

# RECORD OF PROCEEDINGS

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## MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE VALAGUA METROPOLITAN DISTRICT

Held: Friday, April 22, 2011 at 1:00 p.m., at 28 Second Street, Suite 213, Edwards, Colorado.

### Attendance

The regular meeting of the Board of Directors of the Valagua Metropolitan District was called and held as shown above and in accordance with the statutes of the State of Colorado. The following Directors, having confirmed their qualification to serve on the Board, were in attendance:

C. Michael Budd  
Darrel D. Schmidt  
Robert J. Melun

Also present were Eric Weaver, Robertson & Marchetti, P.C.; Joan Fritsche, Foster Graham Milstein & Calisher, LLP; Suzanne Hoffman and Scott Green, property owners.

Russ E. Hatle, Director; Don Janklow, property owner; and Sam Sharp,\* D.A. Davidson participated via teleconference.

\* Arrival and departure where indicated.

### Call to Order

Director Budd noted that a quorum of the Board was present, verified that notice of the meeting was posted in three locations within the District and that the Directors had confirmed their qualification to serve, and therefore called the meeting of the Board of Directors of the Valagua Metropolitan District to order.

### Disclosure Matters

Ms. Fritsche advised the Board that pursuant to Colorado law, certain disclosures by the Board members may be required prior to taking official action at the meeting. The Board reviewed the agenda for the meeting, following which each Board member disclosed his conflicts of interest, stating the fact and summary nature of any matters, as required under Colorado law, to permit official action to be taken at the meeting. The Board determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the Board to act.

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Director Budd reported that he is an owner of real property within the District and that he is engaged as a real estate broker with Prudential Colorado Properties to sell properties within the District.

Director Hatle reported that he is an owner of real property within the District and that he has an ownership interest in Clearwater Development, Inc. Clearwater Development, Inc. is a property owner and developer within the District, which may have a right to reimbursement costs from the District. In addition, Director Hatle reported that he has investments in Imprimis LLC; Mt. 20 LLC; Hares Ear LLC; Hares Builders, LLC; and Rampart Holdings, LLC. This disclosure is associated with approval of items on the agenda, which may affect his interests or those of Clearwater Development, Inc.

Director Schmidt reported that he is an owner of real property within the District. This disclosure is associated with approval of items on the agenda, which may affect his interests.

Director Melun reported that he is an owner of real property within the District and a member of Gorebridge Properties, LLC which owns additional lots within the District. This disclosure is associated with approval of items on the agenda, which may affect his interests.

Written disclosures of these interests were filed with the Secretary of State and the Board prior to the meeting.

### Public Comment

There was no public comment.

### Appointment of Director

Don Janklow and Lora Williams expressed interest in filling the vacant Board seat. Scott Green withdrew his wife's nomination upon learning that Mr. Janklow was interested in filling the position. Upon motion duly made by Director Schmidt, seconded by Director Melun and unanimously carried, the Board appointed Mr. Janklow to fill the Board vacancy created by the resignation of Carl Luppens.

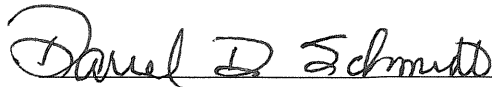
### Meeting Minutes

The minutes of the special meeting of the Board of Directors held on February 4, 2010 were read. Upon motion duly made by Director Schmidt, seconded by Director Melun, and unanimously carried, the minutes were approved by the Board of Directors.

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- Financial Report/Payables Mr. Weaver reviewed with the Board the District's preliminary financial reports dated March 31, 2011 and payment of claims dated April 19, 2011. Upon motion duly made by Director Schmidt, seconded by Director Melun, and unanimously carried, the Board accepted the financial reports and approved and ratified the payment of claims as presented in the amount of \$30,890.72.
- 2010 Audit Mr. Weaver reviewed the District's 2010 Audit with the Board. Upon motion duly made by Director Schmidt, seconded by Director Melun, and unanimously carried, the Board approved the District's 2010 Audit as presented.
- CDI Bankruptcy \* Sam Sharp joined the meeting at this time.
- Director Hatle apprised the Board on the current status of CDI's Chapter 11 Bankruptcy. Mr. Sharp participated concerning potential issues with the current bondholders. The Board took no action on this matter.
- \* Sam Sharp terminated the conference call at this time.
- Executive Session A motion was made by Director Melun to go into executive session pursuant to § 24-6-402(4)(b), C.R.S., to confer with legal counsel concerning specific legal questions concerning the District's outstanding bonds and contract with Mikim Brown. The motion was seconded by Director Schmidt and was approved unanimously. Upon termination of the executive session, the Board re-opened the meeting.
- Adjournment There being no further business to come before the Board, and upon motion duly made by Director Schmidt and seconded by Director Melun and unanimously carried, the meeting was adjourned.

  
Secretary for the Meeting