

BUCKHORN VALLEY METROPOLITAN DISTRICT NO 2

Special Board Meeting Minutes

Meeting Date: Monday November 28, 2022

Meeting Time: 6:00pm to 10:10pm

Meeting Location: The meeting was held online at the following location:

<https://www.gotomeet.me/DistrictBoardMeetingRoom2>

I. Roll call (6:00pm)

A special meeting of the Board of Directors of the Buckhorn Valley Metropolitan District No. 2 (District) was called and held as shown above and in accordance with the statutes of the State of Colorado. The following Directors were in attendance:

Directors	Office	Attendance
Nickolas Viau	President	Present
David Fiore		Present
Kristine Rossier	Treasurer	Present
Eliana Walker	Secretary	Present
Angela Heuman		Present

Also, in attendance was Charles Wolfersberger (District Manager), with Wolfersberger, LLC; Paul Rufien (General Counsel) with Paul Rufien, PC; and no homeowners.

II. Call to order

The meeting was called to order by Director Viau. Director Viau noted that a quorum of the Board was present, the Directors confirmed their qualification to serve and, therefore, called the special meeting of the Board of Directors of the District to order.

III. Present disclosures of potential conflicts of interest

The Board reviewed the agenda for the meeting, following which all directors disclosed no conflicts of interest with the business to be discussed and conducted at the meeting.

IV. Administrative Matters

- 1) Meeting Agenda: The Board reviewed the meeting agenda presented by the District Manager. Director Fiore motioned to approve the agenda as amended. Director Viau seconded the motion and the Board voted 5-0 to approve the motion.
- 2) Review and consider minutes from the November 21, 2022 board meeting: The Board reviewed the draft of the minutes presented by the District Manager. Director Fiore motioned to approve the minutes as presented. Director Walker seconded the motion and the Board voted 5-0 to approve the motion.

- 3) Review and consider 2023 administrative resolution. The District Manager presented and the Board reviewed and discussed the 2023 administrative resolution. The Board agreed to keep officer positions the same among the directors. The Board made a couple of changes to the 2023 board meeting calendar. The Board also changed the location for posting notices in case the District's website was not working. Director Fiore motioned to approve the 2023 Administrative Resolution as modified. Director Viau seconded the motion and the Board voted 5-0 to approve the motion. All directors noted they are waiving their \$100/meeting stipend afforded under CRS 32-1-902(3)(a).
- 4) Review and consider proposed RV storage lot management agreement: The Board reviewed and discussed the draft of the RV Storage Lot Management Agreement. The Board expressed concerns regarding the current arrangement with the storage lot managers where the managers are compensated by retaining 100% of whatever storage lot fees are collected from renters each year. The Board discussed requiring the storage lot manager to provide copies of all lease contracts to the District Manager and the District Manager tracking the lease revenue based on active storage lot contracts. The Board agreed that the storage lot manager should be invited to the next board meeting to discuss the proposed RV Storage Lot Management Agreement.
- 5) Review and consider proposed RV storage lot lease agreement template: The Board reviewed and discussed the RV Storage Lot Lease Agreement template. The Board agreed to leave storage lot fees the same in 2023 as in 2022 (i.e. \$40/month).

Action Item #1: The District Manager will incorporate the Board's proposed edits into the RV Storage Lot Management Agreement and the RV Storage Lot Lease Agreement template and recirculate the document to the Board for review. The District Manager will also forward both proposed agreements to Steve Carver and request he attend the next Board meeting to provide comments to the Board regarding these proposed agreements.

V. Public comments – None

VI. Director matters – None

VII. Financial Matters

- 1) Public hearing on District's proposed 2023 budget: Director Viau opened the public hearing regarding the 2023 budget public at 7:11pm. The District Manager reviewed the proposed 2023 budget. Highlights from the review included the following:
 - Total property tax revenue for 2023 is budgeted at \$893,600 – an increase of \$44,600 (or 5.2%) over property taxes assessed on homeowners in 2022. Taxable valuations of homes within the District increased 2.3% for 2023 compared to 2022. Excluding valuation increases from new construction, the taxable value of all property decreased 2.7%.

