

RECORD OF PROCEEDINGS

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

Held: Friday, January 22, 2010 at 1:00 p.m., at 296 Village Club Drive, Gypsum, 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:

Vernon L. Brock
C. Michael Budd
Ian K. Hause
Carl H. Luppens

Also present were Eric Weaver, Robertson & Marchetti, P.C.; Joan Fritsche, Foster Graham Milstein & Calisher, LLP; Mike Brown, Mikim Brown: property owners Dick Wenninger, Chris Travis, Barbara Murray, Julie Thurston, Rob Melun, and Lynn Janklow; and Jeff Shroll, Town Manager, Gypsum.*

Director Hatle 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. Clearwater Development, Inc. is a property owner and developer within the District, which may have a right to reimbursement costs from the District. This disclosure is associated with approval of items on the agenda, which may affect his interests or those of Clearwater Development, Inc.

Director Brock reported that he is an owner of real property within the District and has had a consulting contract with 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. This disclosure is associated with approval of items on the agenda, which may affect his interests or those of Clearwater Development, Inc.

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; and Hares Ear LLC. This disclosure is associated with approval of items on the agenda, which may affect his interests or those of Clearwater Development, Inc.

Director Hause reported that he is an owner of real property within the District and a consultant to 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. This disclosure is associated with approval of items on the agenda, which may affect his interests or those of Clearwater Development, Inc.

Director Luppens reported that he is a spouse of 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.

Public Comment

There was no public comment on items not listed on the agenda.

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Meeting Minutes

The minutes of the continued regular meeting of the Board of Directors held on November 13, 2009 (continued from October 14, 2009) were read. Upon motion duly made by Director Hause, seconded by Director Brock and unanimously carried, the minutes were approved by the Board of Directors as amended.

Annual Administrative Matters

Ms. Fritsche discussed a number of administrative matters with the Board, which are generally addressed at the Board's first meeting of the year, in accordance with Colorado laws:

Ms. Fritsche asked the Directors to complete affidavits confirming each Director's qualification to serve on the Board.

Ms. Fritsche asked the Directors to review the information previously provided to each Director by her firm, describing how to identify a conflict of interest, and the requirements under Colorado law for disclosure of such conflicts of interest by each Director. Ms. Fritsche asked each Director to review the contents of the letter, and to identify all existing and potential conflicts of interest each Director may have in connection with serving as a member of the Board of Directors of the District and to update the disclosure form to be returned to her office.

Upon motion duly made by Director Hause, seconded by Director Brock and unanimously carried, the Board elected the following officers for 2010:

C. Michael Budd - President/Chairman of Board
Ian K. Hause - Secretary/Treasurer
Vernon L. Brock - Assistant Secretary
Russ E. Hatle - Assistant Secretary
Carl H. Luppens -Assistant Secretary

The Board determined to continue to compensate each director for service to the District in amount of \$100 per meeting, not to exceed \$1,600 per year.

The Board reviewed and determined to continue to use the *Eagle Valley Enterprise* for publication of legal notices.

The Board determined to hold its regular 2010 meetings at 1:00 p.m. on a quarterly schedule: January 22, April, 23, July 23, October 22 and November 19 (budget hearing) at 28 Second Street, Suite 213, Edwards, Colorado. In addition, the Board identified its regular meeting notice posting locations as the entrance to the Clearwater Development office

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at 4000 Gypsum Creek Road, the entrance to the Trailhead Building, 3870 Gypsum Creek Road, and the fence post on the southern boundary of the District at the Gypsum Creek Road right-of-way, all within the boundaries of the District.

The Board appointed Lynette Sander at Robertson & Marchetti to serve as the Designated Election Official for the District for its election activities. The Board set the District's polling place as the Clearwater Development office at 4000 Gypsum Creek Road Gypsum, Colorado.

The Board reviewed its existing insurance coverage and found it to be adequate for 2010.

The Board affirmed the District's current indemnification resolution that indemnifies the District's directors and any District employees hired in the future.

Finally, the Board reviewed the proposed form of resolution presented by Ms. Fritsche to memorialize its determinations concerning actions to be taken by its consultants. Upon motion duly made by Director Hause, seconded by Director Brock, the Board unanimously approved the Resolution and ratified actions taken by its consultants to date.

Engagement of Consultants

The Board reviewed the engagement of its consultants, Foster Graham Milstein & Calisher, LLP, serving as the District's legal counsel and depository of the District's records; Robertson & Marchetti, P.C., serving as the District's accountant and manager; Vision Land Consultants, Inc., providing engineering services, Chadwick, Steinkirchner, Davis & Co. for audit services and Mikim Brown for security services.

Financial Report/Payables

Mr. Weaver reviewed with the Board the District's preliminary financial reports dated December 31, 2009 and payment of claims dated January 22, 2010. Upon motion duly made by Director Hause, seconded by Director Brock and unanimously carried, the Board accepted the financial reports and approved and ratified the payment of claims as presented in the amount of \$399,164.06 (375,475.79 + 23,688.27).

*Jeff Shroll arrived at this time.

Status of Town Calling Completion Bonds

Mr. Shroll gave the Board an update concerning the Town's plan for completing the infrastructure in Filings 4, 5 & 6 based upon available completion bond funds. Mr. Shroll informed the Board that negotiations were taking place with the surety companies and that the Town expects to complete construction estimates within 30 days and expects to publish bid documents in mid spring for construction this year. Mr. Shroll answered questions from the Board members and property owners.

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- Town of Gypsum
Account Reconciliation
- Mr. Weaver reviewed an account reconciliation spreadsheet he prepared with the assistance of Director Brock concerning outstanding invoices delivered to Clearwater Development, Inc. from the Town of Gypsum that may be valid expenses of the District. Mr. Shroll participated in the discussion with the Board over the scope of work being billed and offered explanations of certain charges the Town imposed. Upon a motion duly made by Director Brock and seconded by Director Budd, the Board approved payment of \$23,688.27 in invoices submitted by the Town. The Board directed Mr. Weaver to work with Town and County staff to determine the payment procedure and to which entity.
- *Mr. Shroll departed at this time.
- Fence Contract
- Director Hause gave the Board an update on the status of fence installation along Valley Road and the extension of the fence and rough fisherman's trail to Gypsum Creek.
- Security Services
- Upon motion duly made by Director Brock, seconded by Director Hause and unanimously carried, the Board approved and ratified the Security Services Agreement and exhibits with Mikim Brown.
- May 2010 Regular
Election
- Upon motion duly made by Director Hause and seconded by Director Brock, the Board approved an amended resolution calling the District's 2010 regular election and appointing Kathy Lewensten as the designated election official.
- Lot 1, Filing 6
- Upon motion by Director Hause and seconded by Director Brock and unanimously carried, the Board approved and ratified the Third Addendum to the Gypsum Fire Protection District IGA. Mr. Weaver noted that the escrow account with Land Title had been closed and the funds transferred to the Fire District prior to year end.
- Adjournment
- There being no further business to come before the Board, and upon motion duly made by Director Hause and seconded by Director Brock and unanimously carried, the meeting was adjourned.


Secretary for the Meeting