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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 February 22, 2013

The special meeting of the Board of Directors of the Valagua Metropolitan District, Gypsum, Eagle County, Colorado, was held on February 22, 2013 at 4:30 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:

- Mike Budd
- Don Janklow
- Darrel Schmidt
- Scott Green

The following Director was present by telephone:

- Russ Hatle

Also in attendance were:

- Carl Luppens, Property Owner (By Telephone)
- Louis Amato, Gypsum Creek Holdings, LLC (By Telephone)
- Renzo Renzi, Gypsum Creek Holdings, LLC (By Telephone)
- Joan Fritche, Collins Cockrel & Cole
- Eric Weaver, Robertson & Marchetti, P.C.
- Cheri Curtis, Secretary to the Meeting

#### **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 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 was a developer within the District, which had 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; Rampart Holdings, LLC and Reconcile, 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 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 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.

**Public  
Comment**

There was no public comment.

**Minutes**

The minutes of the November 16, 2012 Special Board Meeting were read. Upon motion duly made by Director Schmidt and seconded by Director Janklow it was unanimously

**RESOLVED** to approve the meeting minutes of the November 16, 2012 Special Board meeting with revisions.

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#### **Director Matters**

Ms. Fritsche distributed the Annual Conflicts of Interest Disclosure Forms and the Affidavits of Director Qualification. Mr. Luppens requested information provided on the disclosure documents. Ms. Fritsche will file the Annual Conflicts of Interest Disclosure Forms with the Colorado Secretary of State. The Board members disclosed their interest in the District.

#### **Financial Matters**

Mr. Weaver presented the December 31, 2012 financial statements. Upon motion duly made by Director Janklow and seconded by Director Schmidt it was unanimously

**RESOLVED** to accept the December 31, 2012 Financial Statement as presented.

#### **Payments Of Claims**

The payment of claims from December 2012 to February 2013 were presented to the Board. Director Janklow questioned why the District paid workers compensation insurance. Mr. Weaver clarified the Board is covered under workers compensation per State requirements. Upon motion duly made by Director Janklow and seconded by Director Schmidt it was unanimously

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

#### **2012 Audit**

The draft of the District's 2012 audited financial statements was presented, noting that the District has once again received an unqualified or "clean" opinion and that there will be several minor changes made before finalizing the report. Upon motion duly made by Director Janklow and seconded by Director Schmidt it was unanimously

**RESOLVED** to accept the 2012 audit, subject to the noted revisions.

#### **Annual Administrative Matters**

Ms. Fritsche discussed a number of administrative matters for the District with the Board, which are addressed at the Board's first meeting of the year, in accordance with Colorado laws. Upon motion duly made by Director Janklow and seconded by Director Schmidt it was unanimously

**RESOLVED** to elect officers as Michael Budd, President; Darrel Schmidt, Secretary/Treasurer, and Don Janklow, Scott Green, and Russ Hatle as Vice President/Assistant Secretary-Treasurer.

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The Board agreed to move meeting time to 12:00 p.m. on the dates previously approved. Upon motion duly made by Director Schmidt and seconded by Director Janklow, it was unanimously

**RESOLVED** to adopt the administrative resolution including the posting notice resolution establishing the Brightwater Club Gatehouse as the location for posting the 24 hour posting notice required by Section 24-6-401, et. seq., C.R.S., and posting two notices at other places within the District boundaries and at the Eagle County Clerk and Recorder's office for notices required pursuant to Section 32-1-903(2), C.R.S. A copy of the resolution is incorporated herein by this reference.

**Security** Mr. Luppens' opinion is security is not necessary in Brightwater. Mr. Amato informed the Board the Brightwater Club POA voted to not fund security after April 30, 2013. Discussion followed on the concerns by the participants and the Board on the benefits versus the costs of security. The Board further discussed the effects eliminating security could have on property values and future tax assessments, the TABOR requirements, and the POA Assessments.

**Executive Session** Upon motion duly made by Director Janklow and seconded by Director Schmidt it was unanimously

**RESOLVED** to enter into Executive Session at 5:40 p.m. pursuant to §24-6-402(4)(e) determine positions relative to matters that may be subject to negotiations, developing strategy for negotiations; and instructing negotiators related to the security contract.

The Board returned to open session at 7:07 p.m.

**Security (Continued)** The Board approved a resolution on November 16, 2012 to fund security for 2013, conditioned upon a contribution from the POA and property owners. With the notice by the POA to terminate funding on April 30, 2013, upon motion duly made by Director Schmidt and seconded by Director Green it was unanimously

**RESOLVED** to terminate manned security as of April 30, 2013.

Director Budd and Mr. Weaver agreed to meet with Mr. Brown and inform him of the Board's decision.

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**Wrangler's  
Crossing  
Infrastructure**

Director Hatle elected to recuse himself from the discussion and left the meeting at 7:13 p.m. Ms. Fritsche has discussed Filing 5 with Jeff Shroll from the Town of Gypsum. Until the Town has a plan from EFO on the development of Filing 5, Wranglers Crossing, the Town is not willing to call the warranty bonds that were funded by CDI.

**Next  
Meeting**

Unless there is new developments that would require action, the Board agreed to cancel the April 19, 2013 Meeting. The next meeting will be held on July 19, 2013 at 12:00 p.m.

**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 22nd day of February 2013.

Respectfully submitted,



Cheri Curtis  
Secretary for the Meeting