

RECORD OF PROCEEDINGS

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

HELD: Thursday, December 13, 2018, at 11:00 a.m. at Keller Williams, Downstairs Conference Room, 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, 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) (via telephone)
- Dianne Pauls, Assistant Secretary (District No. 1-4)
- Parker S. Newby, Assistant Secretary (District Nos. 1-4)

There are no vacancies on the Boards.

Also present were: Paula Schler, Secretary to the Boards, Steven (Willie) Wilson of Twin Buttes of Durango, Matthew R. Dalton (via telephone) of Spencer Fane, LLP, Lindsey Nicholson, Twin Buttes Project Attorney, Terri Pauls, Twin Buttes Co-Owner, Dan Burkhart, Burkhart Planning & Permitting, Phil Schoon, Keller Williams agent, and Debbie Wilson, Twin Buttes Controller.

CALL TO ORDER:

Mr. Dalton 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 December 9, 2018, 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.

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MINUTES:

The Boards reviewed the minutes from the meetings held June 7, 2018 and June 11, 2018. 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.

YEAR-END UPDATE ON FARM OPERATIONS IN 2018:

Farm Managers, Jack Legget and Madalene Andoe Legget, provided an informative update on farm operations for 2018. Production was very good, the second year of the farm stand was successful and improvements are continually being made to increase efficiency and productivity with less labor.

FINANCIAL MATTERS:

Mr. Dalton opened the public hearing on the proposed budgets for fiscal year 2019 and the 2018 budget amendments. It was noted that notice of the public hearing had been published in accordance with statutory requirements. Members of the public that were present had no comments. Following discussion and upon motion duly made, seconded and unanimously carried, the public hearing on the proposed budgets was closed.

- a. 2018 Budget Amendments: Mr. Wilson reviewed the 2018 budget amendments for the Districts. Following discussion, and upon motion duly made, seconded, and unanimously carried, the Boards approved the proposed amendments to the 2018 budgets for Districts 1, 2, 3 and 4 and adopted resolutions approving same.
- b. 2019 Budgets District Nos. 1-4:

Mr. Wilson reviewed the proposed 2019 budgets with the Boards. The Boards then reviewed form resolutions adopting the 2019 budgets, appropriating funds, and certifying the tax levies. Following discussion, and upon motion duly made by Director Glenn Pauls, seconded by Director Scott Strand and unanimously carried, the Boards: (1) approved and adopted the 2019 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, 2018, and file the budget with the Division of Local Government prior to January 31, 2019.

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- c. 2018 Audit Engagement Letters. Mr. Wilson presented and reviewed with the Boards the audit engagement letters from the Dalby, Wendland & Co. for preparation of audited financial statements for fiscal year-ended 2018 for District Nos. 1-4. Upon motion duly made by Director Russ Smith and seconded by Director Scott Strand and unanimously carried, the Boards accepted and approved the engagement of Dalby, Wendland & Co. for preparation of the audit reports for year-ended 2018.

ATTORNEY ITEMS:

- a. Protections for Consumer Data Privacy Policy Resolution – District Nos. 1-4. Mr. Dalton presented the Resolution prepared by Spencer Fane LLP to the Boards. Following discussion, and upon motion duly made by Director Dianne Pauls and seconded by Director Newby and unanimously carried, the Boards adopted and approved the Resolution as presented.
- b. Administrative Matters Resolutions 2019 – District Nos. 1-4. Mr. Dalton presented the Resolution prepared by Spencer Fane LLP for the Boards' review. Following discussion, and upon motion duly made by Director Newby, seconded by Director Dianne Pauls and unanimously carried, the Boards adopted and approved the Resolution as presented.

OTHER BUSINESS:

- a. RETF Exemptions: The following approved exemption requests were ratified by the Board:
 1. Lot 31 – 16 Wood Rose Lane – Luke and Kimberly Hanson
 2. Parcel #566125200002 – Twin Buttes of Durango, Inc.
- b. Twin Buttes Design Review. The Boards reviewed the 2019 Design Standards and Guidelines, the current list of DRC Board Members and considered for approval Scott Strand as DRC Director in place of Robert Delves. Following discussion, and upon motion duly made by Director Dianne Pauls, seconded by Director Parker Newby and unanimously carried, the Boards:
 - (1) approved and adopted the 2019 Design Review Standards and Guidelines with the following changes:
 - a) Sec. 2.10 - change the \$1,500 landscaping deposit to one and one-half times the remaining amount of the landscape budget, provided by the property owner.
 - b) Sec. 2.12.2 – for variance requests, the DRC will determine which adjacent property owners are to receive notice and will provide the applicant a list for mailing the notices.
 - c) Sec. 3.1 – the minimum lot size requirement of 7,500 sf is applicable only on duplex eligible lots when split. Property owners will be required to obtain DRC approval of the duplex design plan before the lot split, which approval will include an approved residence on at least one of the two lots, an approved grading and drainage plan for the entire plan, and an approved building footprint on the remaining lot if no design

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submitted for that lot. The Boards directed Lindsey Nicholson to add additional language to the Master Declaration for this requirement, if appropriate;

(2) approved the list of DRC Board Members for 2019; and

(3) approved Scott Strand as the DRC Director, replacing Robert Delves.

- c. Amendment to RETF Exclusion under Sec. 14.7(n). The Boards discussed amending the Real Estate Transfer Fee (“RETF”) exclusion (n). The Amendment sets forth a revised exemption from the RETF under Article XIV allowing for the first resale of a home that occurs within 18 months of receipt of its Certificate of Occupancy, to extend the 18 months to three (3) years as an additional builder incentive, but which will be an exclusion that any property owner can take advantage of. Following discussion, and upon motion duly made by Director Russ Smith, seconded by Director Dianne Pauls and unanimously carried, the Boards approved the amended time frame and directed Lindsey Nicholson to file the amendment to the Master Declaration of Covenants.
- d. Short Term Rental at Twin Buttes. The Boards continued their discussion regarding allowing short term rentals at Twin Buttes. Mr. Burkhardt introduced the subject of amending the covenants to permit short term rentals. Mr. Wilson presented the amendment to the Master Declaration drafted by Lindsey Nicholson and informed the Boards the goal is to provide the ability to allow short term rental for all residential units (both primary and accessory dwelling units) at Twin Buttes. The City does not currently allow short term rental for accessory dwelling units, however, this could change and it would, therefore, be beneficial to Twin Buttes to put in place now the ability to allow for short term rentals. This will require an amendment to the Master Declaration, as well as an amendment to the PD Agreement with the City. Following discussion, and upon motion duly made by Director Dianne Pauls, seconded by Director Russ Smith and unanimously carried, the Boards approved and adopted allowing short term rentals for all residential units at Twin Buttes and approved the amendment to the Master Declaration, as written. The Boards directed Lindsey Nicholson to file the amendment to the Master Declaration, and directed Lindsey Nicholson and Dan Burkhardt to work with the City to amend the PD Agreement.

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