

RECORD OF PROCEEDINGS

MINUTES OF THE COMBINED SPECIAL MEETING OF THE BOARDS OF DIRECTORS OF TWIN BUTTES METROPOLITAN DISTRICT NOS. 1-4

HELD: Wednesday, December 13, 2017, at 9:00 a.m. at Alpine Bank, 1099 Main Avenue, Durango, Colorado.

ATTENDANCE:

The combined special meeting of the Boards of Directors of the Twin Buttes Metropolitan District Nos. 1-4 was called and held as shown above and in accordance with the applicable statutes of the State of Colorado, with the following directors present and acting:

Glenn D. Pauls, President (District Nos. 1-4)
Scott Strand, Secretary/Treasurer (District No. 1 only)
Russell J. Smith Jr., Secretary/Treasurer (District Nos. 2-4)
Robert H. Delves, Assistant Secretary (District Nos. 1-4)
Dianne Pauls, Assistant Secretary (District No. 1-4)
Parker S. Newby, Assistant Secretary (District Nos. 1-4)

Also present were: Paula Schler, Secretary to the Boards, and Steven (Willie) Wilson of Twin Buttes of Durango; and Matthew R. Dalton (via telephone) of Spencer Fane, LLP.

CALL TO ORDER:

Director Delves noted that a quorum was present for the purpose of conducting a combined special meeting by the Boards of Directors and called the meeting of the Boards of Directors of the Twin Buttes Metropolitan District Nos. 1-4 to order.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST:

Mr. Dalton noted that general and transactional disclosure statements had been filed on behalf of the members of the Boards of Directors with the office of the Colorado Secretary of State and with the Secretary of the District. Upon motion duly made, seconded and unanimously carried, the Boards directed that said disclosures be incorporated herein.

MINUTES:

The Boards reviewed the minutes from the meeting held June 26, 2017. Upon motion duly made by Director Glenn Pauls, seconded by Director Strand, and unanimously carried, the Boards approved the minutes and authorized Ms. Schler to execute them as Secretary.

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YEAR-END UPDATE ON FARM OPERATIONS IN 2017:

Farm Manager, Chad Goodale, provided an informative update on farm operations for 2017. Production was very good, the farm stand started its first year and was successful. Beginning in 2018 the CSA program will be retired and replaced with the farm stand program. Farm management is attempting to shrink the operating deficit and in 2017 the deficit was the lowest historically. Director Glenn Pauls, announced there may be some physical changes made to the farm in the Filing 1B area to accommodate for the upcoming new construction.

FINANCIAL MATTERS:

- a. 2017 Budget Amendments: The Boards noted there was no need for an amendment to the 2017 Budget.
- b. 2018 Budgets District Nos. 1-4: Director Delves opened the public hearing on the proposed budgets for fiscal year 2018. It was noted that notice of the public hearing had been published in accordance with statutory requirements. Following discussion and upon motion duly made, seconded and unanimously carried, the public hearing on the proposed budgets was closed.

Mr. Wilson reviewed the proposed 2018 budgets with the Boards. The Boards then reviewed form resolutions adopting the 2018 budgets, appropriating funds, and certifying the tax levies. Following discussion, and upon motion duly made by Director Strand, seconded by Director Dianne Pauls and unanimously carried, the Boards: (1) approved and adopted the 2018 budgets as presented; (2) authorized the appropriation of funds for the expenditures set out in the budgets; (3) approved and adopted the mill levy for each District for certification to the County, as indicated within the resolutions; (4) authorized Director Glenn Pauls, as President and Director Strand, as Secretary, to sign the necessary documentation; and (5) directed Spencer Fane LLP, to submit the certification of tax levies to the Board of County Commissioners of La Plata County prior to December 15, 2017, and file the budget with the Division of Local Government prior to January 31, 2018.

- c. 2016 Audit Reports. Mr. Wilson informed the Boards that he will e-mail audit engagement letters when received by the Dalby Wendland firm.

ATTORNEY ITEMS:

- a. Drainage Easement Agreement. Following discussion, and upon motion duly made by Ms. Dianne Pauls, seconded by Director Glenn and unanimously carried, the Board adopted and approved the Drainage Easement Agreements for Lots 22, 23, 24, 25, 26 and 34 of Phase I, Filing 1A.

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- b. Administrative Matters Resolutions 2018 – District Nos. 1-4. Mr. Dalton presented the Resolution prepared by Spencer Fane LLP for the Board's review. Following discussion, and upon motion duly made by Director Strand, seconded by Director Delves and unanimously carried, the Boards adopted and approved the Resolution Concerning Annual Administrative Matters for 2018 for the Districts.
- c. Resolutions Calling the May 8, 2018 Regular Elections. Mr. Dalton presented the Resolutions prepared by Spencer Fane LLP designating Leslie Larsen of Spencer Fane LLP as the Designated Election Official for the May 8, 2018 regular elections to be held in the Districts. Following discussion, and upon motion duly made by Director Smith, seconded by Director Newby and unanimously carried, the Boards adopted and approved the resolutions calling the May 8, 2018 regular elections for the Districts.
- d. Worker's Compensation Coverage. Mr. Dalton presented the Resolution prepared by Spencer Fane LLP for exclusion of Directors from workers' compensation coverage for 2018. Upon motion duly made, seconded and unanimously carried, the Boards adopted and approved the exclusion from workers' compensation coverage for Directors of the Districts.

OTHER BUSINESS:

- a. Board Vacancies. Following discussion, the Boards placed the name of Dianne Pauls in nomination to fill the vacancies on Board Nos. 2-4. Upon motion duly made, seconded and unanimously carried, the Boards approved the nomination of Ms. Pauls. Director Pauls administered the Oaths of Office to Ms. Pauls for each District and directed her to take her seat on the Boards as a Director for District Nos. 2-4.
- b. RETF Exemption Process. The Boards discussed the Real Estate Transfer Fees ("RETF") total of 2% (1% to the Metro District and 1% to the City of Durango) and concern for speculative builders when incurring all fees and costs to build at Twin Buttes. Further discussion ensued to consider an additional exemption to the Metro Districts' RETF. Mr. Dalton advised it's in the absolute discretion of the Districts to determine the fees. After further discussion and upon motion duly made by Director Dianne Pauls, seconded by Director Smith and unanimously carried, the Boards adopted and approved the additional exclusion allowing for the first resale of a home that occurs within 18 months of receipt of its Certificate of Occupancy, and directed Spencer Fane, LLP to file the amendment to the Master Declaration of Covenants.

ADJOURNMENT:

Following discussion and upon motion duly made, seconded and unanimously approved the Boards adjourned the combined special meeting of the Boards of Directors of the Twin Buttes Metropolitan District Nos. 1-4.

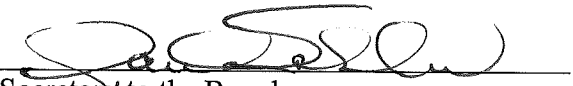
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The foregoing minutes constitutes a true and correct copy of the minutes of the above-referenced meeting and was approved by the Boards of Directors of Twin Buttes Metropolitan District Nos. 1-4.


Secretary to the Boards