

RECORD OF PROCEEDINGS

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

HELD: Thursday, June 7, 2018, at 9:00 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. 2-4) (via telephone)

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, Michael McGinnis (via telephone), and Kent Christopher (via telephone).

Absent was Director Newby, absence excused.

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. He further noted that due to the absence of Director Newby, both Directors Pauls are necessary for the purpose of establishing a quorum for today's meeting, and therefore both are authorized to fully participate concerning the matters on the meeting's agenda. Upon motion duly made, seconded and unanimously carried, the Boards directed that said disclosures be incorporated herein.

RECORD OF PROCEEDINGS

Twin Buttes Metropolitan District Nos. 1-4

June 7, 2018

Page 2

MINUTES:

The Boards reviewed the minutes from the meeting held December 13, 2017. Upon motion duly made by Director Strand, seconded by Director Glenn, and unanimously carried, the Boards approved the minutes and authorized Ms. Schler to execute them as Secretary.

FINANCIAL MATTERS:

Chairman began by explaining the Finance Committee, consisting of Chairman Scott Strand, Bob Delves, Glenn Pauls, and Willie Wilson, met earlier in the week and reviewed all the issues and documents.

Their Recommendations:

a. Approve: 2017 Audit Engagement Letters. Following review, and upon motion duly made by Director Strand, seconded by Director Dianne Pauls and unanimously carried, the Boards approved the 2017 Audit Engagement Letters as presented.

b. Approve: Internal Control Review Report. The Boards discussed the need for a contract or MOU between the Developer and TBMD to identify the services the Developer will provide, and how they will be provided. This should be something the public can review and understand. The Chairman noted the Metro Districts' financial statements are audited annually and after comprehensive review the Finance Committee has a high level of confidence in the Accounting Firm performing the audits. Upon motion duly made by Director Strand, seconded by Director Dianne Pauls and unanimously carried, the Boards approved the Report.

c. Approve: Audit Report Drafts. Following review and discussion, and upon motion duly made by Director Strand, seconded by Director Dianne Pauls and unanimously carried the Boards approved the 2017 Audit Engagement Letters as presented.

d. Development Fee Rate Schedule and Point of Levy. The Boards noted that it is important the public does not associate Twin Buttes with high fees. Winter pricing of the lots had the transfer and development fees bundled into the sales price, being paid at closing by the Developer. The Finance Committee recommends continuing to include the fees in the lot pricing, with larger projects left open for negotiation. Point of levy: the fees should be paid at closing. Any development fees that may be due for units not known (due to unknown number of units until DRC design approval) will be estimated and placed in escrow at closing. If the buyer is unable to place the additional unit fees in escrow at closing, the balance of fees owed will be due and must be paid before the DRC will issue its final inspection for the Certificate of Occupancy. The Board agreed with the Finance Committee's recommendations on point of levy for additional unit fees and to include the fees in the lot pricing.

RECORD OF PROCEEDINGS

Twin Buttes Metropolitan District Nos. 1-4

June 7, 2018

Page 3

e. Development Fees and Fees to Build at Twin Buttes. The Finance Committee recommends continuing to include the development and transfer fees in the lot pricing. The Board was given more clarity regarding the transfer and development fees and agreed with the Finance Committee's recommendation to continue including fees in the lot pricing.

f. Short Term Rental of Accessory Dwelling Units (ADU'S). The Chairman explained the desire to redefine the limitation on rentals across the board from six months to thirty days to make it more flexible. The Board heard the matter, held a discussion and the matter was tabled for further discussion at a later date.

g. Resolution Authorizing the Issuance and Sale of the District's Tax Supported Revenue Subordinate Bonds, Series 2018B in an Aggregate Principal Amount not to Exceed \$4,500,000 – District No. 2. Mr. McGinnis and Mr. Dalton presented for the Board's consideration the Resolution. Discussion was had concerning advances made to date by the Developer for capital improvements on behalf of the District, the Board noting that the proposed Bonds were to enable the repayment in part for those advances. Upon motion duly made by Director Delves, seconded by Director Smith, and unanimously carried, the Boards approved the Resolution. Mr. Dalton informed the Board that the action will be ratified at a continued special meeting to be held at 3:00 p.m. on June 11, 2018 at the offices of Twin Buttes of Durango after the required posted notices.

ATTORNEY ITEMS:

No Attorney items.

OTHER BUSINESS:

a. RETF Exemptions. The Board reviewed the current process in place for considering and approving requests for exemption of the Twin Buttes Metro District Real Estate Transfer Fee, per Section 14.7 of the Amended and Restated Master Declaration. Upon motion duly made by Director Strand, seconded by Director Glenn Pauls and unanimously carried, the application form and process for exemption from the real estate transfer fee was approved. The following approved exemption requests were ratified by the Board:

1. Lots 44 & 45 – Lawrence Family LLC
2. Lot 24 – Mountain Town Solutions Holdings, LLC
3. Lot 15 – Michael A. Olson

b. Easement Dedications. The Board discussed the Filing 1B subdivision plat, soon to be recorded, and the easement dedications to the Metro District on the plat. Upon motion duly made by Director Scott Strand, seconded by Director Delves, and unanimously carried, the Board authorized Director Glenn Pauls as President to sign on behalf of the Metropolitan District to accept the easement dedications on the Phase 1, Filing 1B subdivision plat.

RECORD OF PROCEEDINGS

Twin Buttes Metropolitan District Nos. 1-4

June 7, 2018

Page 4

c. 2nd Amendment to the Amended and Restated Master Declaration. Upon motion duly made by Director Dianne Pauls, seconded by Director Strand and unanimously carried, the Boards accepted and approved the 2nd amendment to the Amended and Restated Master Declaration, amending Section 7.24 to permit subdivision of certain lots designated for up to two residential structures.

d. 2018 Design Review Standards and Guidelines. The Board reviewed the 2018 Design Review Standards and Guidelines and associated forms and fee schedule. The Board requested additional language requiring applicants to provide the DRC an accurate 3D street view depiction, with color and detail, of the building with the front entry. Upon motion duly made by Director Delves, seconded by Director Glenn Pauls and unanimously carried, the new 2018 Design Review Standards and Guidelines, associated forms and fee schedule were approved as presented with the additional language included.

e. Additional Other Business. The Boards discussed the Transfer Fee exclusion under Article XIV, Section 14.7(n), allowing exemption from the RETF when the first sale of a residence occurs within eighteen months of the issuance of a certificate of occupancy, to extend the 18 months to 3 years. The matter was tabled to a later date for more discussion.

ADJOURNMENT:

Following discussion and upon motion duly made, seconded and unanimously approved, the Boards continued the combined special meeting of the Boards of Directors of the Twin Buttes Metropolitan District Nos. 1-4 to June 11, 2018 at the hour of 3:00 p.m. at the offices of Twin Buttes of Durango, 690 Twin Buttes Avenue, Durango, Colorado.

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


Secretary to the Boards