

RECORD OF PROCEEDINGS

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

Held: Friday, February 12, 2010 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:

Vernon L. Brock
C. Michael Budd

Absence excused: Carl H. Luppens

Also present were Eric Weaver and Ken Marchetti, Robertson & Marchetti, P.C.; Joan Fritsche, Foster Graham Milstein & Calisher, LLP; Kenton M. Krohlow, Rock Property Services; property owners Darrel Schmidt, Kathy Schmidt, Joe Spencer, Dan Hoffman, and Rob Melun; and Jeff Shroll, Town Manager, Gypsum.*
Director Hatle participated via teleconference.

* Arrival where indicated.

Call to Order

Director Budd noted that a quorum of the Board was not present; therefore the Board could not take any official action at this meeting.

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.

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

Written disclosures of Director Luppens interests also 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.

Board Vacancy

Director Budd noted there was a Board vacancy due to the resignation of Director Hause.

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Brightwater Club
Issues

Director Hatle informed the Board of a recent turn of events concerning negotiations between Kennedy Funding and the development group. The Board discussed issues concerning District assets and provision of services.

* Mr. Shroll arrived at this time.

Tax Abatement
Hearings

Mr. Weaver gave a power point presentation to the Board concerning tax revenue issues in connection with a series of property tax abatements approved by the Eagle County Board of County Commissioners in December, 2009 and an equalization abatement proceeding brought by the Eagle County Assessor set for public hearing on February 16th. A lengthy discussion of this issue and potential ramifications to the District followed.

Adjournment

The meeting was adjourned following no official action taken by the Board.



Secretary for the Meeting