MINUTES OF REGULAR MEETING OF THE VAN AIRE SKYPORT CORPORATION BOARD OF DIRECTORS January 9, 2023

1. The meeting was convened at the home of Bill Teater on January 9, 2023. It was called to order by President John Conroy at 1:38 pm.

2. Present at the Meeting were:
   a. Board Members
      i. John Conroy (President and 2B)
      ii. Bill Teater (Acting Secretary and 1B)
      iii. Charles Elliston (1A)
      iv. Tom Thrall (Member-at-Large)
   b. Visitors
      i. Ron Stites, Stites & Associates, LLC (Office Manager)
      ii. Carl (Buddy) Goeritz

3. John presented the Agenda. It was accepted by acclamation.

4. John suggested that the Agenda be amended to allow Buddy to bring up his issues for discussion. John noted that we had a very full Agenda, and Buddy might be waiting for hours unless we moved him to the front of the Agenda. All accepted this change.

5. Buddy pointed out that the Airport Rules and Regulations (ARR) used the term "airplane." This term does not cover gliders. Hence, the ARR gives no guidance on where gliders are permitted to land. After a brief discussion, it was concluded by all that Buddy was right. Furthermore, Charles noted that it also leaves out helicopters. Tom noted that the main objection to landing on the grassy common area was the proximity to houses. Tom moved to revise "airplane" to "aircraft." Bill seconded the motion. In the subsequent discussion, it was noted that the change did not prohibit a helicopter landing on private property such as a private taxiway. The prohibition only applies to common areas such as the runway and grassy areas.

6. Buddy initiated a detailed discussion on the wording used in the Covenant Enforcement Policy (CEP). His primary concern focused on referring to the covenants "as amended." He felt this misrepresented the current status of the covenants. John pointed out that this was standard "legalese" used by the consulting attorney allowing the CEP to stand even if the covenants were to be amended. There was no intent to mean that the covenants had been or were being amended.

7. Buddy then discussed the relationship between the Van Aire Enforcement Policy (EP) and the Colorado Common Interest Ownership Act (CCIOA). He questioned

the breadth of the Board's authority to promulgate the EP based on CCIOA. He cautioned that such rules could cause additional conflicts between residents and between the Board and residents. Tom noted that the Board is duty-bound to protect the community from all sorts of potential abuses, including actions of future Boards and individual residents. Even if the Board and the Corporation are not criminally liable, the Corporation's and the community's assets can be at grave risk. Buddy noted that EP could restrict the ability of residents to use their private property as they see fit. Tom stated that although it is technically accurate that this can happen, he noted that the Bylaws were designed to severely limit what the Board can do relative to private property. Furthermore, Tom assured Buddy that this Board frequently refers to those Bylaws and takes those limitations very seriously.

8. Buddy noted that he did not believe limiting the number of Proxies members could hold at the Annual Meeting to two was a good idea. He thought that a higher number would be better. There was a brief discussion on the logistics and reasoning behind the smaller number. The discussion ended amicably, with the Board continuing the current policy of two Proxies. Buddy left the meeting at this point.

9. The Proxy discussion with Buddy motivated a quick discussion among Board Members on how votes in the Annual Meeting should be conducted and who would be ineligible to vote.

    a. Charles noted that his draft of a preliminary Annual Meeting Agenda restates this process and that the Board needs to get out that preliminary Agenda very soon. This timing is required by the Bylaws so that Members can add to the Agenda before the meeting. The topic of voting ineligibility led to a protracted discussion. Statements in the Bylaws were compared to past practices. Particularly vexing was the timing of the budgeting process (done at the Annual Meeting), the setting of Assessments, the due date of current year Assessment payments, and the date of the Annual Meeting. It was noted that payment of the previous year's Assessment before the start of the Annual Meeting was the only criterion that seemed to have been consistently enforced. Hence, the Board will continue with that practice. That is to say, only those who have not fully paid the 2022 Assessments will be denied voting privileges for the 2023 Annual Meeting.

    b. The Office Manager was instructed to send out notices of delinquency for 2022 Assessments. Furthermore, the Office Manager will not send out invoices for 2023 Assessments until after the Annual Meeting, where the Members will approve Assessments. Part of the reasoning here is that 1) the Board will be proposing a reduction in Assessments, and 2) Assessment payments will not be "due" until invoices have been sent.

10. The Board then resumed with the published Agenda.

11. Review of December Minutes. These minutes were presented to the Board, approved, and presented to the Membership. The Minutes were accepted as presented without change by acclamation of those present.

