

RECORD OF PROCEEDINGS

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

HELD: Wednesday, June 11, 2014, at 11:00 a.m. at the offices of Crane Leake Ehlers Bruzzese and Ehlers PC, 102 West 18th Street, Durango, Colorado

ATTENDANCE:

The joint 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
Scott Strand, Treasurer
Eric E. Flora
Parker S. Newby
Jeffrey A. Perino

No members of the Boards were absent.

Also present were Paula Schler, Secretary to the Boards; Steven (Willie) Wilson, District Manager; Denny Ehlers of Crane Leake Ehlers Bruzzese and Ehlers PC, counsel for the Developer; Terri Pauls, visitor; and Matthew R. Dalton of Spencer Fane Britt & Browne LLP

CALL TO ORDER:

Director Pauls noted that a quorum was present for the purpose of conducting a joint 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 Board 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 Board directed that said disclosures be incorporated herein.

RECORD OF PROCEEDINGS

Twin Buttes Metropolitan District Nos. 1-4

June 11, 2014

Page 2

APPROVAL OF MINUTES:

The Boards reviewed the minutes of the special meeting of the Boards held on December 12, 2013. Following discussion and upon a motion duly made, seconded, and unanimously carried, the Board approved the minutes as presented and authorized Ms. Schler, as Secretary to the Boards, to execute the minutes as constituting a true and correct record of the proceedings of the meeting.

FINANCIAL MATTERS:

- a. 2013 Applications for Exemption from Audit for District Nos. 1-4. The Boards reviewed and considered for ratification and acceptance the 2013 applications for exemption from audit prepared for District Nos. 1-4 by Dalby, Wendland & Co. as submitted to the State Auditor's office with accompanying Resolutions. Upon motion duly made, seconded and unanimously carried, the applications were ratified as presented.
- b. April 2014 Financial Statements. Mr. Wilson presented financial statements for the period ending April 30, 2014. He noted that the District is operating efficiently due to development schedules. The Board discussed the sources and uses of revenues. Upon motion duly made, seconded and unanimously carried, the financials were accepted as presented.

ATTORNEY'S ITEMS:

- a. Consideration of Construction Agreement. Mr. Dalton presented a draft of a Construction Agreement by and between Twin Buttes of Durango LLC and Twin Buttes Metropolitan District No. 1. After discussion, the Board approved the draft in substantially the form presented subject to final revisions by counsel.
- b. Consideration of Operation Funding Agreement. Mr. Dalton presented a draft Operation Funding Agreement whereby Twin Buttes of Durango would be asked to advance to Twin Buttes Metropolitan District No. 1 funds for payment of operations and administration costs of all four Districts. The Agreement also recognizes that Twin Buttes of Durango has previously advanced funds for the benefit of the Districts, including organizational costs incurred in 2013. After discussion and upon motion duly made, seconded and unanimously carried, the Board approved the Agreement as presented subject to final revisions by counsel.
- c. Review of draft Leases for the Twin Buttes East and West Gardens. Mr. Wilson presented forms for Leases for the East and West Gardens being maintained by District No. 1 on property owned by Twin Buttes of Durango. Mr. Ehlers discussed the Leases from the Developer's perspective, and Mr. Dalton noted that the Leases are for a term of

RECORD OF PROCEEDINGS

Twin Buttes Metropolitan District Nos. 1-4

June 11, 2014

Page 3

one year subject to the automatic renewal unless terminated by either party. The Board discussed the character and benefits of the operations as being currently conducted. Upon motion duly made, seconded and unanimously carried, the Lease Agreements were approved.

- d. Consideration of Intergovernmental Agreements. Mr. Dalton presented two Intergovernmental Agreements between District Nos. 1 and 2 in draft form calling for: (1) the certification of mill levies and assessment of fees for the purpose of paying capital expenditures whereby District No. 2 would create a revenue stream payable to District No. 1 for the purpose of paying capital expenses or bonds issued for the purpose of paying such expenses; and (2) an Operation Funding Agreement between District No. 1 and District No. 2 whereby District No. 2 would create a revenue stream payable to District No. 1 for the purpose of paying operations and maintenance expenses for District No. 2. The Board discussed the need to have identical Agreements between District Nos. 1 and 3 and District Nos. 1 and 4, also noting that in the case of District No. 4, the mill levy capital agreements would be capped at 20 and the mill levy for operations and maintenance would be the same 20 mills as is proposed for District Nos. 2 and 3. Upon motion duly made, seconded and unanimously carried, the Board approved the draft Agreements as presented and directed Mr. Dalton to create identical Agreements for District Nos. 3 and 4 with the distinctions discussed. All Agreements are to be circulated back to the Boards of Directors and Mr. Wilson and, if no changes are suggested, are to be deemed approved.

OTHER BUSINESS:

- a. May 6, 2014 Election Results. Mr. Dalton reviewed the results of the 2014 election, noting that Directors Glenn and Strand were reelected to the Board.
- b. Twin Buttes Gardens Community Supported Agricultural Fee Schedule. Ms. Schler presented a proposed fee schedule for the Twin Buttes Gardens CSA for the years 2014 and 2015 and discussed the extent of the participation in the program. The Board approved the fee schedule but asked for further clarification of the "Other Products" category of services.
- c. District Fees. The District fee schedule was discussed. It was noted that the final initial fees going forward would be set as part of the 2015 Budget.
- d. Official Posting Location. Pursuant to Colorado statute, the Board designated the front door of the office at 20091 U.S. 160, Durango, CO 81301 as the official posting location for 2014.
- e. Open Records Act Policy. Mr. Dalton presented a Resolution adopting policies and fee schedules for the handling of record requests under the Colorado Open Records Act.

RECORD OF PROCEEDINGS

Twin Buttes Metropolitan District Nos. 1-4

June 11, 2014

Page 4

After discussion and upon motion made, seconded and unanimously carried, the Resolution was approved as presented.

ADJOURNMENT:

Following discussion and upon motion duly made, seconded and unanimously approved the Boards adjourned the joint special meeting of the Boards of Directors of the Twin Buttes Metropolitan District Nos. 1-4, and noted that the next meeting will be held on October 2, 2014 at 11:00 a.m.

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