

RECORD OF PROCEEDINGS

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

HELD: Tuesday, August 2, 2016, at 9:30 a.m. at Fort Lewis College, Student Union Building, Senate Chambers, Room 163, 1000 Rim Drive, 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)
Parker S. Newby, Assistant Secretary (District Nos. 1-4)
Robert H. Delves, Assistant Secretary (District Nos. 1-4)
Russell J. Smith Jr., Assistant Secretary (newly appointed) (District Nos. 2-4)
Dianne Pauls, Assistant Secretary (via telephone) (District No. 1)

Newly appointed Director Scott Rhea (District Nos. 2-4) was absent, absence excused.

Also present in person were: Paula Schler, Secretary to the Boards, and Steven (Willie) Wilson of Twin Buttes of Durango; Matthew R. Dalton of Spencer Fane, LLP; Denny Ehlers; and Lindsey Nicholson.

Also present via telephone were: Terri Pauls; Jonathan Heroux of Piper Jaffray; Mike McGinnis, of Greenberg Traurig LLP; Lisa Mayers of Spencer Fane LLP; and Theresa Adler and Peggy Dowswell of Pinnacle Consulting Group, Inc.

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.

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RESULTS OF MAY 3, 2016 ELECTION:

The Boards reviewed the results of the May 3, 2016 elections and noted as follows: There were no more candidates than open positions and the election was canceled; Directors Delves, Newby and Dianne Pauls were elected to all four Districts.

DIRECTOR RESIGNATIONS:

The Boards acknowledged the resignations of Dianne Pauls and Scott Strand from Districts 2, 3, and 4 effective as of May 27, 2016 and July 1, 2016, respectively.

APPOINTMENT OF DIRECTORS:

Upon motion made by Director Glenn Pauls, seconded by Director Newby, and unanimously approved, the Boards appointed Russell J. Smith, Jr. and Scott Rhea to Districts 2, 3, and 4. Director Glenn Pauls executed the certificates of appointment and witnessed Director Smith's oaths of office for each District. Director Rhea was absent and Ms. Schler will coordinate the execution of his oaths of office within 30 days of his appointment. The Boards authorized Mr. Dalton's office to file the certificates of appointment and oaths of office with the appropriate entities.

ELECTION OF OFFICERS:

Upon motion made by Director Newby, seconded by Director Smith, and unanimously approved, the Boards elected Director Delves as Treasurer for Districts 2, 3, and 4. It was noted that Director Glenn Pauls will remain President of Districts 1-4, Director Strand will remain Treasurer of District 1, and Ms. Schler will remain the Secretary for Districts 1-4.

MINUTES:

The Boards reviewed the minutes from the meetings held December 1, 2015, June 7, 2016, and June 17, 2016. Upon motion made by Director Glenn Pauls, seconded by Director Strand, and unanimously approved, the Boards approved the minutes from the three previous meetings and authorized Ms. Schler to execute them as Secretary.

FINANCIAL MATTERS:

a. Review and consideration of the 2015 Year End District #1 financial statements. Mr. Wilson presented the 2015 year-end financial statements for the Boards.

b. Review and consideration of 2015 applications for exemption from audit for District Nos. 1-4. The Boards reviewed the 2015 applications for exemption from audit for

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District Nos. 1-4 as prepared by Dalby, Wendland & Co. and as previously submitted to the State Auditor's office. Upon motion made by Director Newby, seconded by Director Glenn Pauls, and unanimously approved, the Boards ratified the resolutions approving the audit exemption applications for District Nos. 1-4.

c. Review and consideration of the 2016 Projected Year End District #1 financial statements. Mr. Wilson presented the 2016 projected year-end financial statements for the Boards.

d. Discussion of the Districts' Long Term Financial Plan objective and goals. Mr. Wilson presented the Districts' long term financial plan objectives and goals for the Boards.

e. Review and consider for approval the Combined Resolution to establish bank accounts for each District. The Boards discussed the need to establish depository accounts for the Districts to accept tax receipts from the La Plata County Treasurer and to accommodate the proposed 2016 bonds issuance. Upon motion made by Director Glenn Pauls, seconded by Director Newby, and unanimously approved, the Boards approved the Resolution to establish bank accounts for each District.

