

RECORD OF PROCEEDINGS

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

Held: Tuesday, July 21, 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.; Joan Fritsche, Foster Graham Milstein Calisher, LLP; Ken Ross, Vision Land Consultants; and Jeff Shroll, Town of Gypsum.*

* Arrivals and departures where indicated.

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. Director Hause noted that three of the four postings were apparently removed prior to the meeting date.

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	The minutes of the special meeting of the Board of Directors held on June 18, 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.
Financial Report/Payables	Mr. Weaver reviewed with the Board the District's financial reports dated June 30, 2009 and payment of claims dated July 21, 2009. Upon motion by Director Hatle, seconded by Director Budd and unanimously carried, the Board accepted the financial reports and approved and ratified the payment of claims as presented. A discussion followed concerning unpaid property taxes.
Remaining Debt Authorization	Mr. Weaver distributed a chart outlining the District's remaining voter authorized debt by category. Upon motion duly made by Director Budd, seconded by Director Hatle and unanimously carried, the Board requested Mr. Weaver & Ms. Fritsche research the legality of moving certain improvements acquired by the District under its park and recreation voter authorization to its streets authorization. *Mr. Shroll and Director Brock arrived.
Capital Projects	Director Savage introduced Mr. Shroll, Gypsum Town Manager. Mr. Shroll gave the Board an update on the Town's position concerning the "hibernation" status of Brightwater Club development. The discussion focused mainly on the Town's decision to call the developer's performance bonds in order to complete construction of infrastructure in certain areas of Filings 4 and 5 and the Valley Road reconstruction. The Town will also call the District's letter of credit in the amount of approximately \$58,000 for public improvements required for Filing 6, Lot 1 (fire station parcel) as part of the process to complete infrastructure started in these Filings. Mr. Shroll gave the District verbal authorization to proceed with a water tank design located within District boundaries. Mr. Shroll departed.
District Engineer	Mr. Ross terminated his engagement as District Engineer effective July 27, 2009 due to a change in his employment status. Mr. Ross agreed to prepare a scope of services for the Board to use in selecting a replacement engineering firm. The Board determined to interview four engineering firms with local government experience at its next Board meeting.

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Filing 6, Lot 1

Ms. Fritsche informed the Board that the extension of the Escrow Agreement with Land Title concerning the conveyance of the fire station parcel - Lot 1, Filing 6 expires in July. Upon motion duly made by Director Hause, seconded by Director Budd and unanimously carried, the Board directed Ms. Fritsche to contact Chief Vroman to determine the GFPD's preference for extending the Escrow Agreement another 60 days with the intent to convey the parcel or to terminate the IGA between the Districts concerning impact fee credits in the amount of \$80,000.

Property Owner
Communications

The Board also expressed serious concerns over inaccurate information about the District, and in particular, its finances being selectively distributed "as fact" to certain property owners and the community. Upon motion duly made by Director Hause, seconded by Director Budd and unanimously carried, the Board directed Robertson & Marchetti to prepare and distribute a semi-annual or quarterly newsletter, as the Board determines, so that all property owners will receive current, factual information concerning the District.

* Director Brock departed.

Construction
Management Contract

Mr. Ross distributed a spreadsheet comparing the proposals submitted for construction manager, along with his research on each company. Upon motion duly made by Director Hause, seconded by Director Budd and unanimously carried, the Board selected Thrasher, LLC to act as construction manager for the installation of a buck rail fence and landscaping maintenance along Valley Road through Brightwater Club.

Security Services

Director Savage noted the Gypsum Town Council public hearing to approve District's Service Plan amendment authorizing the District to provide security services is set for July 28th and has been noticed to property owners by mail and by publication. Director Hause stated he would send a reminder of the hearing to all property owners through the POA.

Adjournment

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



Secretary for the Meeting