
RECORD OF PROCEEDINGS

Minutes of the Special Meeting Of the Board of Directors of Valagua Metropolitan District June 26, 2014

The Special Meeting of the Board of Directors of the Valagua Metropolitan District, Gypsum, Eagle County, Colorado, was held on June 26, 2014 at 2:00 p.m., at the offices of Robertson & Marchetti, P.C., 28 Second Street, Suite 213, Edwards, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Don Janklow
- Darrel Schmidt (By Telephone)
- Jim Bittner
- Terry Kermoade

The following Directors was absent and excused:

- Scott Green

Also in attendance were:

- Sam Sharp, D.A. Davidson
- Joan Fritsche, Collins Cockrel & Cole
- Eric Weaver, Robertson & Marchetti, P.C.
- Cheri Curtis, Secretary to the Meeting

Call To Order

Mr. Weaver 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.

Director Janklow 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.

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Director Schmidt reported that he is an owner of real property within the District and serves on the Board of the Brightwater Club Property Owners Association. This disclosure is associated with approval of items on the agenda, which may affect his interests.

Director Bittner 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 Kermoade 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.

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

**Changes to the
Agenda**

Mosquito control was added to the agenda.

**Public
Comment**

There was no public comment.

**Election of
Officers**

The Board agreed to maintain the current officers as follows:

Donald E. Janklow, President
Darrel D. Schmidt, Secretary/Treasurer
Scott Green, Asst Sec/Treasurer
James Bittner, Asst Sec/Treasurer
Terry Kermoade, Asst Sec/Treasurer

Minutes

The minutes of the November 15, 2013 Regular Board Meeting were presented. Upon motion duly made by Director Janklow and seconded by Director Kermoade it was unanimously

RESOLVED to approve the meeting minutes of the November 15, 2013 Regular Board meeting as presented.

2008 Bonds

Sam Sharp with D.A. Davidson was present to discuss the 2008 bonds. Mr. Weaver explained when the \$21M worth of bonds were issued, the assessed value was at approximately \$22M. Infrastructure was being installed and additional development was progressing. With the economic downturn and bankruptcy of the developer the District's assessed values have now declined to roughly \$3M

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and the District will not be able to make the full 2014 payments that are due on the Bonds. The District's debt service mill levy is capped at 50 mills.

Mr. Sharp stated the bond holders are municipal bond holders and aware of the financial difficulties. Eventually a restructuring of the bonds will be considered but since the District has little to offer and bondholders are looking to add to their portfolios rather than negotiate out of troubled holdings there is little to no chance of restructuring the debt at this time.

The golf course conditions are deteriorating, further affecting the assessed value and marketability of the District. Director Schmidt questioned how the golf course is affecting the bonds. Mr. Sharp explained the golf course's only affect on the bonds is the value of the golf course. Director Schmidt questioned how the bonds affect future development concerning the golf course. Mr. Sharp explained the bond holders are interested in the development succeeding. Director Janklow questioned if the bond holders could be interested in investing within the District and Mr. Sharp indicated they would probably not be interested in additional investing. It was noted there is no additional vertical construction in the process, and only a few properties still in the foreclosure process.

The Board noted that they will continue to work with Mr. Sharp in the future with the intention of fully complying with the terms of the Bond indenture to pursue a refunding or restructuring when he feels such would be feasible. Mr. Sharp left the meeting at 2:35 p.m.

Director Matters

Joan Fritsche with Collins Cockrel and Cole, who is the District's counsel, distributed the Affidavit of Eligibility and the Conflict of Interest Disclosures for the Board members to execute.

Financial Matters

Mr. Weaver presented the May 31, 2014 financial statements with an itemized review of the balance sheet. Mr. Weaver explained the reason for maintaining a larger cash balance is to make debt service payments. The District still owns the water and sewer infrastructure in Filing 5 and it is included on the fixed asset schedule. The District does not have the means to maintain the infrastructure that will be conveyed to the Town of Gypsum. The sewer lines were inspected in the fall of 2013 to be able to release the warranty bonds. When a new developer is able to install roads in Filing 5 the water and sewer lines will be conveyed to the Town of Gypsum.

The revenues and expenditures were reviewed in detail. Director Schmidt noted the District is operating at a deficit and using the cash reserves for the shortfall.

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Payments Of Claims

The payment of claims from December 2013 to May 2014 was presented to the Board. Upon motion duly made by Director Schmidt and seconded by Director Kermoade it was unanimously

RESOLVED to accept the payment of claims as presented.

2013 Audit

Mr. Weaver presented the 2013 draft audit, noting that the District once again received an unqualified or “clean” opinion. Upon motion made by Director Janklow and seconded by Director Bittner it was unanimously

RESOLVED to accept the 2013 draft audit as presented.

Administrative Matters

Resolution

Ms. Fritsche presented the 2014 Administrative Matters Resolution and reviewed the resolution with the Board. Upon motion made by Director Kermoade and seconded by Director Janklow it was unanimously

RESOLVED to approve the 2014 Administrative Resolution as presented.

CORA Policy

The Colorado Open Records Act specifies the District can charge \$35 per hour after the first hour to prepare documents as requested and \$.25 per page for printed copies. There was a clerical error in the policy that was corrected. Upon motion made by Director Bittner and seconded by Director Kermoade it was unanimously

RESOLVED to adopt the CORA Policy as amended.

Brush Creek Landscaping

The Board received a proposal from Brush Creek Landscaping to maintain the landscaping the District is required to maintain. The Brightwater Club Property Owners Association has assumed maintenance of the common area properties within the District and has contracted with Brush Creek Landscaping for landscaping maintenance. The contract with M & J remains in place to maintain the fence. Upon motion duly made by Director Schmidt and seconded by Director Kermoade it was unanimously

RESOLVED to approve the contract with Brush Creek Landscaping for the 2014 landscaping maintenance.

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The wire on the trees on Valley Road will be removed. The wire has been removed for the trees being maintained by the Association.

The Board discussed closing the exit gate at the main entrance to discourage vehicles from entering Brightwater.

Mosquito Spraying

The Town of Gypsum sprays for mosquito's on all properties in Gypsum. Since Brightwater is a gated community, the Town of Gypsum will not be spraying properties inside Brightwater. Mr. Weaver has spoken with the contractor that is doing the spraying for the Town and would be interested in spraying in Brightwater for a discounted price since they are already in the area. The cost would depend on the number of applications, which is dependent on the amount of moisture present throughout the summer, however they estimated that it would be \$2,000 for a normal season, which could be more than covered by the budget contingency. Upon motion duly made by Director Janklow and seconded by Director Bittner it was unanimously

RESOLVED to contract for mosquito spraying.

Memo on Tax Lien

Certificates Ms. Fritsche prepared a memo to the Board indicating a tax lien holder can hold a tax lien for 15 years. A tax deed is not cleared for 5 years.

Adjournment There being no further business to come before the Board, upon motion duly made and seconded it was unanimously

RESOLVED to adjourn the Special Meeting of the Valagua Metropolitan District Board of Directors this 26th day of June 2014.

Respectfully submitted,



Cheri Curtis
Secretary for the Meeting