

RED SKY RANCH ASSOCIATION
Board of Directors Meeting
April 10, 2023
via Videoconference

A regular meeting of the Red Sky Ranch Association (“the Association”) Board of Directors was held on April 10, 2023, via videoconference. Board members in attendance were Eric Kurzweil, Bill Simon, Marcella Barry, Scott Wylie, and Dennis Grindinger. Also in attendance were Lee Hoover, Association Manager; Dana Miller, Financial Analyst; Ramsey Romanin, Ranch Manager; Jerry Hensel, representing Holland Creek Metro District; Chris Burns, Sr. Manager of Beaver Creek Mountain Services; Hugh Fairfield-Smith, Wildland Coordinator with Eagle Valley Wildland; John Volk with WQCP; and Carol Floyd, Secretary for the Meeting. Eric Kurzweil called the meeting to order at 4:00 p.m. and verified the presence of a quorum.

Approval of the February 13, 2023 Board of Director Meeting Minutes

Bill Simon moved to approve the February 13, 2023, Board of Director Meeting Minutes as presented. Marcella Barry seconded the motion and it was unanimously approved.

Water Update

John Volk gave a water quality status update. He reported for the fourth quarter in 2022, the total trihalomethanes (“TTHMs”) were .0258 mg per liter, well below the maximum contamination level of .08. Levels were .01 in the first quarter of 2023. A new tank mixer will be installed in tank two to volatilize TTHMs forming in the tanks. Low TTHM levels over the last two quarters have brought the water quality back into compliance. Carbon will be replaced in the number one vessel next month. The water age in the system is kept as low as possible. Irrigation season helps turnover water and keep it fresher in the system. John is awaiting the final report and recommendations from JVA Engineering. He would like to test the effectiveness of polymer in the spring during runoff when water has elevated organic carbon concentrations. Lee Hoover will work with John to ensure the Association and Red Sky Metro District are informed of the cost associated with the future treatment plan.

Fire Mitigation Update

Hugh Fairfield-Smith stated following the last Board meeting, he put out a request for proposal for the projects discussed on Vail Resorts land and within the center of the Red Sky Ranch (“RSR”) community. One quote was received from Old Growth Forestry and all other contractors declined to bid. The total option for contracting in 2023 would be \$348,555. The Colorado State Forest Service (“CSFS”) grant was received and is based on matching contributions. If the Association should decide not to contribute \$50K, the grant will be cut by \$50K, and \$100K of mitigation efforts would need to be cut within RSR. Holland Creek Metro District (“HCMD”) contributed \$50K toward the effort and has entered into an intergovernmental agreement. If the Association and HCMD each contribute \$50K, CSFS would match \$100K. Hugh has secured additional funding through Eagle County to cover the remaining cost of the project. Hugh explained the cost to mitigate the 280 acres of Vail Resorts land will be \$200K and is most critical to provide a tactical advantage for protecting the RSR community. This will also help with eco system management and forest health to reduce risk of catastrophic wildfire. In addition, CSFS would like to conduct and pay for a treatment study. They would assist with designing the scope of work to ensure long-term success and monitor the project for the next ten years. Carol Floyd will send the intergovernmental agreement to the Board via DocuSign for approval. Lee Hoover advised Hugh to coordinate any impact to trails and communication with Ramsey Romanin.

Financials

Dana Miller reviewed the financials as of February 28, 2023, making note of any changes in March. The Balance Sheet shows \$1.584M in assets, the bulk of which is invested with First Western Trust (“FWT”) including checking, operating and reserve sweep accounts, and one CD that matures in June. Marcella Barry shared her recommendation to keep a certain amount of money in CDs at FWT. She proposed moving the liquid funds to Vanguard to yield a better return. Eric suggested more legal fees may be incurred than budgeted depending on the amended motion currently with the courts in the case involving Vail Resorts. Marcella said this could be reevaluated when the CD matures in June. Dana noted FWT has increased their rate on the sweep accounts to 2%. She asked for guidance on how much to invest in CDs and with Vanguard. Marcella proposed one seven-month and one thirteen month CD. Dana advised because funds invested with Vanguard would not be FDIC insured, the Board must make a motion to approve going outside of the Investment policy. Bill Simon recommended Vanguard’s

Treasury Money Market fund. Scott Wylie spoke about uninsured vs. insured products with FWT. He then abstained from further discussion and left the meeting. Dana will reach out to FWT and Vanguard to compare offerings. Eric Kurzweil will consult with Greg Perkins on the process of investing outside of the Association's investment policy. Dana resumed the financial overview. \$47.5K in owner receivables has dropped to \$25K in March with 10 owners remaining outstanding on their annual assessment. At the end of February, expenses exceeded revenue by \$27K. This increased in March to \$104K with legal fees of \$60K that were paid. On the Income Statement, there were no real estate transfer assessments ("RETA") collected in February. \$71K in RETA was collected in March for one sale. There is one residence sale pending for April or May that would generate \$115K and exceed budget for the year. In expense, the \$5K unfavorable variance in Gatehouse Operations is for mManager Facility was for roof snow removal. Legal expense was favorable in February and is not in March with the \$60K payment made. There is no depreciation because a truck was not purchased by the Association. Lee was able to find a vehicle for Ramsey to use through a lease agreement with Vail Resorts. For improvements, one payment in the amount of \$1,350 was made in February for gate software and one payment in the amount of \$1,200 was made in March for Ramsey's laptop. Dana is reviewing the 2022 audit received on Friday and will forward to the Board for review. The one audit adjustment is a true-up of gatehouse expense done every year for estimated expenses that are adjusted when all expense come through.

Holland Creek Metro District

Jerry Hensel said HCMD received mill and overlay bids last month. \$400K was budgeted and the bid from Civil 360 came in at \$330K. Paving will commence on or after May 8th, weather permitting, and finish prior to Memorial Day. Striping will follow. Crack sealing will occur on all roads in June. The annual audit of light posts and address markers will be conducted. Jerry is currently lining up a painter to stain all guardrails. He commended Mike Miner's team for doing a good job with road maintenance over the winter.

Red Sky Metro District Update

Eric Kurzweil stated there was no update on the amended complaint in the case against Vail Resorts. He reported Ron Zapletal stepped down from the Red Sky Metro District Board when he sold his property in Red Sky Ranch. Bob Barry has joined the Board.

There being no further business, Eric Kurzweil moved to adjourn the meeting. Dennis Grinder seconded the motion and the meeting was adjourned at 4:58 p.m.

Respectfully submitted,

Carol Floyd
Secretary for the Meeting