

RECORD OF PROCEEDINGS

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

Held: Friday, February 4, 2011 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
Darrel D. Schmidt
Robert J. Melun

Also present were Eric Weaver, Robertson & Marchetti, P.C.; Joan Fritsche and Cindy Weakland, Foster Graham Milstein & Calisher, LLP; Mike Brown, Mikim Brown* and Jeff Shroll, Town Manager, Gypsum.*

Carl H. Luppens and Russ E. Hatle,* Directors; Julie Nelson, property owner, participated via teleconference.

* Arrivals and departures 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.

RECORD OF PROCEEDINGS

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 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.

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.

Meeting Minutes

The minutes of the regular meeting of the Board of Directors held on October 22, 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.

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 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

RECORD OF PROCEEDINGS

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 Melun, seconded by Director Schmidt and unanimously carried, the Board elected the following officers for 2011:

C. Michael Budd - President/Chairman of Board
Darrel D. Schmidt - Secretary/Treasurer
Russ E. Hatle - Assistant Secretary
Carl H. Luppens -Assistant Secretary
Robert J. Melun - 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 2011 meetings at 1:00 p.m. on a quarterly schedule: January 21, April 22, July 15, October 21 and November 18 at 28 Second Street, Suite 213, Edwards, Colorado. In addition, the Board identified its regular meeting notice posting location as the Gate House at 10 Brightwater Club Drive.

The Board appointed Cheri Curtis at Robertson & Marchetti to serve as the Designated Election Official for the District for its election activities.

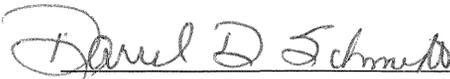
The Board reviewed its existing insurance coverage and found it to be adequate for 2011.

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 Melun, seconded by Director Schmidt, the Board unanimously approved the Resolution and ratified actions taken by its consultants to date.

RECORD OF PROCEEDINGS

- Filing 4/Tall Grass and Filing 5/Doll Station Upon motion duly made by Director Melun, seconded by Director Schmidt, and unanimously carried, the Board approved and ratified a Bill of Sale conveying the water and sanitary sewer improvements in Filing 4/Tall Grass and Filing 5/Doll Station to the Town of Gypsum. All of the Town's requirements for final acceptance of the public improvements have been met, except the Town is waiting for submittal of signed as-builts and a final lien waiver from Brock Consulting.
- Website Mr. Weaver gave a brief presentation to the Board of different options for creating a District website. Upon motion duly made by Director Melun, and seconded by Director Schmidt, and unanimous vote, the Board authorized Robertson & Marchetti to buy the domain name "Valagua Metro.org" and to acquire the software/licensing necessary to design a District website under the Robertson & Marchetti domain.
- Director Hatle ended his participation in the conference call at this time.
- Wranglers Crossing Ms. Fritsche presented the Board with a draft resolution concerning taking a formal position on the water and sewer improvements located in Filing 5 - Wranglers Crossing currently owned by the District. No additional improvements have been constructed in Wranglers Crossing and the Town will not accept the water and sewer lines unless all of the improvements required by the plat are installed. A general discussion followed concerning the status of Wranglers Crossing and Mountain Spur in Filing 5 and Creekside in Filing 4A. No action was taken by the Board.
- 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