
RECORD OF PROCEEDINGS

Minutes of the Special Meeting Of the Board of Directors of Valagua Metropolitan District September 18, 2015

The Special Meeting of the Board of Directors of the Valagua Metropolitan District, Gypsum, Eagle County, Colorado, was held on September 18, 2015 at 1:00 p.m., at the offices of Marchetti & Weaver, LLC, 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
-) Jim Bittner
-) Terry Kermoade
-) Scott Green
-) Darrel Schmidt (By Telephone)

Also in attendance were:

-) Michael Schneider
-) Joan Fritsche, Collins Cockrel & Cole
-) Eric Weaver, Marchetti & Weaver, LLC
-) 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 member's present was necessary to obtain a quorum or otherwise enable the Board to act.

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 Janklow reported that he is an owner of real property within the District and serves on the Board of the Brightwater Club Property Owners Association.

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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 Kermoad 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 Green reported that he is an owner of real property within the District and is the owner of Shades of Green Lawn Maintenance who supplies landscaping services for 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 There were no changes to the agenda.

Public

Comment There was no public comment.

Minutes

The minutes of the June 18, 2015 Special Board Meeting were presented. Upon motion duly made by Director Janklow and seconded by Director Bittner it was unanimously

RESOLVED to approve the meeting minutes of the June 18, 2015 Special Board meeting as presented.

Board Member

Election The District is required by State Statute to hold an election in May of 2016. Directors Green and Janklow terms are up for election. Director Kermoad announced his house is under contract for purchase and he is planning to resign from the Board before the next meeting since and he will no longer be eligible to serve on the Board. The Election Resolution was amended to include a two-year term. Upon motion by Director Janklow and seconded by Director Green it was unanimously

RESOLVED to approve the Election Resolution as amended.

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District Funds

The District has substantial funds in CSAFE, which is very save, however, the rates are lower than investing the funds in CD's. After discussion and upon a motion by Director Kermoade and seconded by Director Janklow it was unanimously

RESOLVED to open a brokered CD account with UMB Bank.

PUD

Amendment The POA had a lively discussion on the ability to amend the PUD to restructure the platting of the development. GCH may consider super padding undeveloped and/or partially developed lots, which could affect the District's assessed value.

The District has installed infrastructure in Filing 5 that has not been accepted by the Town of Gypsum. The District is a funding entity with only the ability to provide services included in the Service Plan. The Board cannot take a position on any decisions considered by the Brightwater Club Property Owners Association. The District has the ability to send a letter to the Town of Gypsum notifying them that the District is opposed to super padding based on infrastructure costs, indicating the developer should owe the District for the costs to install the water and sewer lines in Filing 5. Upon motion by Direct Bittner and seconded by Director Green it was unanimously

RESOLVED to direct Ms. Fritsche to draft a letter to the Town of Gypsum with copy to GCH related to the Board's concerns with the possibility of super padding lots that will be reviewed by the Board prior to being sent.

Landscaping Contract

Shades of Green Lawn Maintenance has agreed to provide landscaping and weed control on Valley Road and the Fisherman's Path in 2016. It was noted the irrigation system in the medians is in a state of disrepair after being damaged from construction repairs over the years. Discussion followed on mowing the medians and outside the buck and rail fence. Upon motion duly made by Director Kermoade and seconded by Director Bittner it was

RESOLVED to approve the contract with Shade of Green Lawn Maintenance for landscaping maintenance in 2016.

Director Green recused himself from the discussion and from voting on the motion.

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Mr. Weaver stated the District has funds available to cover some of the maintenance costs that are currently being covered by the Association, including the landscaping around the gate house and the fence at north gate. The Board agreed to discuss covering additional expenses at a future meeting.

Financial Matters

Mr. Weaver presented the August 31, 2015 financial statements with an itemized review of the balance sheet and statement of revenues and expenditures. The District will see a slight increase in the assessed value at the end of 2015. The District will not be able to make the entire bond payment in 2015 and the next several years until the community is revitalized by a new developer. The unpaid interest becomes an outstanding liability on the District's balance sheet.

2016 Budget Hearing

The 2016 preliminary budget was distributed with the Board packet and made available to the public. The meeting was opened for public comment and upon hearing no public comment the public hearing was closed. After review and discussion and upon motion duly made by Director Bittner and seconded by Director Kermoade it was unanimously

RESOLVED to adopt the 2016 budget as presented at this meeting; to set the operating mill levy at 15.000 mills and the debt service mill levy at 50.000 mills, for a total mill levy of 65.000 mills; and to appropriate funds for spending in 2016, all as documented in the formal budget resolution but subject to minor adjustment for any further adjustments to the assessed values. A copy of the formal budget resolution is incorporated herein by this reference.

Payments Of Claims

The payment of claims from July 2015 to September 2015 was presented to the Board. Upon motion duly made by Director Green and seconded by Director Kermoade it was unanimously

RESOLVED to accept the August 31, 2015 financial statements and approve payment of claims as revised.

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Next Meeting

The Board agreed to schedule three meetings for 2016. The meetings will be held at 1:00 p.m. on the following dates:

February 19, 2016
May 20, 2016
September 16, 2016

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 18th day of September, 2015.

Respectfully submitted,

Cheri Curtis
Secretary for the Meeting