

BUCKHORN VALLEY METROPOLITAN DISTRICT NO 2 Regular Board Meeting Minutes

Meeting Date: Tuesday July 15, 2025

Meeting Time: 6:07pm to 9:04pm

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

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

I. Roll Call (6:07pm)

A regular 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
Angela Heuman	Treasurer/Secretary	Present
David Fiore		Present
Peter Wehrenberg		Present
Vacancy		

Also, in attendance was Charles Wolfersberger (District Manager), with Wolfersberger, LLC; Paul Rufien (General Counsel) with Rufien Law, PC; Thomas Peltz (Bond Counsel) with Kutak Rock; Alan Matloz (Underwriter) with Stifel; the following homeowners were also in attendance: Gregg Quinlin, Michele Castor-Viator, Walter Ezell.

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 regular 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 requested two additions the agenda – review and consideration of AECOM water study proposal and land use planning proposal submitted by SE Group. Director Fiore motioned to approve the agenda as amended. Director Viau seconded the motion and the Board voted 4-0 to approve the motion.

- 2) Review and consider minutes from the May 13, 2025 rate hearing meeting: The Board reviewed and discussed the draft of the board meeting minutes presented by the District Manager. Director Fiore proposed certain edits to the minutes. Director Fiore motioned to approve the minutes as amended. Director Wehrenberg seconded the motion and the Board voted 4-0 to approve the motion.
- 3) Review and consider minutes from the May 13, 2025 board meeting: The Board reviewed and discussed the draft of the board meeting minutes presented by the District Manager. Director Wehrenberg proposed certain edits to the minutes. Director Viau motioned to approve the minutes as amended. Director Wehrenberg seconded the motion and the Board voted 4-0 to approve the motion.
- 4) Discussion regarding board vacancy: The Board noted the vacancy on the Board and discussed the process for filling the vacancy. Mr. Quinlin indicated he was interested in serving on the Board. Ms. Castor-Viator and the Board discussed ideas for advertising the vacancy to the neighborhood.

Action Item 1: The District will advertise the Board vacancy and review and consider interested candidates at the next Board meeting.

V. Public Comments

Ms. Castor-Viator asked about the timing for consolidating District 1's operations into the District. The Board noted the upcoming presentation in this meeting will address that question.

VI. Director Matters

Director Viau expressed interest in having the District organize an in-person neighborhood event for the purpose of bringing the community together and connecting homeowners with board members. Director Viau motioned to approve organizing and funding a "meet-and-greet" social event for the community at a cost not to exceed \$1,000. Director Wehrenberg second the motion and the Board voted 4-0 to approve the motion.

VII. Financial/Contractual Matters

- 1) Review and Consider Payment of Claims: The Board reviewed the schedule of check payments (#100071 to 100073) totaling \$13,248.02. Director Viau motioned to approve the payment of claims and Director Fiore seconded the motion. The Board voted 4-0 to approve the motion.
- 2) Settlement agreement update/recap: Director Fiore reviewed with the Board and the public the terms of the revised and restated intergovernmental agreement between the District and District 1 and the terms of the settlement agreements reached in June (1) between the District and District 1 and BV Firewheel and (2) between the District and David Garton and other individually named defendants. See **Exhibit A**.
- 3) Review December 31, 2024 audited financial statements: The District Manager briefly reviewed the District's 2024 annual audited financial statements with the Board and noted

the auditor issued a clean opinion. The District Manager reviewed with the Board the subsequent event note that discloses the terms of the revised intergovernmental agreement with District 1 and the settlement agreements that were all executed in June 2025. Director Heuman motioned to accept the 2024 financial statements as presented. Director Fiore seconded the motion and the Board voted 4-0 to approve the motion.