- General and administrative expenses are projected to be \$26,900 in 2023 compared to \$25,000 for 2022.
- The 2023 budget reflects no funds transferred to District 1
- Because budgeted revenues equal budgeted expenses, the beginning and ending balance in the general fund is expected to remain at \$344,400.
- For the 2022 year, the District will classify 67% of all costs accumulated in the general and administrative cost category as indirect collection costs related to managing the District's debt fund. If the District does not provide any irrigation services to its residents in 2023, the District Manager indicated that the Board should consider increasing the allocation to 100% because all costs incurred by the District would then be related solely to managing the District's debt.
- The District will continue the multi-year trend of not generating sufficient property tax revenue under the capped debt mill levy to fund the approximate \$1,069,230 in interest incurred in 2023 on the 2003, 2008 and 2010 bonds. Budgeted interest payments on the 2003 and 2010 bonds total \$756,600 (71% of total interest incurred) in 2023. No amount is budgeted in 2023 towards principal payments on any of the bonds.
- The 2023 budget reflects the District assuming the operation and maintenance of the public irrigation system located throughout District 2. The irrigation system is currently operated and maintained by District 1. Revenue from water service fees assessed on all lot owners is budgeted at \$370,300. Costs to operate and maintain the irrigation system is budgeted at \$226,000 for 2023. Contributions to the District's capital project fund in 2022 for the purpose of funding long-term repairs and replacements of the irrigation system is budgeted at \$144,300.

Director Viau motioned to close the 2023 budget public hearing at 8:09pm. Director Rossier seconded the motion and the Board voted 5-0 to approve the motion.

VIII. Executive Session

Director Viau motioned to open executive session at 8:09pm for the purpose of conferring with the District's legal counsel pursuant to Section 24-6-402(4)(b), C.R.S. for purposes of conferring with District's general counsel regarding existing litigation. Director Walker seconded the motion and the Board voted 5-0 to approve the motion.

No actions were taken by the Board during executive session. Mr. Rufien directed the District Manager to not record this executive session.

Director Fiore motioned to close the executive session at 9:52pm. Director Viau seconded the motion and the Board voted 5-0 to approve the motion.

IX. Financial Matters (continued)

1) Consider resolution to adopt 2023 budget, appropriate funds, set mill levies: The District Manager presented the resolution to adopt the 2023 budget, set mill levies and appropriate funds. Director Fiore requested the 2023 budget be modified to include \$30,000 for a water rate study and \$20,000 for a capital asset reserve study and to reduce contributions to the capital project fund by \$50,000. Director Viau motioned to approve the resolution as modified. Director Walker seconded the motion and the Board voted 5-0 to approve the motion.

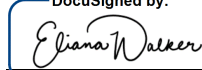
Action Item #2: District Manager will file the 2023 budget with the State of Colorado and the mill levy certification with the County Treasurer.

2) Review and consider 2023 management/accounting contract w Wolfersberger, LLC: The Board reviewed and discussed the 2023 service contract submitted by Wolfersberger, LLC. The District Manager noted there are no changes to service fees for 2023 compared to 2022. Director Rossier motioned to approve the 2023 service contract as submitted. Director Viau seconded the motion and the Board voted 5-0 to approve the motion.

3) Review and consider engagement of BF Borgers for 2022 financial statement audit: The District Manager presented the audit engagement letter submitted by BF Borgers to audit the District's 2022 annual financial statements. Director Rossier motioned to approve the engagement letter submitted by BF Borgers. Director Viau seconded the motion and the Board voted 5-0 to approve the motion.

X. Adjournment (10:10pm)

There being no further business to come before the Board, and upon motion duly made by Director Fiore, seconded by Director Rossier, and unanimously carried, the meeting was adjourned. The next regular board meeting will be held on Tuesday February 14, 2023 at 6:00pm at the following online location: <https://www.gotomeet.me/DistrictBoardMeetingRoom2> Members of the public may also participate via phone using the dial-in number (646) 749-3112 and access code #534-031-373.

DocuSigned by:

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Secretary Eliana walker

2/10/2023

Date