

# RECORD OF PROCEEDINGS

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

Held: Thursday, June 18, 2009 at 1:00 p.m., at 4000 Gypsum Creek Road, Gypsum, 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  
Robert M. Savage  
Ian K. Hause  
Russ E. Hatle  
Vernon L. Brock

Also present: Eric Weaver, Robertson & Marchetti, P.C. and Joan Fritsche, Foster Graham Milstein Calisher, LLP; Dave Vroman, Gypsum Fire Protection District; and the following property owners: Carl Luppens, Diane Luppens, Chris Travis, Lynn Janklow, Joseph Spencer and Dick Wenninger

Bill Hayne, Vision Land Consultants participated via teleconference.

### Call to Order

Director Savage 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 Savage reported that he is an owner of real property within the District and an employee of 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 his employer.

Director Budd reported that he is an owner of real property within the District and that he is a real estate broker with Prudential Colorado Properties, engaged by Clearwater Development Inc., 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 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 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.

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

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Public Comment	There was no public comment.
Meeting Minutes	<p>The amended minutes of the special meeting of the Board of Directors held on March 12, 2009 were read. Upon motion duly made by Director Hause, seconded by Director Budd and unanimously carried, the minutes were approved by the Board of Directors.</p> <p>The minutes of the regular meeting of the Board of Directors held on April 8, 2009 were read. Upon motion duly made by Director Budd, seconded by Director Hause and unanimously carried, the minutes were approved by the Board of Directors.</p>
Financial Report/Payables	Mr. Weaver reviewed with the Board the District's financial reports dated May 31, 2009 and payment of claims dated June 18, 2009. Upon motion by Director Hause, seconded by Director Hatle and unanimously carried, the Board accepted the financial reports and approved and ratified the payment of claims as presented.
Financial Model	Mr. Weaver presented 3 scenarios he prepared with Director Budd of a five year forecast for Board consideration. The scenarios considered the decreased assessed valuation of the District and the District's ability to meet its debt service obligations by 1) raising the debt service mill levy to preserve capital funds; 2) using capital funds to keep the debt service mill levy at 30 mills; and 3) using capital funds to pay down debt. The Board discussed the scenarios at length and determined that it would be in the best interest of the District and its property owners to proceed with using unrestricted capital funds to construct the public improvements in Filings 4, 5 and 6, as planned when the Bonds were issued. Mr. Luppens requested the Board consider installation of a buck rail fence along Valley Road and the creek trail in order to keep cattle and cars within the Valley Road right-of-way and particularly off of the golf course. Upon motion duly made by Director Budd, seconded by Director Hatle and unanimously carried, the Board determined to proceed with Filing 5 Mountain Spur water and sanitary sewer improvements, creek mitigation (path and parking), water tank design and additional landscaping and fence improvements along the creek trail and Valley Road through Brightwater Club. The Board directed Ms. Fritsche to work with the District's engineer to prepare and publish a request for Statement of Qualifications for a Construction Manager in order to proceed with the above listed projects.

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### Security Services

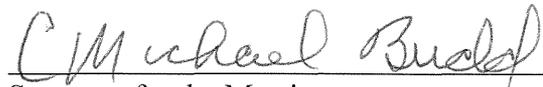
Director Savage presented the Board with a resolution adopted by the Brightwater Club Property Owners Association formally expressing unanimous support for a Service Plan amendment allowing the District to provide security services within the District. Upon motion duly made by Director Budd, seconded by Director Hatle and unanimously carried, the Board adopted a resolution authorizing the District to provide security services, upon approval of a Service Plan amendment by the Gypsum Town Council, and approved a Petition addressed to the Gypsum Town Council requesting a material modification to the District's Service Plan.

### Valley Road Landscaping

Director Savage noted the Brightwater Club Property Owners Association resolution also expressed support for the District providing additional landscape maintenance services along Valley Road through Brightwater Club. After discussion, upon motion duly made by Director Hause, seconded by Director Budd and unanimously carried, the Board directed Ms. Fritsche to negotiate an intergovernmental agreement ("IGA") and easement between the Town of Gypsum and the District for the installation of a buck rail fence along Valley Road through Brightwater Club to be owned and maintained by the District, the installation of upgraded landscaping within the Valley Road medians through Brightwater Club and for the maintenance of the bike path, landscaping and irrigation along Valley Road through Brightwater Club by the District.

### Adjournment

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

  
Secretary for the Meeting