

# RECORD OF PROCEEDINGS

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## MINUTES OF THE CONSOLIDATED SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE BUCKHORN VALLEY METROPOLITAN DISTRICTS NOS. 1 & 2

Held: Tuesday, February 10, 2009 at 9:00 A.M., at 0044 Indian Heights Way, Gypsum, Colorado 81637.

### Attendance:

The consolidated special meeting of the Board of Directors of the Buckhorn Valley Metropolitan Districts Nos. 1 & 2 was called and held as shown in accordance with the statutes of the state of Colorado.

The following Directors were present:

John V. Hill  
Samantha Gale  
Gayl Hill

Director Garton was absent (*absence was excused*).

Also present was: Tamara Gilida, Icenogle, Norton, Smith, Gilida & Pogue (via telephone conference line).

### Call to Order/ Declaration of Quorum:

Mr. Hill called to order the consolidated special meeting of the Board of Directors of the Buckhorn Valley Metropolitan Districts Nos. 1 & 2 at which time the Secretary of the Board attested that the Notice of this meeting was properly posted within the Districts. Mr. Hill noted that a quorum of each of the Board were present.

### Disclosure Matters:

Ms. Gilida advised the Board that, pursuant to Colorado law, certain disclosures would be required prior to taking official action at the meeting. The Board reviewed the agenda for the meeting, following which each Board member confirmed the contents of written disclosures previously made, stating the fact and summary nature of any matters, as required under Colorado law, to permit official action to be taken at the meeting.

Director John Hill disclosed that he is a member of LLC which owns approximately 160+/- AC in District No. 2 and all of District No. 1. He further disclosed that his financial interest in matters pertaining to the Districts is greater than \$100,000. This disclosure is associated with approval of items on the agenda that may affect his interests.

Director Samantha Gale disclosed that she has a contract for purchase within the Districts and that she is an employee of the developer, for which she is paid a salary of approximately \$70,000. This disclosure is associated with approval of items on the agenda that may affect his interests.

Director Gayl Hill disclosed that her husband is a member of LLC which owns approximately 160+/- AC in District No. 2 and all of District No. 1 and that his financial interest in matters pertaining to the Districts is greater than \$100,000. This disclosure is associated with approval of items on the agenda that may affect his interests.

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

Approval of Minutes from January 13, 2009, and January 26 Board Meetings: Mr. Hill reviewed the minutes of the January 13, 2009 and January 26, 2009 meetings of the Boards of Directors with the Boards. Following the motion of Director Gale and second of Director Gayl Hill, the Boards voted unanimously to approve the minutes of their combined meetings on January 13, 2009 and January 26, 2009.

Appointment of Director Stephan A. Kelley: Ms. Gilida informed the board members that the vacancy on both Boards had been duly published as required by law, and that no response had been received by the Districts in response thereto. Thereafter, Director Gayl Hill moved to appoint Stephan A. Kelley to fill the vacancies on both Boards. Upon second of Director Gale, the Boards voted unanimously to appoint Samantha Gale to fill former Director Brode's unexpired terms as director for each of the Districts.

Approval of Annual Resolutions: Ms. Gilida presented the Boards with annual resolutions addressing the Districts' compliance with various laws and legal requirements, as well as their meeting location, dates and times and posting of notices. Director Gayl Hill moved both resolutions be approved, which motion was seconded by Director Gale. The Boards voted unanimously to approve the resolutions.

General Obligation Bonds,  
Series 2009

The Board members discussed two engagement letters received from Ken Guckenberger at Kutak Rock, LLP to serve as Bond and Disclosure Counsel, and from Alan Matlosz at George K. Baum & Company to serve as Underwriter in relation to the issuance of general obligation and refunding bonds in April of 2009. It was noted by Mr. Hill that the fee being charged by George K. Baum was less than recent deals of similar size and complexity.

Following discussion and motion of Director Sam Gale and second of Director Gayl Hill, the Boards voted unanimously to engage Ken Guckenberger of Kutak Rock, LLP as Bond and Disclosure Counsel and Alan Matlosz of George K. Baum as Underwriter in relation to issuance of the 2009 Bonds.

Executive Session Pursuant  
to §24-6-402 (4) (b), C.R.S.,  
and §24-6-402 (4) (f) (I),  
C.R.S.:

Ms. Gilida recommend for the record that the Board retire into executive session pursuant to the provisions of C.R.S., Section 24-6-402(4)(b) in order to receive legal advise from Ms. Gilida regarding a letter received from Mr. Eaton related to his former status as a District No. 1 employee and to discuss personnel matters in relation thereto, pursuant to C.R.S., Section 24-6-402(f)(I); and to receive legal advice from Ms. Gilida in relation to a letter received from former director Jeffrey Brode.

Upon motion of Director Gale and second of Director Gayl Hill, the Boards voted unanimously to retire into executive session for this purpose at 9:17 a.m.

The Boards came out of executive session at 9:35 a.m.

Response to Letter Received  
from former Director Jeffrey  
Brode:

Director Hill noted that Mr. Brode sent a letter to the District dated February 6, 2009 raising several issues relative to Board membership and Mr. Eaton. Thereafter, upon motion of Director Gayl Hill and second of Director Sam Gale, the Boards directed Ms. Gilida to issue a letter to former Director Jeffrey Brode, responding to his stated concerns and explaining the Districts' positions relative thereto.

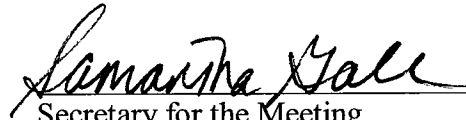
Response to Letter Received  
from former Director and  
Employee, Herb Eaton:

Director Hill noted that Mr. Eaton sent a letter to the District dated February 2, 2009 expressing confusion surrounding Mr. Eaton's recent termination and raising issues related thereto. Thereafter, upon motion of Director Sam Gale and second of Director Gayl Hill, the Boards directed Ms. Gilida to issue a letter to Mr. Eaton, responding to Mr. Eaton's requests and offering a proposed settlement, including an additional \$750.00,

a letter of recommendation and cooperation with his unemployment status.

Adjournment:

There being no further business to come before the Board, upon motion and second, the Board voted unanimously to adjourn the meeting.

  
Secretary for the Meeting