- 4) Review June 30, 2025 financial statements: The District Manager reviewed with the Board the June 30, 2025 unaudited financial statements. Through May 2025, the County Treasurer has collected 62% of the District's 2025 property tax assessments. Cash held by the District totaled \$249,041, receivables due from BVMD1 totaled \$187,822 and property taxes receivable totaled \$532,765. The District's liabilities were comprised primarily of \$23.1 million in bond debt and accrued interest. Accrued legal fees due to Paul Rufien as of March 31, 2025 totaled \$267,600. Legal expenses incurred by the District through June 30th totaled \$33,860.
- 5) Public hearing on proposed 2024 budget amendment: Director Viau opened the public hearing at 7:37pm regarding the proposed amendments to the District's 2024 budget. The District Manager noted the budget hearing notice was published on July 8th in the Eagle Valley Enterprise. The District Manager reviewed the proposed budget amendments, which included increasing appropriations for litigation costs from \$77,400 to \$301,000, decreasing overall expenditures from \$495,900 to \$365,000 and reducing total budgeted revenue from \$821,000 to \$376,000. The reductions in total revenue and total expenditures was due to the District not operating the irrigation system in 2024. The District will begin operating the irrigation system by no later than January 01, 2028.

At 7:51pm, Director Fiore motioned to close the public hearing. Director Heuman seconded the motion and the Board voted 4-0 to approve the motion. Director Viau motioned to approve the 2024 budget amendment resolution as presented. Director Heuman seconded the motion and the Board voted 4-0 approving the motion.

Action Item 2: The District Manager will file the 2024 budget amendment with the Department of Local Government.

- 6) Review and consider proposed resolution authorizing the issuance of Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Bonds, Series 2025 for the purpose of refunding the District's existing general obligation indebtedness and providing additional funds for the purpose of paying the costs of certain public improvements: Mr. Peltz reviewed with the Board the proposed resolution, and Mr. Matloz reviewed with the Board the estimated financial terms and projections of the proposed refinancing of the District's bond debt. Director Fiore motioned to approve the bond resolution as presented. Director Viau seconded the motion and the Board voted 4-0 to approve the motion.

Action Item 3: Mr. Matloz will proceed with issuing 2025 bonds on behalf of the District in accordance with the bond resolution.

- 7) Public hearing on proposed 2025 budget amendment: Director Viau opened the public hearing at 8:27pm regarding the proposed amendments to the District's 2025 budget. The District Manager noted the budget hearing notice was published on July 8th in the Eagle Valley Enterprise. The District Manager reviewed the proposed budget amendments, which included

increasing appropriations in the debt fund from \$1,368,200 to \$17,927,500 to accommodate the proposed refinancing of the District’s 2003, 2008 and 2010 bond debt. The increase in appropriated expenditures will be funded from the proposed issuance of new bonds in a principal amount not to exceed \$16,515,000.

At 8:341pm, Director Fiore motioned to close the public hearing. Director Viau seconded the motion and the Board voted 4-0 to approve the motion. Director Fiore motioned to approve the 2025 budget amendment resolution as presented. Director Wehrenberg seconded the motion and the Board voted 4-0 approving the motion.

Action Item 4: The District Manager will file the 2025 budget amendment with the Department of Local Government.

- 8) Review and discuss water study proposal responses: Director Viau reviewed and discussed with the Board a proposal received from AECOM to conduct a water engineering study. After further discussion, Director Fiore motioned to approve AECOM’s proposal and scope of work. Director Wehrenberg seconded the motion and the Board voted 4-0 approving the motion.

Action Item 5: Director Viau or Fiore will notify AECOM that the Board has accepted its bid proposal and request AECOM to submit a contract to the Board’s attorney for review, comment and edits requested the to finalize for signature. A joint meeting to be scheduled with AECOM; District 1 manager and water system manager plus its engineers; District 2 including its manager Charles Wolfersberger and Directors Viau and/or Fiore.

- 9) Review and discuss timing and scope of work for land use study: Director Viau briefly reviewed and discussed with the Board a land use study proposal submitted by SE Group. He recommended and the Board agreed to defer further consideration of this proposal to a date once the findings are known from the AECOM report by a date after October 31, 2025.

