

# RECORD OF PROCEEDINGS

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

Held: Friday, July 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:

C. Michael Budd  
Darrel D. Schmidt  
Carl H. Luppens  
Robert J. Melun

Also present were Eric Weaver, Robertson & Marchetti, P.C.; Joan Fritsche, Foster Graham Milstein & Calisher, LLP; Diane Luppens, property owner; and Pat Paulson, M&J, LLC.\*

Director Russ E. Hatle and Vernon L. Brock, Brock Consulting, LLC, participated via teleconference.

\* 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 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 April 23, 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 as amended.

Financial  
Report/Payables

Mr. Weaver reviewed with the Board the District's preliminary financial reports dated June 30, 2010 and payment of claims dated July 23, 2010. Upon motion duly made by Director Schmidt, seconded by Director Melun and unanimously carried, the Board accepted the financial reports and approved and ratified the payment of claims in the amended amount of \$59,731.07, excluding \$30,150 owed to M&J, LLC.

Mr. Weaver distributed a handout concerning 2010 assessed valuation for Board review. Mr. Weaver stated that 27 appealed valuations were denied by the County Board of Equalization.

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- Continuing Disclosure Quarterly Report      The General Obligation Limited Tax Bonds Series 2008 Continuing Disclosure Quarterly Report and 2011 Projections was discussed by the Board. Upon motion duly made and seconded, the Continuing Disclosure Quarterly Report was approved by the Board.
- M&J, LLC Contract      \* Pat Paulson arrived at this time. The Board discussed concerns with the Valley Road and the fisherman's trail buck and rail fences with Pat Paulson of M&J, LLC, including the termination point of the fisherman's trail fence, gate latches, loose rails, rail sizing, screws size and placement. Trail signage requested by the Board included: (1) at trailhead: Trail Not Maintained - Use at Your Own Risk; (2) at abandoned buildings: Private Property Stay On Trail; and (3) at the end of the trail: an arrow directing users to the deer trail down to creek. Upon motion duly made by Director Melun, seconded by Director Schmidt and approved with Director Luppens dissenting, the Board approved final payment to M&J, LLC, subject to a final walk through with a District representative, completion of punch list items, correction of barbed wire fence posts, cross bracing on Valley Road, three cross-posts at cattle guards placed at 45 degree angles, and a three-year maintenance agreement. \* Mr. Paulson departed at this time.
- Developer Status Update      Director Hatle and Mr. Brock 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 required by the Town of Gypsum and the status of the set aside agreement with the Town of Gypsum. Director Hatle indicated the Town and Rampart Holdings have not reached a resolution on deplating Wrangler's Crossing in Filing 5.
- Filing 6 – Letter of Credit      Mr. Weaver informed the Board that the District's Letter of Credit for public infrastructure improvements for Filing 6 must be renewed in August. The Board discussed less costly alternatives to satisfy the District's obligation. Upon motion duly made by Director Schmidt, seconded by Director Melun and approved with Director Luppens dissenting, the Board directed Ms. Fritsche to determine if the Town could hold the funds directly in escrow until such time as the improvements are installed or caused to be installed by the Town.

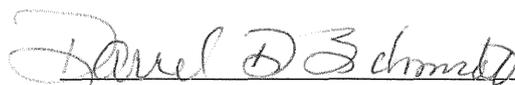
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Security Mr. Weaver gave the Board an update on security matters. No action was taken by the Board.

GFPD Impact Fees Upon motion duly made by Director Schmidt and seconded by Director Luppens, the Board approved the Termination of Gypsum Fire Protection District Impact Fee Agreement entered into with Clearwater Development, Inc., as part of the issuance of the District's General Obligation Bonds, Series 2008, concerning payment of GFPD impact fees up to the District's authorized fire protection debt limit.

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