

# RECORD OF PROCEEDINGS

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

Held: Friday, April 23, 2010 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:

Vernon L. Brock  
C. Michael Budd  
Russ E. Hatle  
Carl H. Luppens

Also present were Eric Weaver, Robertson & Marchetti, P.C.; Joan Fritsche, Foster Graham Milstein & Calisher, LLP; Ernie Brown, Mikim Brown; property owners: Diane Luppens, Rob Melun, and Darrel Schmidt; and Pat Paulson, M&J, LLC.\*

\* 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 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 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.

Appointment of  
Director

Director Budd informed the Board that Robertson & Marchetti received one response from an interested property owner concerning the Board vacancy created by the resignation of Ian K. Hause. Ms. Fritsche advised the Board that Darrel D. Schmidt has met all qualifications to serve on the Board. Upon motion duly made by Director Luppens, seconded by Director Hatle and unanimously carried, the Board approved the appointment of Mr. Schmidt. Mr. Schmidt's term expires in May, 2010. Director Budd administered the oath of office to Director Schmidt.

Board Officers

Upon motion duly made by Director Budd, seconded by Director Hatle and unanimously carried, the Board elected Director Schmidt to fill the vacancy of Secretary/Treasurer of the Board.



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- Termination of Thrasher, LLC Contract      Upon motion duly made by Director Luppens, seconded by Director Brock and unanimously carried, the Board approved and ratified termination of the construction management contract with Thrasher, LLC.
- M&J, LLC Contract      \* Pat Paulson arrived at this time. The Board discussed concerns with the Valley Road and fisherman's trail buck and rail fence with Pat Paulson of M&J, LLC. Upon motion duly made by Director Hatle, seconded by Director Schmidt and unanimously carried, the Board approved and ratified payment of retainage for the Valley Road portion of the fence project. Upon motion duly made by Director Luppens, seconded by Director Hatle and unanimously carried, the Board authorized M&J, LLC to install bracing along the "backside" of the Valley Road fence in the amount of \$5,000 and authorized the District to enter into an annual maintenance agreement with M&J, LLC for \$400 per year.
- Upon motion duly made by Director Luppens, seconded by Director Schmidt and unanimously carried, the Board authorized additional work to the fisherman's trail portion of the project in the amount of \$13,500.
- \* Mr. Paulson departed at this time.
- Security Services      Upon motion duly made by Director Schmidt, seconded by Director Hatle and unanimously carried, the Board approved and ratified changes in the number of hours and rate of pay effective March 15, 2010 for the Security Services Agreement with Mikim Brown, based upon reduced District operating revenue and the Brightwater Club Property Owners Association determination not to commit Association funds for security services.
- May 2010 Regular Election      Director Budd advised the Board that the District was able to cancel its May directors' election because Rob Melun withdrew his nomination. Directors Budd, Schmidt and Luppens will be elected by acclamation to four year terms, effective May 4, 2010.
- Director Resignation and Appointment      Director Brock tendered his resignation from the Board, effective immediately. Director Brock stated that he recently entered into a contractual arrangement with Rampart Holdings to complete warranty work in Brightwater Club Filings 1-3 and complete certain improvements in Filings 4 -5. He would prefer to see a property owner take his place on the Board if Mr. Melun was interested.

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Mr. Melun indicated he was willing to serve on the Board. Ms. Fritsche indicated that Mr. Melun was a qualified elector of the District and that no other property owners had expressed interest in the Board vacancy filled by Director Schmidt.

Upon motion duly made by Director Hatle, seconded by Director Schmidt and unanimously carried, the Board appointed Robert Melun to the Board vacancy, with a two year term remaining, ending in May, 2012. Director Budd administered the oath of office.

Developer Status  
Update

Director Hatle gave the Board an update concerning completion of punch list items for infrastructure in Filings 1-3 and completion of infrastructure in Tall Grass and Doll Station by Rampart Holdings to avoid the situation of the Town calling the completion bonds for Filings 4 and 5. Mr. Brock has been hired as an owner's representative for Rampart Holdings and is focusing on completion of the punch list items. They expect to have bids out and contracts awarded by mid July in order to complete the work this construction season. The Town is requiring construction funds be held in escrow prior to awarding contracts.

A discussion followed concerning the possibility of deplatting Wrangler's Crossing in Filing 5. The Town has indicated it may be willing to consider that option, provided Rampart Holdings refunds the District for water and sanitary sewer improvements accepted by the District in the amount of \$447,588 for water lines and \$335,244 for sanitary sewer lines. The District would convey those improvements to Rampart Holdings, since they will be of no value to the District or the Town.

Brightwater Club  
Property Association  
Liaison

Director Melun and Director <sup>Luppens</sup>~~Schmidt~~ indicated they are both members of the POA Board and will act as liaisons with the District for communication purposes.

Adjournment

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

  
Secretary for the Meeting