VIII. Adjournment (9:04pm)

There being no further business to come before the Board, and upon motion duly made by Director Wehrenberg, seconded by Director Viau, and unanimously carried, the meeting was adjourned. The next regular board meeting will be held on October 21, 2025 at 6:00pm at the following online location: <https://meet.goto.com/Wolfersberger>

DocuSigned by:
Angela Heuman
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Secretary

8/2/2025
Date

EXHIBIT A



Buckhorn Valley Metro Districts 2 Settlement & Refinance

*Board Meeting and
Public Hearing*

July 15, 2025

Updated from Joint District
1 and 2 Meeting of
May 13, 2025

2022 Key Goals of Resident Initiated Lawsuit & Results

Declare 2003 Inter-Governmental Agreement (IGA) Invalid

Compel BVMD1 (Developer) to Provide Full Accounting & Restore Misused Funds

Key Underlying Issue is Mismanagement of Water System

Invalidate Post Lawsuit Rate Changes and Forgiveness to BV Firewheel of Fees Due

- In 2021, homeowners formed a recall committee to remove developer from serving on District 2 Board (BVMD2). BVMD 1 (Operations) and BVMD 2 (Finance) were both controlled by the Developer until July 2021 following 70% of homeowners prevailed in their quest. November 1, 2022, a lawsuit was filed by the residents. A settlement was reached in June of 2025 including revising the IGA setting forth turning over operations over a 3-year transitional period.
- Settlement Includes elimination of \$8.94M of Debt plus \$5.16M developer paid fees toward reduction in principal.
- BVMD1 and Developer lacked any form of a reserve study to fully understand the capital needs of the non-potable water system. The settlement enabled BVMD2 to refinance including funds to secure the necessary engineering system reserve study and to reevaluate a fair and equitable rate study for the homeowners and developer. Developer to contribute \$5,000 toward reserves from future sales subject to budgetary adjustments.
- BV Firewheel ceased paying fees due shifting burden to residents including a \$500 fee assessment. BVMD1, Developer Controlled, reached a settlement with BV Firewheel forgiving past debt. The settlement agreement sets forth a budget process to reconcile matters like this. BVMD 2 will conduct its own rate study in preparation for 2025 Budget Meetings.

Key Settlement Agreement Terms

Elimination of
\$8.94M of Debt

- Agreement for Lien Holder of Subordinated Limited Tax General Obligation Bonds, Series 2008 to accept an in full payment equal to \$1 million, eliminating an estimated \$8.94M of debt including principal and interest.

Developer Contribution to
Principal Saves Estimated
\$5.16M

- BV Firewheel agreed to pay \$500K for the next 142 homes constructed per agreed schedule plus another \$2.39M at the rate of \$10K per sale for the remaining 239 homes for a total contribution of \$2.89M to be paid toward principal. This accelerates bond payoff by 2 years saving an estimated \$5.16M

Developer Contribution of
\$1.9M to Reserves for
Water System

- BV Firewheel agreed to contribute \$5K for each of the 381 remaining homes sold toward reserves to maintain the non-potable water system for a total of \$1.9M subject to future water study requirements that may warrant adjustments.

Transition to Single District

- Metro District 1 (D1) developer controlled, and Metro District 2 (D2) resident controlled will work together to consolidate operations to be managed by D2 over a targeted 3-year period with collaboration until D1 achieves full build. More than 60-acres public land turned over to D2 as a public asset.

