

RECORD OF PROCEEDINGS

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

Held: Friday, November 16, 2012 at 1:00 p.m., at 28 Second Street, Suite 213, Edwards, Colorado.

Attendance

The special 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
Donald Janklow
Scott Green
Darrel D. Schmidt

Absence Excused: Russ E. Hatle

Also present: Eric Weaver and Cheri Curtis, Robertson & Marchetti, P.C.

Joan Fritsche, Collins Cockrel & Cole, PC; Lou Amato, Gypsum Creek Holdings, LLC; and Carl Luppens, property owner, participated via conference call.

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 Janklow 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 Green 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 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 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.

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

Written disclosures of Director Hatle's interests were filed with the Secretary of State and the Board prior to the meeting.

Public Comment

There was no public comment.

Meeting Minutes

The minutes of the regular meeting of the Board of Directors held on Friday, October 19, 2012 were read. Upon motion duly made by Director Schmidt, seconded by Director Janklow and unanimously carried, the minutes were approved by the Board of Directors.

Financial Matters

Mr. Weaver updated the Board on the status of delinquent property tax payments. As of October 31, 2012, Gypsum Creek Holdings, LLC has paid all of the property taxes past due and owing on its properties. The District will receive tax revenue and interest from the County prior to the next Bond payment date of December 1, 2012.

Security Services

The Board addressed the issue of the District continuing to contract for and fund manned security services for the Brightwater development for calendar year 2013. Mr. Amato stated that Gypsum Creek Holdings, LLC will not contribute to funding security services. Director Schmidt informed the Board that the Brightwater Club Property Owners Association budgeted \$20,000 to contribute to funding manned security services. Director Green indicated the residents of Brightwater Club were willing to contribute an additional \$5,000 for security services. Upon motion duly made by Director Schmidt, seconded by Director Janklow and unanimously carried, the Board authorized continuing security services for the budgeted amount of \$30,000 for calendar year

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2013, under the condition that both the POA and residents pay the District their allocated contributions in a timely fashion. If funds are not received, the District shall terminate its security contract upon 30 days written notice.

Filing 4/Tall Grass and Filing 5/Doll Station Ms. Fritsche will let the Board know when the plat has been recorded by the Town for Filing 4/Tall Grass and Filing 5/Doll Station.

Executive Session Upon motion duly made by Director Janklow, seconded by Director Schmidt and unanimously carried, the Board went into executive session pursuant to C.R.S. § 24-6-402(4)(b) and (e), to receive specific legal advice and to develop negotiating positions/strategy related to the District's public infrastructure located in Brightwater Club Filing 5/Wranglers Crossing. Upon motion duly made by Director Schmidt, seconded by Director Janklow, and unanimously carried, the Board adjourned the executive session at 2:27 pm and confirmed that no action was taken in executive session and that no matters were discussed beyond the scope for which it was called.

Filing 5 Wranglers Crossing Upon motion duly made by Director Janklow, seconded by Director Schmidt, and unanimously carried, the Board directed Ms. Fritsche to submit a letter to the Town requesting the Town accept the water and sanitary sewer lines in Filing 5/Wranglers Crossing, subject to final pressure testing, videotaping, other verifications and capping.

Adjournment There being no further business to come before the Board, and upon motion duly made by Director Janklow, seconded by Director Green, and unanimously carried, the meeting was adjourned.


Secretary for the Meeting