

RECORD OF PROCEEDINGS

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

Held: Monday, November 22, 2010 at 9:00 A.M., at 11 Bridger Drive, Gypsum, Colorado 81637.

Attendance:

The consolidated special meeting of the Boards 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
David Garton, Jr.
Gayl Hill (via telephone conference line)
John Hill (via telephone conference line)
Scott Green (via telephone conference line)

Also present were: Tamara K. Seaver and Jennifer L. Ivey, Icenogle Seaver Pogue, P.C. (via telephone conference line).

Call to Order/ Declaration of Quorum:

Director Gale called to order the consolidated special meeting of the Boards 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:

The Boards 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 Samantha Gale disclosed that she owns property within the Districts and is a party to a contract to purchase taxable property located within the boundaries of the Districts. She also disclosed that she is a member of the Board of Directors of both Districts and that she is an employee of the developer/declarant and Colorado Land Management, LLC (which has a contract for management services with the Districts), for which she is paid a salary of approximately \$35,000. This disclosure is associated with approval of items on the agenda that may affect her 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 her interests.

Director David Garton, Jr. disclosed that he is a member of the Board of Directors of both Districts. This disclosure is associated with approval of items on the agenda that may affect his interests.

Director John Hill disclosed that he serves as a consultant to a major landowner and developer within the Districts, Buckhorn Valley Development, LLC, and that he has a small (less than 5%) ownership interest in same. He also is a party to a contract to purchase taxable property located within the boundaries of the Districts. Director John Hill further disclosed that he serves as a consultant for Colorado Land Management, LLC, a role in which he carries out the execution of management and project development duties performed for the Districts by Colorado Land Management, LLC in its management contract with the Districts. He is employed on an at-will verbal consulting agreement, compensation for which varies from time to time and may be greater than \$100,000, but is not tied nor related to the financial arrangements or compensation for management services by and between Colorado Land Management, LLC and the Districts. This disclosure is associated with approval of items on the agenda that may affect his interests.

Director Scott Green disclosed that he is a party to a contract to purchase taxable property located within the boundaries of the Districts. He further disclosed that he is the owner of Scott Green Excavating, Inc., a contractor which currently has contract(s) with the Districts to construct a roadway and ancillary improvements. These improvements are being paid for, in part, by the Districts, with funds from District No. 2's 2010 bond issue. Director Green also disclosed that the compensation to be paid in accordance with the contract(s) is in excess of \$600,000, and that he does not expect his position of Director to enhance his position or the position of Scott Green Excavating, Inc. either competitively or financially. 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.

Consider Approval of Director Gale reviewed the minutes of the September 11, 2010

September 11, 2010 Special Meeting Minutes: special meeting of the Boards of Directors. Upon motion of Director John Hill and second of Director Garton, the Boards voted unanimously to approve the minutes of their combined special meeting of September 11, 2010.

Evaluation and Consideration of Accountant: Director John Hill reviewed with the Boards the possibility of switching accounting firms from Robertson & Marchetti, P.C. to Clifton Gunderson LLP. Following discussion, and upon motion of Director Garton and second of Director Green, the Boards voted unanimously to terminate the accounting services agreement with Robertson & Marchetti P.C. effective immediately, and further to retain Clifton Gunderson LLP to provide the Districts' accounting services and delegated the authority to Director John Hill to work with general counsel to negotiate and finalize an accounting services agreement with Clifton Gunderson LLP.

Consider Adoption of Revised Water Rates and Rate Structure: Director John Hill reviewed with the Boards the rationale and need for emergency revisions to the Districts' current fee schedule, including the fact that the current fees are inadequate to pay the actual costs of operating the Districts' irrigation water system. Mr. Hill then reviewed with the Boards a proposed alternative fee schedule under which homeowners would be charged \$39.00 per month and unimproved properties would be charged \$13.00 per month. Director Garton noted that the proposal was the fairest method of apportioning all of the actual costs of providing water. Following an extended discussion, and upon motion of Director Garton and second of Director Green, the Boards voted unanimously to adopt the revised fee schedule effective January 1, 2011 and directed legal counsel to present the Boards with a resolution formally adopting the same.

Consider Adoption of Rule and Regulations: Ms. Seaver reviewed with the Boards proposed rules and regulations which would govern the imposition of fees by the Districts, the timing of payment of such fees, penalties for failure to pay fees, actions the Districts may take if fees are not paid and the process for appeals to the Districts. Following discussion, and upon motion of Director Garton and second of Director Green, the Boards voted unanimously to adopt such rules and regulations effective January 1, 2011 and directed legal counsel to present the Boards with a resolution formally adopting the same.

Legal Matters: None.

Financial Matters: Public Hearings on 2010 Budget Director John Hill explained that after further review of the 2010 budgets by the accountant it was concluded that no amendments

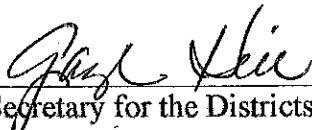
Amendments: to the 2010 Budgets were necessary.

Financial Matters: Public Director Gale opened a public hearing on the proposed 2011 Hearings on Proposed 2011 budget. There appearing no member of the public to speak on Budgets: the budget, the hearing was then closed

Financial Matters: Consider Ms. Seaver presented to the Boards Resolutions for approval and Approval of 2011 Budgets adoption of the 2011 budgets, appropriating funds therefore and and Budget Resolutions: certification of a mill levies thereunder. After review and discussion of the proposed 2011 budgets and upon motion of Director John Hill and second of Director Green, the Boards unanimously approved the Resolutions adopting the year 2011 budgets, appropriating the expenditures therefore and certifying the mill levies thereunder.

Other Business: None.

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