

RECORD OF PROCEEDINGS

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

Held: Friday, April 22, 2011 at 8:00 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:

John Hill
Scott Green
Anna Maria Ray
Samantha Gale

The following Directors were absent (*absences excused*):

David Garton, Jr.

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

**Call to Order/ Declaration of
Quorum:**

Director Hill called to order the consolidated special meeting of the Boards of Directors of the Buckhorn Valley Metropolitan Districts Nos. 1 & 2 at 8:04 a.m. at which time it was noted that the Notice of this meeting was properly posted within the Districts. Director Hill 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 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 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 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.

Consent Agenda – Consider
Approval of February 15,
2011 Special Meeting
Minutes:

Director Hill reviewed the minutes of the February 15, 2011 special meeting of the Boards of Directors. Upon motion of Director Green and second of Director Gale, the Boards voted unanimously to approve the minutes of their combined special meeting of February 15, 2011.

Consent Agenda – Consider Approval of February 25, 2011 Special Meeting Minutes:

Director Hill reviewed the minutes of the February 15, 2011 special meeting of the Boards of Directors. Upon motion of Director Green and second of Director Gale, the Boards voted unanimously to approve the minutes of their combined special meeting of February 25, 2011.

Legal Matters – Discussion of IRS Ruling Regarding Directors as Employees of Buckhorn Valley Metropolitan District No. 1 and Buckhorn Valley Metropolitan District No. 2:

Ms. Seaver discussed with the Boards of Directors the IRS rulings regarding directors as employees and the implications of same.

Legal Matters – Consider Re-Engagement of Icenogle Seaver Pogue, P.C.:

Ms. Seaver presented the Boards with an engagement letter for legal services for Icenogle Seaver Pogue, P.C. Mr. Hill explained to the Board the ongoing work of legal counsel and recommended approval of continued engagement of legal counsel. After discussion and review, and upon motion of Director Gale and second of Director Green, the Boards unanimously approved the continued engagement of Icenogle Seaver Pogue, P.C. as legal counsel.

Financial Matters – Consider Proposal from R.S. Wells, LLC for Accounting and Billing Services:

Mr. Hill reported to the Boards that he received a proposal from R.S. Wells, LLC and continues to discuss this proposal with representatives of R.S. Wells, LLC but does not currently have enough information for the Boards to consider approval of this item and requests that this item be tabled.

Financial Matters – Financial Report/Payment of Claims:

Mr. Hill presented and reviewed with the Boards the statement of claims representing check numbers 5066 through 5248. After discussion and review, and upon motion of Director Gale and second of Director Ray, the Boards unanimously approved and ratified the claims (check numbers 5066 through 5248) with Mr. Hill abstaining from the vote.

Other Business – Ratification of Engagement of Western Direct Services Company:

Ms. Ivey discussed with the Boards the engagement of Western Direct Services Company, a company partially owned by Director Hill's son, for purposes of processing the mailing of water service invoices to District residents. Prior to engaging Western Direct Services Company Director Hill received various proposals for this work, the lowest of which was \$752.00 per month exclusive of postage. Western Direct Services Company proposed to do the work for \$627.00 per month exclusive of postage. After discussion and review, and upon motion of Director Gale and second of Director Green, the Boards unanimously ratified the

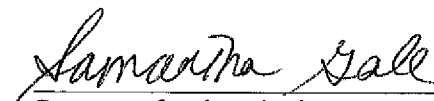
engagement of Western Direct Services Company and approved the engagement of Western Direct Services Company for the remainder of 2011, with Mr. Hill abstaining from the vote.

Other Business –
Engagement of Scott Green
Excavating, Inc.:

Mr. Hill discussed with the Boards the requirements of the Colorado River Basin Authority regarding water sources and uses and described the need to for the Districts to install certain monitoring and metering equipment and flood irrigation improvements to meet these requirements. It was further explained that the estimated total cost for the installation of equipment and improvements is less than \$60,000. After discussion and review, and upon motion of Director Gale and second of Director Ray the Boards authorized the Districts' Manager to negotiate a contract or contracts, not to exceed \$55,000, for installation of certain monitoring and metering equipment, and certain flood irrigation improvements, to meet the requirements of the Colorado River Basin Authority and to further the water rights inuring to the Districts, with Director Green abstaining from the discussion and vote.

Adjournment:

There being no further business to come before the Boards of Directors, upon motion and second, the Boards voted unanimously to adjourn the meeting at 8:28 a.m.


Secretary for the Districts