Key Outcomes

Principal of Debt Paid Down, Cease Compounding Interest

Cover Key Cost Avoiding Increased Fee Assessments

D2 Water Study

Community Land Use Plan

Possible Savings Estimated up to \$675/yr Per home

- D2 will Payoff Series 2003, 2.9M Bonds (7% interest) plus \$10.655M 2010 Series Bonds (7.25-8.5% interest) and the reduced 2008 Series Bonds of \$1M vs. \$9.948M (6% interest) for a total of \$15.57M with a target interest rate of 5.04 to 5.01% interest. Key costs included.
- Refinance includes covering \$700K in key cost to avoid burdening homeowners with special assessments. Cost covered from \$8.94M 2008 Series bond savings. Anticipated uses: (1) water engineering study; (2) legal fees; (3) land use plan; and (4) address immediate water system capital needs (e.g., new pumps, liner, filters).
- D2 Anticipates conducting an independent water study to evaluate the water rights held by D1 for BV, determine demand through full build, and determine system requirements to establish a capital plan and reserve study findings plus a new rate study.
- District 1 (D1) and District 2 (D2) will work together to consolidated operations to be managed by D2, Resident Control over targeted 3-year period with collaboration until full build with D1. More than 60-acres public land turned over to D2.
- Refinance subject to market rates, final cost of issuance and other outstanding issues, based on a targeted interest rate of 5.09% to 5.20% for a home valued at \$800,000 the annual savings realized is estimated to be up to \$675.

	2025	2026	2027	2028	2029 - Full Build	
Village of Buckhorn (MF)						
Units	20	25	27	0	Debt Schedule for Final 239 Units to Full Build	
Rate	\$ 2,750.00	\$ 2,750.00	\$ 2,750.00	\$ 2,750.00		
Debt Payment	\$ 55,000.00	\$ 68,750.00	\$ 74,250.00	\$ -		
Village of Buckhorn (SF)						
Units	6	10	10	4		
Rate	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00		
Debt Payment	\$ 27,000.00	\$ 45,000.00	\$ 45,000.00	\$ 18,000.00		
Phase 9 (SFH)						
Units	0	15	5	0		
Rate	\$ 4,175.00	\$ 4,175.00	\$ 4,175.00	\$ 4,175.00		
Debt Payment	\$ -	\$ 62,625.00	\$ 20,875.00	\$ -		
Phase 10 (SFH)						
Units	-	-	10	10		
Rate	\$ 4,175.00	\$ 4,175.00	\$ 4,175.00	\$ 4,175.00		
Debt Payment	\$ -	\$ -	\$ 41,750.00	\$ 41,750.00		
Remaining Phases						
Units					239	
Rate	Debt Schedule for First 142 Units				\$ 10,000.00	
Debt Payment					\$ 2,390,000.00	
TOTAL UNITS	26	50	52	14	239	
CUMMULATIVE	26	76	128	142	381	
TOTAL DEBT PAYMENT	\$ 82,000.00	\$ 176,375.00	\$ 181,875.00	\$ 59,750.00	\$ 2,390,000.00	
CUMMULATIVE	\$ 82,000.00	\$ 258,375.00	\$ 440,250.00	\$ 500,000.00	\$ 2,890,000.00	
				TOTAL FULL BUILD		
				Units	381	
				Debt Payments	\$ 2,890,000.00	

Refunding Bonds – Summary

Stifel has prepared the following scenarios for the refunding bonds, evaluating the impact of additional development.

