
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting Of the Board of Directors of Valagua Metropolitan District November 15, 2013

The Regular Meeting of the Board of Directors of the Valagua Metropolitan District, Gypsum, Eagle County, Colorado, was held on November 15, 2013 at 12:00 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
- Scott Green
- Russ Hatle

Also in attendance were:

- Jim Bittner, Property Owner
- Kathy Schmidt, Property Owner
- Terry Kermoade, Property Owner (By Telephone)
- Carl Luppens, Property Owner (By Telephone)
- 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 Hatle reported that he is an owner of real property within the District and that he has an ownership interest in Clearwater Development, Inc., which is a dissolved company. Clearwater Development, Inc. was a property owner and was a developer within the District, which had a right to reimbursement costs from the

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District. In addition, Director Hatle reported that he is president of Imprimis Corp and has investments in; Hares Ear LLC; Hares Builders, LLC, and Hearthstone Investors, LLC. This disclosure is associated with approval of items on the agenda, which may affect his interests or those of Clearwater Development, Inc.

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 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.

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.

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

**Changes to the
Agenda**

No changes were presented.

**Public
Comment**

There was no public comment.

Minutes

The minutes of the February 22, 2013 Special Board Meeting were presented. Upon motion duly made by Director Janklow and seconded by Director Schmidt it was unanimously

RESOLVED to approve the meeting minutes of the February 22, 2013 Special Board meeting as presented.

**Director
Matters**

Mike Budd is no longer eligible to serve on the Board and has tendered his resignation. Ms. Fritsche recommended that one of the Board members be appointed as chairman for the meeting. Upon motion duly made by Director Hatle and seconded by Director Schmidt it was unanimously

RESOLVED appoint Director Janklow as the chair for the meeting.

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Being that a vacancy exists on the Board the floor was opened for nominations. Terry Kermoade and Jim Bittner expressed interest in serving on the Board but Mr. Kermoade elected to withdraw his nomination since Mr. Bittner was present at the meeting. After verifying his qualifications and upon motion made by Director Hatle and seconded by Director Schmidt it was unanimously

RESOLVED to appoint Jim Bittner to serve on the Board until the May, 2014 election.

Director Janklow administered the oath of office to Director Bittner.

Operations The District is responsible for maintenance of the easement along Valley Road and the fisherman's path to the creek, including weeds spraying and fence maintenance. Portions of the common area in Brightwater Club will soon be conveyed from Gypsum Creek Holdings to the Brightwater Club Property Owners Association. The Association will be obtaining proposals to provide maintenance of the common areas and Mr. Weaver suggested the Board contract with the same entity to align the services. The Board was in agreement to use the same contractor being used by the Association for maintenance and to notify the District's current contractor of the change.

2013 Audit Engagement Letter

The Board reviewed the engagement letter provided by Chadwick Steinkirchner Davis & Co. P.C. The cost remains consistent with the cost for the 2012 audit. Ms. Fritsche noted that some Districts rotate auditors, however the Board felt comfortable with using the same firm for the 2013 audit due to the limited activity of the District. Upon motion duly made by Director Schmidt and seconded by Director Janklow it was unanimously

RESOLVED to approve the 2013 engagement letter with Chadwick Steinkirchner, Davis & Co. P.C.

2014 Election

The Board is required to hold a Board member election in May of 2014 to elect three Board members. Upon motion duly made by Director Schmidt and seconded by Director Hatle it was unanimously

RESOLVED to approve the May 2014 election resolution, calling for a mail-ballot election, appointing Cheri Curtis as the Designated Election Official, and allowing Ms. Curtis to cancel the election if there are no more candidates than seats available. A copy of the resolution is incorporated herein by this reference.

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2014 Meeting

Calendar The Board noted there is currently no need to meet more than twice a year, with the ability to schedule a special meeting, if necessary. Upon motion duly made by Director Schmidt and seconded by Director Green it was unanimously

RESOLVED to approve the 2014 meeting calendar as presented.

Financial Matters

Mr. Weaver presented the September 30, 2013 financial statements with an itemized review of the balance sheet, revenues, and expenditures for Director Bittner's benefit. It was noted the District's debt service mill levy is capped at 50 mills. With the decreased assessed value, the District will need to use bond reserve funds for the bond interest payments in December 2013 and in 2014. Upon motion duly made by Director Janklow and seconded by Director Schmidt it was unanimously

RESOLVED to accept the September 30, 2013 Financial Statement as presented.

2014 Budget Hearing

The meeting was published as the public hearing on the 2014 budget for the District. The meeting was opened for public comment and upon hearing no public comment the public hearing was closed. Mr. Weaver reviewed the budget and upon motion duly made by Director Janklow and seconded by Director Schmidt it was unanimously

RESOLVED to adopt the 2014 budget as presented; to set the debt service mill levy at 50.00 mills and the operating mill levy at 15.00 mills, for a total mill levy of 65.00 mills; and to appropriate funds for spending in 2014, 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 March 2013 to November 2013 were presented to the Board. Upon motion duly made by Director Janklow and seconded by Director Schmidt it was unanimously

RESOLVED to accept the payment of claims as presented.

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**Other
Business**

Director Schmidt questioned the status of assuming additional infrastructure or conveying additional infrastructure to the Town of Gypsum. Mr. Weaver stated that the District will not be able to pay for additional improvements. The District still owns water and sewer lines in Filing 5 that have not yet been conveyed because the roads and shallow utilities are not completed in those areas. Should the water and sewer lines in Filing 5 require repairs, the District will not be able to financially fund the repairs so the burden will fall to the developer who is completing the infrastructure to be able to sell additional lots. The infrastructure in Filing 4 Tallgrass, has been completed and accepted by the Town of Gypsum. Director Hatle informed the Board the warranty period on the water and sewer lines will expire at the end of November 2013.

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

RESOLVED to adjourn the Regular Meeting of the Valagua Metropolitan District Board of Directors this 15th day of November 2013.

Respectfully submitted,



Cheri Curtis
Secretary for the Meeting