected to wrap up mid-summer.

Marketing Update

Dennis Grindinger spoke about demographic information received showing there are less full-time residents and more second homeowners in RSR. Buyers are younger and more are coming from Colorado. He confirmed RSR is linked on several VR websites. Dennis said consideration has been given to creating a brochure or hosting an event

for brokers to market RSR, and shared his opinion of the ineffectiveness of those options. He further noted the current low inventory of properties for sale in RSR, questioning the need for a marketing effort at this time.

Financial Update

Dana Miller gave a brief update on the December year-end financials. Expenses were budgeted to exceed revenue by \$87K and ended the year at \$61K over budget, favorable to budget by \$26K. The financial audit for 2022 began last week and is going well. A draft is expected by the end of March. There are no adjustments, currently, other than a true up that is done every year with HCMD for billing for the gate house in the amount of approximately \$5K. As of January 31, 2023, the Balance Sheet shows \$1.6 M in assets of which \$1.5M is in Money Market, checking and sweep accounts with First Western Trust. One remaining CD in the amount of \$151K will mature this June. Owner receivables in the amount of \$97,500 represent 39 property owners that have not paid their annual assessment. Dana noted since the end of January 11 additional owners have paid. She will be sending friendly email reminders to anyone that hasn't paid before late fees are billed at the end of the month. Advanced billed dues are the annual assessments billed for the year and recognized monthly. Expenses exceeded revenue in January by \$13K. Retained earnings of \$1.2M is what was brought in from prior years. The improvement reserve balance is \$124K.

Marcella Barry spoke about investment options noting the operating deficit, reserve funding, DRB deposits and 20% of current year operating expenses must remain liquid. She proposed moving the cash earning 0.65% interest at First Western Trust ("First Western") to another institution. Dana explained the sweep accounts have a lower interest rate because they are FDIC insured and in compliance with the investment policy. She further noted Board approval is required for the Association to go outside of the investment policy and invest in funds that do not have FDIC coverage, and to not be noted in the audit. Bill Simon recommended investing in Fidelity or Vanguard Money Market funds as a responsible option. Dana advised, if the Board decides to take advantage of the First Western CD promotion, Board approval would be required because they will not have FDIC coverage over \$250K. Eric Kurzweil asked Marcella to finalize a plan to be approved electronically. Lee Hoover recommended Carol Floyd send the document for approval via DocuSign.

Dana Miller reviewed the Income Statement as of January 31, 2023. Total revenue of \$23K is \$2,800 favorable to budget including the annual assessment and DRB fees. Nothing was budgeted for real estate transfer assessments ("RETA") with January anticipated to be a slow month for real estate. Regarding expenses, \$37K was spent on a budget of \$41K. The notable unfavorable variance in gatehouse operations was for purchase of the vehicle stickers that were not budgeted. There were no legal costs. Dana reported nothing was spent from the improvement fund. Reserve funding for 2023 is \$104k which is based on having an ending reserve balance of 110% of the next two years reserve projects.

Ranch Manager Update

Ramsey Romanin explained there was a minimum order to have vehicle stickers programmed at a total cost of \$4,500. The quantity of 250 stickers and 50 license plate readers are anticipated to last two to three years. Ramsey asked the Board if they would like to charge property owners for the vehicles stickers and the Board made the decision to provide stickers free of charge. Ramsey noted if a homeowner is a Bachelor Gulch Club member, they will get their sticker from the Club located in the Ritz and it will be entered into the Red Sky Ranch database. Ramsey spoke about an incident that occurred on December 4th, doing damage of over \$11K to the entrance gate and guest gate arm. Ramsey is waiting for the boom gate part for the guest gate to arrive. Full reimbursement from the at-fault person's insurance company is expected in the next couple of days. A Metro District light audit was done in late December and all lighting issues have been addressed.

Holland Creek Metro District

Jerry Hensel said all bid packages are out to prospective contractors for the mill and overlay projects planned for this summer on Lark Sparrow Lane and the water plant maintenance road. An extensive audit will be conducted on street lights and address markers for post replacement this summer and fall. All guardrails will be stained this summer.

Red Sky Metro District

Eric Kurzweil stated an amended complaint has been filed in the case against Vail Resorts. He asked for a water update. Lee Hoover responded John Volk was not available for this meeting and may provide an update via email. Eric explained, as of the Annual Members Meeting, the water quality measurements were compliant, and that a year's average in this range is required to be in compliance.

There being no further business, Eric Kurzweil moved to adjourn the meeting. Marcella Barry seconded the motion and the meeting was adjourned at 5:22 p.m.

Respectfully submitted,

Carol Floyd
Secretary for the Meeting