Scenario 1: No new development

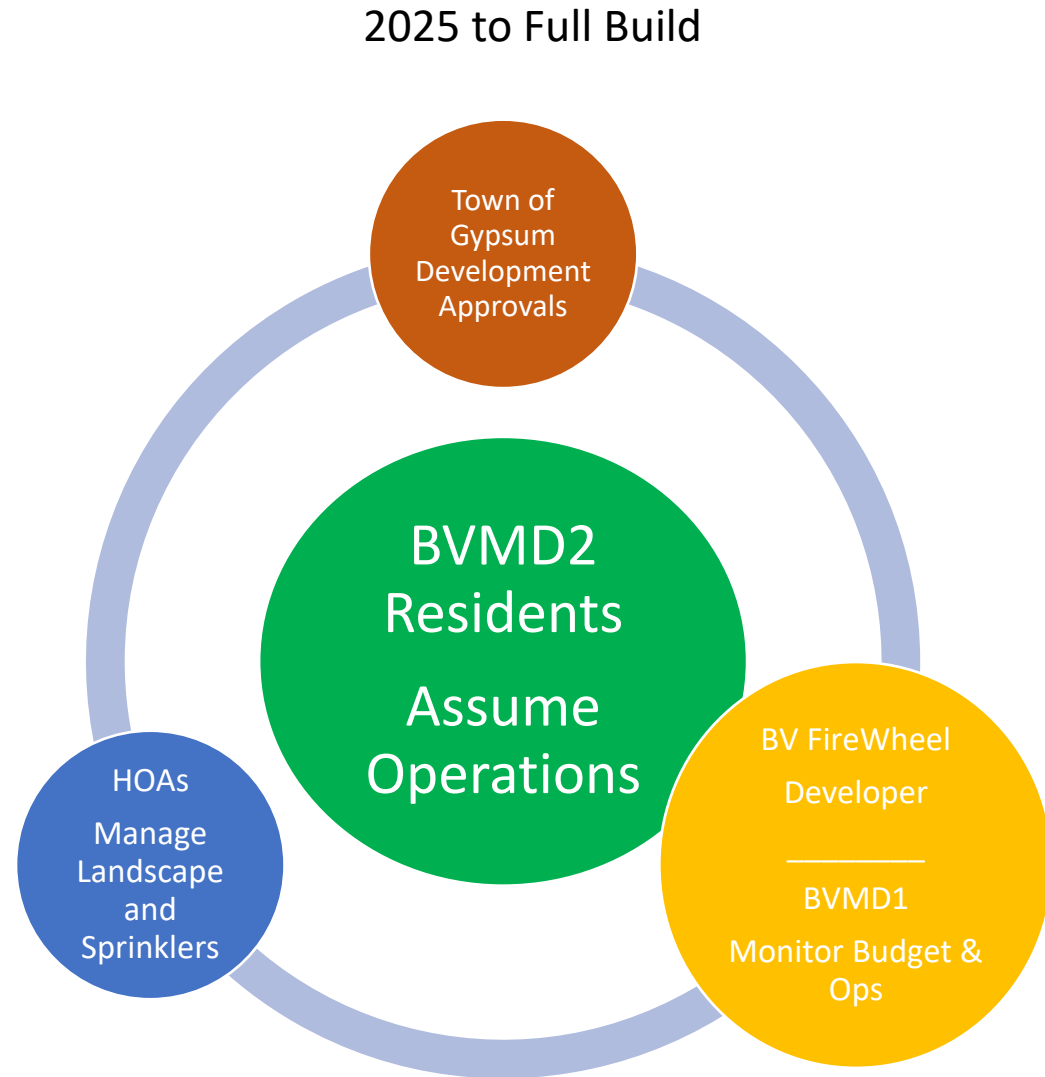
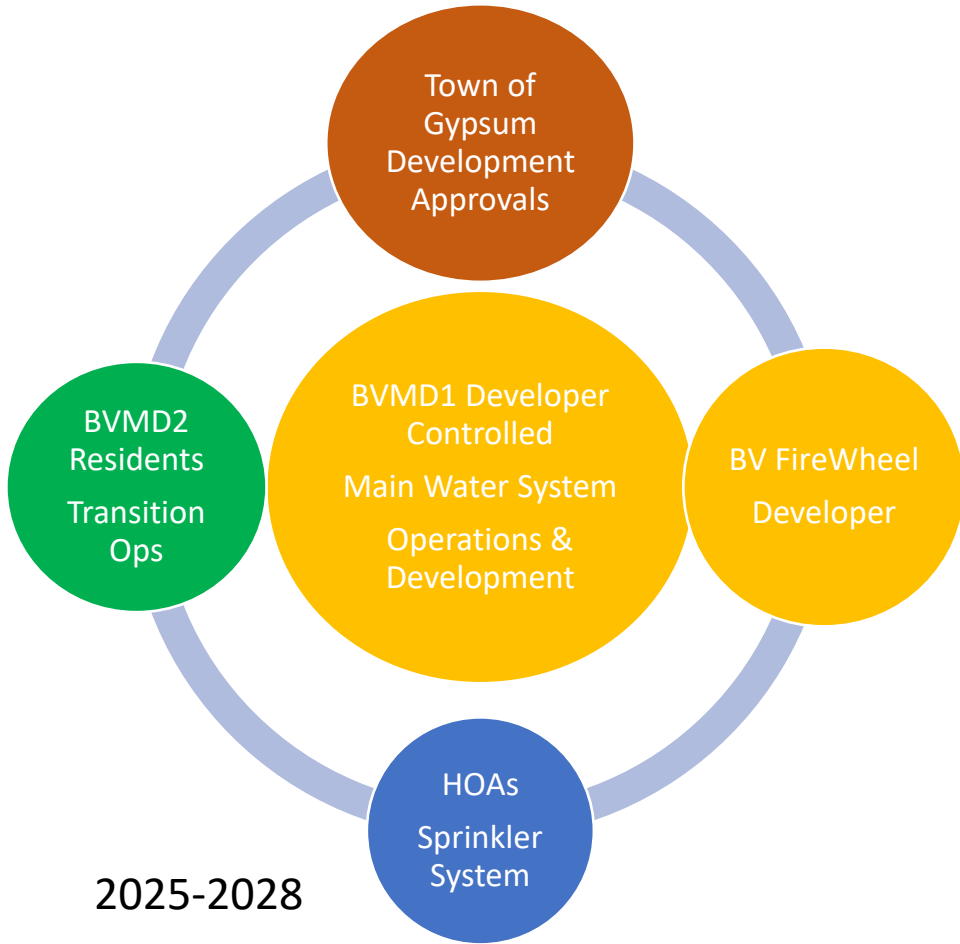
Scenario 2: 381 new homes at an assumed value of \$800,000

