

RECORD OF PROCEEDINGS

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

Held: Wednesday, June 15, 2011 at 7:30 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 (*via telephone conference line*)
Samantha Gale (*via telephone conference line*)
David Garton, Jr. (*via telephone conference line*)

Also present were: Tamara K. Seaver and Jennifer L. Ivey, Icenogle Seaver Pogue, P.C. (*via telephone conference line*) and Jason Carroll and Denise Denslow, Clifton Gunderson, LLP (*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 7:30 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 is a party to a contract to purchase taxable property located within the boundaries of the Districts. He also disclosed that he may perform consulting services 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. Director Hill further disclosed that he is President of

the Board of Directors of the Buckhorn Valley Master Owners Association and President of the Board of Directors of the Single Family Residences at Buckhorn Valley, Inc. 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. In the performance of his duties, Director Hill may, from time to time, perform consulting services for parties which are investigating possible purchases, are purchasing or have purchased lands within the Districts. Such work is generally, but not always, performed on an at-will consulting basis, with compensation on a lump-sum, fixed fee or hourly basis, or may be based on a combination of these or some other basis as of yet undetermined. 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, is a member of the Board of Directors of the Buckhorn Valley Master Owners Association and is a member of the Board of Directors of the Single Family Residences at Buckhorn Valley, Inc. Director Gale further disclosed 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 David Garton, Jr. disclosed that he owns property within Buckhorn Valley Metropolitan District No. 2 and 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 a member of the Board of Directors of both Districts, is a member of the Board of Directors of the Buckhorn Valley Master Owners Association and is a member of the Board of Directors of the Single Family Residences at Buckhorn Valley, Inc. This disclosure is associated with the 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.

Consent Agenda – Consider Approval of April 22, 2011 Special Meeting Minutes:

Director Hill reviewed the minutes of the April 22, 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 April 22, 2011.

Manager's Report:

Mr. Hill reviewed with the Boards of Directors the report of the Districts' activities that was circulated to the members of the Boards of Directors.

Ms. Denslow, Mr. Carroll and Director Ray joined the meeting.

Consider Acceptance of RG and Associates, LLC Water Rate Study Report:

Mr. Hill reviewed with the Boards of Directors the Water Rate Study Report that was circulated to the members of the Boards of Directors for review in advance of the meeting. Ms. Seaver explained to the Boards of Directors that this Water Rate Study Report was performed as a follow-up to the adoption of the emergency rate structure that was adopted effective January 1, 2011, is a formal assessment of the Districts' costs for providing irrigation water services to the residents of the Districts and provides a rational basis for the adoption of a new rate structure based on the recommendations contained in the Water Rate Study Report. After discussion and review, and upon motion of Director Ray and second of Director Gale, the Boards approved acceptance of the Water Rate Study Report subject to final minor revisions recommended by Districts' management and legal counsel, Director Garton noting that he had not had time to completely review the Water Rate Study Report voted against acceptance.

Legal Matters – Consider

Mr. Hill reviewed with the Boards of Directors the proposed

Proposed Revised Rate
Schedule and
Implementation Date:

Revised Rate Schedule based on the recommended rate structure contained in the Water Rate Study Report that was circulated to the members of the Boards of Directors for review in advance of the meeting. After discussion and review, and upon motion of Director Garton and second of Director Green, the Boards resolved to approve the Revised Rate Schedule effective January 1, 2012, subject to final minor revisions recommended by Districts' management and legal counsel.

Financial Matters – Financial
Report/Payment of Claims:

Mr. Hill presented and reviewed with the Boards of Directors the financial report and statement of claims representing check numbers 5249 through 5265 and check numbers 1, 3 and 4. After discussion and review, and upon motion of Director Green and second of Director Gale, the Boards unanimously approved the claims (check numbers 5249 through 5265 and check numbers 1, 3 and 4).

Other Business:

None.

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 8:05 a.m.


Secretary for the Districts