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## RECORD OF PROCEEDINGS

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### Minutes of the Special Meeting Of the Board of Directors of Valagua Metropolitan District October 24, 2014

The Special Meeting of the Board of Directors of the Valagua Metropolitan District, Gypsum, Eagle County, Colorado, was held on October 24, 2014 at 2:00 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
- Darrel Schmidt (By Telephone)
- Jim Bittner (By Telephone)
- Terry Kermoade
- Scott Green

Also in attendance were:

- Joan Fritsche, Collins Cockrel & Cole
- Eric Weaver, Marchetti & Weaver, LLC
- Cheri Curtis, Secretary to the Meeting

#### **Call To Order**

Director Janklow 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.

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.

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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. 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 26, 2014 Special Board Meeting were presented. Upon motion duly made by Director Janklow and seconded by Director Kermoad it was unanimously

**RESOLVED** to approve the meeting minutes of the June 26, 2014 Special Board meeting as presented.

**Marchetti & Weaver  
Engagement**

**Letter**

Mr. Weaver presented the engagement letter with Marchetti & Weaver, LLC. Director Schmidt questioned how the change would affect rates and Mr. Weaver stated that the hourly rates were not adjusted as a result of the change in company name but will continue to be adjusted annually for cost of living increases. By motion duly made by Director Green and seconded by Director Kermoad it was unanimously

**RESOLVED** to approve the engagement letter with Marchetti & Weaver, LLC for accounting and administrative services.

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#### **Financial Matters**

Mr. Weaver presented the September 30, 2014 financial statements with an explanation of the general operations fund and the debt service fund. The majority of the property taxes have been collected in 2014 with only \$8,312 remaining in outstanding property taxes.

Mr. Weaver reviewed the revenues and expenditures for both actual and forecast. The District will not be able to pay the principal payment and will be short of making the full interest payment, both of which are due in December. The outstanding principal and unpaid interest will accrue to future years until paid.

#### **2015 Budget Hearing**

The 2015 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 Kermoade and seconded by Director Janklow it was unanimously

**RESOLVED** to adopt the 2015 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 2015, 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 2014 to October 2014 was presented to the Board. Director Green questioned the payment to the bond paying agent fees that was explained. Upon motion duly made by Director Green and seconded by Director Kermoade it was unanimously

**RESOLVED** to accept the payment of claims as presented.

**Landscaping** The Brightwater Club POA has requested that the landscape contract be put out to bid for the 2015 season. The District can continue to use Brush Creek Landscaping or change to the same contractor chosen by the POA. Mr. Weaver hopes to have one contractor maintain all landscaping in Brightwater so there is no question who is responsible for the different areas. Subject to review and reasonableness of bid amounts, the Board agreed to use the same landscaping contractor hired by the Brightwater POA.

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#### **Memo on Bond**

**Repayments** Ms. Fritsche prepared a memo to the Board indicating the time limitation on the District bonds is not limited to thirty years because of a clause in the indenture that requires the District to continue to levy the required mill levy until such time as all shortfalls are cured. Ms. Fritsche also reviewed the maximum repayments cost limitations, which were set very high and therefore will likely not assist the District in limiting the repayment costs.

Director Schmidt expressed concerns with no set ending date for repayment of the outstanding bonds and how it could affect property values. Director Janklow questioned the ability to resell the bonds. Ms. Fritsche stated the bonds are currently not marketable due to the large decline in assessed valuation. However, it is hoped that once the project is revitalized that a restructuring of the Bonds will be possible.

#### **Future Meeting**

**Dates** The Board agreed to tentatively schedule June 12 and October 23 for 2015 Board meeting.

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

**RESOLVED** to adjourn the Special Meeting of the Valagua Metropolitan District Board of Directors this 24th day of October 2014.

Respectfully submitted,



Cheri Curtis  
Secretary for the Meeting