12. Financial Report. The Office Manager presented a detailed Year End P&L (see attached). The Board was also presented with comparative financial results from 2017 through 2022, segmented between normal operations, Oil and Gas related transactions, and Aviation Fuel transactions. These reports were created to assist the Board in evaluating historical and future cash flows and needs. This information is essential for objective budgeting. The Office Manager has created "O&G" and "AvGas" classes in Quick Books (QB) and will continue to segment transactions into these classes for future financial studies.

13. Audit Committee (Internal Fiscal Review Committee):

    a. John will contact the Internal Fiscal Review Committee (IFRC) to set up a time for them to meet with the Office Manager and initiate their internal review.

14. Fuel Committee:

    a. Charles will report on the substantial activities and progress of the Fuel Committee at the Annual Meeting.

    b. It was noted that a draft SOP exists for Aviation Fuel Operations. This SOP will be tested over the next few months with the intent to adopt and promulgate it as an SOP later in 2023.

15. Runway Committee:

    a. Charles requested that the proposed 2023 Budget for Runway Maintenance be increased from $7K to $10K to cover rising material costs. The motion was accepted unanimously.

16. Common Area:

    a. Nothing new to report.

17. Architectural Committee:

    a. John reported no response to the denial letter sent last month. Nothing further to report.

18. Investment Committee:

    a. Bill Teater also presented his independent analysis of O&G revenues and costs dating back to 2017. These we substantially in agreement with the segmentation set up in QB ($940K versus $955K). Considering the complexity of assigning transactions consistently over six years, the data were surprisingly consistent. This consistency indicated that the classification process should give reasonably good data in the future.

b. Bill reintroduced a discussion on the need for an investment policy/procedure. He noted that although the current wording in the Bylaws implies that investments must have high yield and no risk (an impossibility), no-risk investments in government-guaranteed CDs are now yielding up to 4%. Accordingly, Bill recommended that a portion of our idle cash be invested in CDs as soon as practicable.

    i. John moved to retain $100K in checking to cover operations while investing the remainder of idle cash in rolling short-term (three to six month) FDIC Insured CDs through TD Ameritrade. The Treasurer will perform these tasks with the assistance of the Investment Committee (especially Bill).

    ii. Charles seconded John's motion, and the motion passed unanimously.

19. Oil and Gas Committee:

    a. The Office Manager reported that no checks had been received from Verdad.

    b. John reported that he had tried to contact Verdad to no avail. Tom noted that Verdad is a small company and that this process is slow. They will have to gather signatures from many potential mineral owners. Tom has looked at the well information and notes that we have production and expect payments to start once Verdad gets the Division Orders sorted out.

20. Covenant Review Committee:

    a. Charles volunteered to do this Committee report at the Annual Meeting. He will remind the Membership that the Board will be revising the Bylaws in 2023 (see December Board Minutes).

    b. Bill suggested that the Airport Rules and Regulations be reformatted as a Section in a Rules and Regulations document. After some discussion and review of information from an HOA attorney, Charles decided to accept Bill's suggestion as a friendly motion and make the revision. After further discussion, Bill noted that calling it either a "Section" or a "Chapter" would be acceptable to him. Therefore, Charles will take the initiative to reformat the Rules and Regulations document such that additional R&Rs can be added as additional Sections or Chapters.

c. The discussion further noted that Policies and Procedures should also be documents separate from Rules and Regulations. Details will be worked on later.

21. Old Business:

    a. Proposed 2023 Budget:

        i. Based on Charles' recommendation, the Runway Maintenance budget was increased from $7K to $10K.

        ii. Based on information from Bill of the Investment Committee, the Investment Income line was increased from $20K to $35K.

        iii. A discussion ensued on the appropriate Assessment to propose. The consensus was that our current cash position, prospective investment, and O&G income warranted a reduction in Assessment. Several views were considered, with weight given to offsetting some operating expenses with investment income and a slight decrease in current reserves. It is expected that sometime during 2023, O&G income will more than make up that reduction in reserves, but there will be plenty of reserves available even if the O&G revenue should be delayed through all of 2023.

        iv. Tom moved to set the Assessment at $484.00 per member for a total annual Assessment of $41,624.00 and that the attached "Profit & Loss Budget Overview 2023 Rev 4" be presented to the Membership at the 2023 Annual Meeting as the Proposed 2023 Budget. The motion was seconded by John and approved unanimously.

22. New Business:

    a. Additional Annual Meeting Items:

        i. John will get information from the Nominating Committee for names to run as Board Members.

        ii. The Office Manager will work with Tom and Bill to verify the Member list.

        iii. The Office Manager will send out notices to Members who are in arrears on 2022 Assessments.

    b. Bill had to leave. The discussion on the 16-acre parcel was postponed.

23. Meeting Adjourned at 6:18 pm.