

BUCKHORN VALLEY METROPOLITAN DISTRICT NO 2

Special Board Meeting Minutes

Meeting Date: Monday July 15, 2024

Meeting Time: 6:05pm to 9:33pm

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

<https://meet.goto.com/Wolfersberger>

I. Roll Call (6:05pm)

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
Eliana Walker	Secretary/Treasurer	Present
Angela Heuman		Present (Arrived at 6:11pm)
Vacancy		

Also, in attendance was Charles Wolfersberger (District Manager), with Wolfersberger, LLC; Paul Rufien (General Counsel) with Rufien Law, PC; Maxine Hepfer (District 1 board member); the following homeowners were in attendance: (1) Michelle Caster-Viator, (2) Xander & Rebecca Cook, (3) Craig Walker, (4) Aliana Martin, (5) Chris, (6) Cheryl, (7) Parker (65 Steamboat Dr), (8) Mel, (9) Sue Throckmorton and (10) Kimberly Martinez.

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 presented. Director Viau seconded the motion and the Board voted 3-0 to approve the motion.

- 2) Review and consider minutes from the June 04, 2024 board meeting: The Board reviewed and discussed the draft of the minutes presented by the District Manager. Director Viau motioned to approve the minutes as presented. Director Walker seconded the motion and the Board voted 3-0 to approve the motion.

V. Public Comments – None

VI. Director Matters – None

VII. Financial and Contractual Matters

- 1) Review and consider audit firm service contract: The District Manager presented the audit engagement letter submitted by Flynn CPA to audit the District’s 2023 annual financial statements. Director Fiore motioned to approve the engagement letter as presented. Director Viau seconded the motion and the Board voted 4-0 to approve the motion.
- 2) Storage Lot Lease Agreements – Status Update: The District Manager reported that the Carvers have provided the District with the current original storage lot lease agreements for 46 lots. (Four of the 50 storage lots are not useable.) The Carvers also provided the current list of individuals on the waiting list to lease a storage lot (which is currently at 6 individuals on the list). The Board discussed whether the six storage lots that are unusable should be eliminated from the list of lots available to lease.

Action Item #1: The District Manager will obtain and forward to the Board for review a storage lot map from the Carvers and further details of each lot (lot number, lot size) so the Board can evaluate which lot sizes are appropriate for people on the wait list.

- 3) Review June 30, 2024 financial statements: The District Manager reviewed with the Board the June 30, 2024 unaudited financial statements. Through July 2024, the County Treasurer has collected 99.4% of the District’s 2024 property tax assessments. Cash held by the District totaled \$813,984, receivables due from BVMD1 totaled \$189,262 and property taxes receivable totaled \$489,085. The District’s liabilities were comprised primarily of \$23.2 million in bond debt and accrued interest. Expenses in the operating fund are as follows:

Expense Category	Actual	Budget	\$ Difference	% of Budget Spent
Management/accounting fees	\$ 20,000	\$ 20,000	\$ -	100%
Collection Fees – County	1,942	2,000	58	97%
Administrative expenses	1,462	1,500	38	97%
Insurance	1,623	3,000	1,377	54%
Audit fees	-	-	-	0%
General legal consultation fees	1,030	5,000	5,000	21%
Litigation fees	158,888	38,700	(120,188)	411%
Miscellaneous expenses	-	-	-	0%
Newsletter publication costs	-	-	-	0%
Indirect cost allocation	(10,800)	(10,800)	-	100%
Total Admin Expenses	\$ 174,145	\$ 59,400	(\$114,745)	293%

The Board and District Manager noted litigation fee expenses reflects billings through May 31st. Litigation costs related to the June trial are not yet reflected in the District’s financial statements.

VIII. Litigation status update

Mr. Rufien provided a brief update regarding the June trial and noted the jury ruled that District 1 breached the 2003 intergovernmental agreement between District 1 and District 2 and District 2 had not breached the agreement. As a result, the 2003 intergovernmental agreement has essentially been terminated between the two districts. In addition, the jury awarded nearly \$500,000 to District 2. The District Manager noted that per the 2003 intergovernmental agreement the prevailing party in a lawsuit has the right to recover its legal costs from the other party. Mr. Rufien also listed issues that could be appealed by District 1 and/or District 2 and noted one remaining matter (i.e. District 1 writing off past due water fees due from the Developer and changing the water rate structure) is yet to be ruled on by the District Court judge.

Homeowners asked about District 1’s recent notice to all District 2 homeowners that District 1 is considering levying a special assessment on all District 2 homeowners to fund District 1’s litigation costs and the jury awarded damage claim against District 1. Mr. Rufien and the Board stated they could not advise homeowners on how to respond to District 1 but the Board did encourage homeowners to attend District 1’s board meeting scheduled for July 17th.

IX. Executive Session

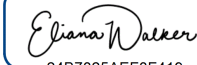
Director Viau motioned to open executive session at 7:54pm for the purpose of conferring with the District’s legal counsel pursuant to Section 24-6-402(4)(b), C.R.S. regarding existing litigation with Buckhorn Valley Metro District No 1 (BVMD1) and other individually named defendants. Director Fiore seconded the motion and the Board voted 4-0 to approve the motion.

No actions were taken by the Board during executive session. Director Fiore left the meeting at 8:50pm. Executive session was not recorded. Director Viau motioned to close the executive session at 9:31pm. Director Heuman seconded the motion and the Board voted 3-0 to approve the motion.

Post executive session action items: None

X. Adjournment (9:33pm)

There being no further business to come before the Board, and upon motion duly made by Director Fiore, seconded by Director Viau, and unanimously carried, the meeting was adjourned. The next board meeting will be held on Tuesday October 22, 2024 at 6:00pm at the following online location: <https://meet.goto.com/Wolfersberger>

DocuSigned by:

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Secretary Eliana walker

9/13/2024
Date