

RECORD OF PROCEEDINGS

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

Held: Friday, October 9, 2009 at 8:30 A.M., at 0044 Indian Heights Way, Gypsum, Colorado 81637.

Attendance:

The consolidated special meeting of the Board of Directors of Buckhorn Valley Metropolitan Districts Nos. 1 & 2 (collectively the "Board of Directors" or "Board") 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 (*absence excused*)

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

Call to Order/ Declaration of Quorum:

At 8:30 a.m. Director Gale 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 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.

Director Gale noted the absence of Director Garton and the Board voted unanimously to excuse his absence upon motion of Director Gale and second of Director Hill.

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.

Presentation of Draft 2010 Budget to the Board of Directors – Buckhorn Valley Metropolitan District No. 1:

Mr. Hill presented the Board of Directors with a draft budget prepared with the assistance of Eric Weaver of Robertson & Marchetti. Following discussion, Director Hill moved that the Board hold a public hearing on the budget as required by the Local Government Budget Law, on October 16, 2009. Director Hill's motion was seconded by Director Kelley and approved unanimously by the Board.

Approval of Buckhorn Valley Development, LLC ("BVD, LLC") Advances to Buckhorn Valley Metropolitan Districts Nos. 1 & 2 (the "Districts") under BVD, LLC's Advance and Reimbursement and Facilities Acquisition Agreement ("Agreement"):

Mr. Hill reviewed with the Boards the monetary advances made by BVD, LLC to the Districts in order to fund capital and operational expenditures of the Districts during 2009. Advances made to the Districts for operating expenses and costs, including interest in accordance with the Agreement, through September 30, 2009 was \$95,385.96; advances made to the Districts to fund entry irrigation and landscaping *not* including McHatten Creek Ranch signage was \$142,791.89; advances made to the Districts to fund engineering services for roads, drainage, and other public infrastructure improvements was \$208,264.17; and advances made to the Districts to fund other professional services including water and legal counsel as of September 30, 2009 was \$10,686.00. The total amount of the advances sought for approval was \$457,128.02. Following discussion, Director

Kelley moved the Board approve the advances in the amount of \$457,128.02, subject to strict compliance with the Districts' Agreement with BVD, LLC and documentation of all advances in accordance therewith. Director Hill seconded the motion and the Board approved it unanimously.

Resolution Regarding Recognition of Repayment Obligation Under \$80,482.00 Promissory Note by and between Buckhorn Valley Metropolitan District No. 1 and Roark Partners, LLLP:

Mr. Hill reported to the Board that Roark Partners, LLLP has advanced the money necessary to satisfy the Town of Gypsum's requirements in regards to the "NORGAARD" water plant connection fee under a promissory note which matured December 31, 2008. Notwithstanding the promissory note's maturity, the Board discussed their desire to reimburse Roark Partners, LLLP from the proceeds of the anticipated 2009 bond issue.

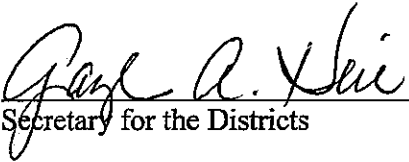
Director Kelley moved that the Board of Directors recognize that the sum of \$86,726.06 (the principal amount of \$80,482) of the Promissory Note by and Between Buckhorn Valley Metropolitan District No. 1 and Roark Partners, LLLP, dated August 28, 2008, Matured December 31, 2008, plus interest accrued at 7% shall be paid to Roark Partners, LLLP, as the holder of the Promissory Note, as part of the refunding of the Promissory Note and the refunding (in part) of the District's Series 2008 Subordinate Bonds in connection with the anticipated 2009 Bonds, and further that the retirement of the Promissory Note shall extinguish all obligations of the District to Roark Partners, LLLP with respect to the "NORGAARD" water plant connection fee. Director Hill seconded the motion and the Board approved it unanimously.

Cancellation of Improvement Acquisition Agreement and Improvement Construction Agreement:

Mr. Hill discussed with the Board the need to have one coherent document under which advances are made, and improvements can be constructed and conveyed, to the District by BVD, LLC. The Board discussed the Advance and Reimbursement and Facilities Acquisition Agreement between BVD, LLC and the Districts as that document. Following discussion, Director Kelley moved that the Board of Directors of Buckhorn Valley Metropolitan District No. 1 ("District No. 1") terminate and cancel both the Improvement Acquisition Agreement dated May 21, 2002 by and between District No. 1 and Roark Partners LLLP, and the Improvement Construction Agreement dated March 19, 2007 by and between District No. 1 and Roark Partners, LLLP, and notify Roark accordingly. Director Kelley's motion was seconded by Director Hill and approved unanimously.

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 Districts