- Development fee of \$10,000 on last 239 homes

- *For every 5 mills of savings, this equates to \$250 of annual property tax savings for a home value of \$800,000*

	Scenario 1	Scenario 2
Total Par	\$15,365,000	\$15,475,000
Refunding Proceeds	\$14,565,094	\$14,565,094
New Money Proceeds	\$700,000	\$700,000
Net Interest Rate	5.09%	5.20%
Total Estimated Repayment (w/ early redemption from fee)	\$30,941,313	\$25,782,512
Estimated Final Maturity	12/1/2055	12/1/2053
Average Annual Debt Service	\$1,019,950	\$926,564
Estimated Mill Levy Range 2026 – Final Maturity	50.186 – 36.484	50.714 – 20.583
Estimated 2026 Savings per \$800,000 of Home Value	\$675	\$648

Relationship of Districts, HOAs and Town of Gypsum



Key Matters to be Managed Post Settlement

1. **OPERATIONS FUNDING:** BVMD1 claims they are out of operating funds to fund operations through the rest of the summer. A few key points:
 - a. Christiana Hepfer, Partner Hepfer Private Portfolio including BV Firewheel (Developer) advised in writing July 14, 2025 that she would advance pay developer fees due to cover operating cost for the next few months.
 - b. Ms. Hepfer is asking for BVMD2 to join them in enforcing uncollected fees due which they assert that only 60% of the fees have been paid.
 - c. QUESTION(S):
 - i. What will BVMD2 rate study conclude?
 - ii. **RECONCILIATION:** How do we reconcile unpaid past fees settled between BVMD2 and BV Firewheel, Fees paid by 40% of residents and what fee all residents should owe. Anticipate the possibility of fees and credits depending upon how BVMD1 and BVMD2 work through the 2026 Budget.
2. **CAPITAL FUNDING:** Refinancing includes \$100,000 to devise a reserve study and capital plan to address immediate, mid-term and long-term system needs. Further, refinancing includes \$75,000 to fund capital improvements/repairs contemplated in the Settlement Agreement. The engineering study will provide the foundation for the new rate study.
3. **LAND USE STUDY AND OPERATIONS PLAN:** Refinancing includes \$125,000 to fund a land use plan to decide what public uses and improvements should be included in existing public lands through full build. This will help BVMD2 establish an operating budget to maintain the land and improvements and a path to secure capital funding in collaboration with the Town of Gypsum, the Developer and both districts.
4. **FULL BUILD:** Manage in alignment with Settlement Agreement. Provide input to town as appropriate for future phases. Manage water availability and distribution, finances and services per community expectations in alignment with Settlement Agreement.