The Boards further discussed the need to form finance and audit committees. Upon motion made by Director Glenn Pauls, seconded by Director Newby, and unanimously approved, the Board approved the formation of the committees and appointed the Districts' Treasurers, Directors Strand and Delves, as the committees' members.

f. 2016 Bond Issuance. Mr. McGinnis presented the following five resolutions to the Board:

- i) Resolution authorizing the issuance of the Twin Buttes Metropolitan District No. 2 Series 2016A Tax Supported Revenue Senior Bonds;
- ii) Resolution authorizing the execution and delivery of a Pledge Agreement by and between Twin Buttes Metropolitan District No. 2 and Twin Buttes Metropolitan District No. 4;
- iii) Resolution authorizing the execution and delivery of a Pledge Agreement by and between Twin Buttes Metropolitan District No. 2 and Twin Buttes Metropolitan District No. 3;
- iv) 2016 Combined Resolution Authorizing the Twin Buttes Metropolitan District Nos. 1, 2, 3 and 4 Bond Retirement Program Fee and Lien; and
- v) 2016 Joint Resolution of the Board of Directors of the Twin Buttes Metropolitan District Nos. 1, 2, 3 and 4 Concerning Development Fees.

Mr. Dalton noted that the proceeds of the bonds will be transferred to the accounts of District No. 1 for the purpose of paying obligations incurred under the March 1, 2014 Construction and Acquisition Agreement by and between Twin Buttes of Durango Inc. (as successor to Twin Buttes of Durango, LLC) and District No.1 acting on behalf and for District No. 2. Following discussion and upon motion made by Director Glenn Pauls, seconded by

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Director Smith and unanimously approved, the Boards approved Resolutions i), ii) and iii) listed above, as presented.

Following discussion and upon motion made by Director Newby, seconded by Director Glenn Pauls, and unanimously approved, the Boards also approved Resolutions iv) and v) listed above, as presented.

LEGAL MATTERS:

Amendment to the Master Declaration of Covenants, Conditions, Restrictions and Reservation of Easements; and Supplemental Declaration.

Ms. Mayers presented the Amendment to the Master Declaration. The Board requested additional language be added to Section 1.49 regarding no exemption for transferring entities and requested Section 15 be updated to include appropriate exemption language. Ms. Mayers stated she would review the City's exemption language on parking and entity transfers.

The Boards also reviewed and discussed a Supplemental Declaration for commercial properties. Following discussion, upon motion made by Director Newby and seconded by Director Strand, the Boards approved the Amendment and Supplement with the changes discussed. Director Glenn Pauls abstained from voting due to his conflict of being the declarant.

PIF Covenant.

The Boards agreed to two separate PIF covenants, one for lodging and one for sales, with the following interest rate caps: 3% for lodging and 2% for sales. The PIF Covenant will be revised and finalized at the November Board meeting.

Developer Transfer Agreement

The Boards reviewed a comprehensive assignment document transferring Twin Buttes of Durango, LLC into Twin Buttes of Durango, Inc. All developer documented agreements will be covered under one transfer document which include, but are not limited to: i) Operation Funding Agreement; ii) Construction and Acquisition Agreement; and iii) Contractor's Exempt Certificate. Following discussion, upon duly motion made, seconded, and unanimously approved, the Boards approved the Agreement.

DESIGN REVIEW:

Following discussion, upon motion made by Director Glenn Pauls, seconded by Director Strand, and unanimously approved, the Boards agreed to appoint Director Delves to form a design review committee, finalize the Design Standards and Guidelines and set the design review fees, subject to ratification by the Boards at the next meeting.

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OTHER BUSINESS:

None.

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.



Secretary to the Boards