

RECORD OF PROCEEDINGS

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

Held: Tuesday, August 18, 2009 at 9:00 A.M., at 0044 Indian Heights Way, Gypsum, Colorado 81637.

Attendance:

The consolidated regular meeting of the Board of Directors of 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:

Samantha Gale
Gayl Hill
Stephen Kelley (via telephone conference line)

David Garton, Jr. was absent

Also present was: Tamara Gilida, Icenogle, Norton, Smith, Gilida & Pogue, P.C. (via telephone conference line) and John Hill, BVD, LLC, District Management.

Call to Order/ Declaration of Quorum:

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

Disclosure Matters:

Ms. Gilida advised the Boards that, pursuant to Colorado law, certain disclosures would be required prior to taking official action at the meeting. The Boards reviewed the agenda for the meeting, following which each Boards 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 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.

Director Stephen Kelley disclosed that he has an option contract to purchase certain real taxable property within the boundaries of the Districts. He also disclosed that he is the sole proprietor of Kelley Mountain Development, LLC which contracts with Buckhorn Valley Development, LLC to perform engineering services related to the Districts, for which he receives an approximate annual amount of \$75,000.00. 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 June 16, 2009 and Amended January 13, 2009 Minutes:

Director Gale reviewed the minutes of the June 16, 2009 and the amended January 13, 2009 minutes taken at meetings of the Boards of Directors with the Boards. Upon motion of Director Hill and second of Director Kelley, the Boards voted unanimously to approve the minutes of their combined meetings on June 16, 2009 and the amended minutes of their combined meetings on January 13, 2009.

Operational Fee:

Director Gale asked Mr. Hill to report to the Boards regarding evaluation of the need to impose fees to offset the costs of providing District services and facilities, which costs are not covered by imposition of the Districts' Gallagherized 5 mill operating mill levy. Mr. Hill reported to the Boards regarding serious and continuing operational deficits and that the methodology of fee imposition was being reviewed to ensure uniform and fair application among property within the Districts.

Proposed 2009 Bonds/Status Update:

Mr. Hill reported to the Boards that efforts to issue bonds in 2009 continue, including discussions with Director Garton in relation to his 2008 Bonds.

Holy Cross 'Will Serve' Letter:

Mr. Hill reported to the Boards that the Town of Gypsum Town Council approved Holy Cross development plans, contingent upon Holy Cross reaching agreement with Buckhorn Valley Metropolitan Districts Nos. 1 and 2 regarding the costs imposed by the Districts to provide service to Holy Cross. Following a

discussion, the Boards determined that cash payment would be required, and directed Mr. Hill to communicate the Boards' directive to Holy Cross representatives. Mr. Hill agreed to do so, and to report to the Boards at the next Board meetings.

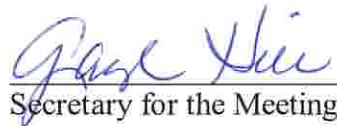
Buckhorn
Development,
Manager's Report:

Valley
LLC

Mr. Hill reported to the Boards regarding recent developments involving Buckhorn Valley Boulevard and Alkali Creek, as well as an increase in assessed valuation within the Districts.

Adjournment:

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


Secretary for the Meeting