

## **RECORD OF PROCEEDINGS**

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

**HELD:** Monday, November 14, 2016, at 9:00 a.m. at Keller Williams Realty Southwest Associates LLC, 700 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, Treasurer (District No. 1) (via telephone)  
Robert H. Delves, Treasurer/Assistant Secretary (District Nos. 1-4)  
Russell J. Smith Jr., Assistant Secretary (District Nos. 2-4)  
Dianne Pauls, Assistant Secretary (District No. 1)

Not Present: Parker S. Newby, Assistant Secretary (District Nos. 1-4), absence excused.  
Scott Rhea, resigned effective November 4, 2016.

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

#### **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 August 2, 2016. Upon motion duly made by Director Dianne Pauls, seconded by Director Glenn Pauls, and unanimously carried, the Boards approved the minutes and authorized Ms. Schler to execute them as Secretary.

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### **DISCUSSION RE: FARM OPERATIONS:**

Farmer Chad Goodale, who has assumed leadership of the farm upon the resignation of Brian Petrie and Stacey Carlson, was in attendance to answer questions. Comments were made by Mr. Wilson and Directors Delves, Smith, and Glenn Pauls that the farm is community building and important to build brand and brand image. Following discussion, the Boards directed Mr. Goodale and Mr. Wilson to put together a new farm business plan and budget for the Boards' review.

### **TERMINATION OF INTERGOVERNMENTAL FINANCING AGREEMENTS:**

Mr. Dalton presented Termination Agreements concerning the Intergovernmental Financing Agreements Districts 2, 3 and 4 previously entered into with District 1. Mr. Dalton reported that these prior Agreements conflict with the original concept of the Districts which was to have Districts 2-4 certify mills and give the receipts to District 1. Following discussion, upon motion duly made by Director Delves, seconded by Director Strand, and unanimously carried, the Boards approved the Termination of Intergovernmental Agreements between Districts 1 and 2, 1 and 3, and 1 and 4, as presented.

### **FINANCIAL MATTERS:**

**2017 Budgets.** The public hearing on the 2017 budgets for Districts 1, 2, 3, and 4 was opened. Mr. Dalton noted that the notice of the public hearing had been published in accordance with Colorado Statutes. There was no public comment. Upon motion duly made, seconded and unanimously carried, the Boards closed the public hearing on the budgets.

Mr. Wilson reviewed the 2017 budgets for the Boards. Following discussion, the Boards approved the budgets subject to revisions as discussed by Mr. Dalton and Mr. Wilson. The Boards reviewed Resolutions for each District adopting the budgets and appropriating funds as discussed. Upon motion duly made, seconded and unanimously carried, the Boards approved the Resolutions and authorized Ms. Schler to coordinate execution of the necessary documentation, and directed that the budgets be filed with the Division of Local Government by Spencer Fane LLP.

**Mill Levies.** The Boards discussed adjusting the mill levies downward for both operations and debt service to what is actually needed and to keep the reserves low. The adjustment will provide a significant benefit for current and future property owners to keep their taxes lower and is made possible due to the fees paid by each purchaser at the time of closing. Following discussion, upon motion duly made by Director Smith, seconded by Director Delves, and unanimously carried, the Boards approved the mill levies as presented and directed the mill levy certifications be filed with La Plata County by Spencer Fane LLP.

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**2016 Budget Amendments.** The public hearing on the 2016 budget amendments for Districts 1, 2, 3, and 4 was opened. Mr. Dalton noted that the notice of the public hearing had been published in accordance with Colorado Statutes. There was no public comment. Upon motion duly made, seconded and unanimously carried, the Boards closed the public hearing on the budgets.

Mr. Wilson reviewed the 2016 budgets for the Districts and it was determined that no amendments to the 2016 budgets for Districts 3 and 4 were needed. Following discussion, and upon motion duly made, seconded, and unanimously carried, the Boards approved the proposed amendments to the 2016 budgets for Districts 1 and 2 and adopted resolutions approving same.

**2016 Audit Reports.** Mr. Wilson presented audit engagement letters and recommended audits be performed for all four Districts. Upon motion duly made by Director Dianne Pauls, seconded by Director Glenn Pauls, and unanimously carried, the Boards agreed to have audits performed for all four Districts.

### **LEGAL MATTERS:**

**2017 Annual Administrative Matters Resolution.** Mr. Dalton reviewed the 2017 Annual Administrative Matters Resolution with the Board. Following discussion, upon motion duly made by Director Smith, seconded by Director Glenn Pauls, and unanimously carried, the Board approved the Resolution subject to removing Mr. Rhea from paragraph 16.

**PIF Covenant.** Following discussion, upon motion duly made by Director Smith, seconded by Director Dianne Pauls, and unanimously carried, the Boards approved and accepted the obligations imposed by the Declarant as described in the Public Improvement Fee (PIF) Covenant, where the Declarant was acting on behalf of and for the benefit of the Districts, and the Boards directed staff to diligently implement the assessment, collection and remittance of the PIF under the stated fee structure, subject to a few revisions as discussed at the meeting.

### **OTHER BUSINESS:**

**Resignation of Scott Rhea and Board Vacancy.** The Boards acknowledged the resignation of Scott Rhea from Districts 2, 3, and 4 effective as of November 4, 2016. Following discussion, the Boards directed Directors Delves and Smith to recruit a replacement to fill the vacancy.

**Design Review.** Following discussion, upon motions duly made, seconded, and unanimously carried, the Boards approved the Twin Buttes Design Review Committee Member List, the Twin Buttes Standards and Guidelines dated October 20, 2016, and the Twin Buttes Design Review Fee Schedule.

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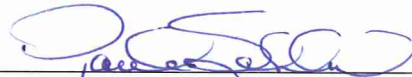
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**ADJOURNMENT:**

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.

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.



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Secretary to the Boards