

## RECORD OF PROCEEDINGS

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

**HELD:** Wednesday, September 4, 2013, at 2:00 p.m. at the offices of Twin Buttes of Durango, 20091 Hwy 160, Durango, Colorado

#### **ATTENDANCE:**

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

No Directors were absent.

Also present were Paula Schler and Steven (Willie) Wilson of Twin Buttes of Durango; Jonathan Heroux of Piper Jaffray; Denny Ehlers of Crane Leake Ehlers Bruzzese and Ehlers PC; and Matthew R. Dalton of Spencer Fane & Grimshaw LLP.

#### **CALL TO ORDER:**

Mr. Dalton called the meeting to order and explained the purpose of the meeting.

#### **QUALIFICATION OF BOARD MEMBERS:**

Mr. Dalton reported that the members-elect of the Boards are registered to vote in Colorado and are obligated to pay taxes under a contract to purchase real property within the boundaries of the Districts. Mr. Dalton notified the Boards that the public official's surety bonds had been obtained and that the members-elect had been administered the Oath of Office. Thereupon, the directors assumed their duties as members of the Boards of Directors.

#### **DISCLOSURE OF POTENTIAL CONFLICT OF INTEREST:**

Mr. Dalton discussed the state law requirements for disclosure of potential conflicts of interest with the directors, noting that completed disclosure statements must be filed for each of the Directors with

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the Secretary of State and Secretary of the District at least 72 hours prior to a meeting in which a potential conflict may arise. In addition, each director is to verbally reveal his potential conflicts of interest to the Board at the start of the meeting in which the conflict may arise. Mr. Dalton generally discussed contracting limitations between Directors and the Districts.

### **DISCUSSION OF SERVICE PLAN, DISTRICT POWERS, ELECTION RESULTS:**

Mr. Dalton noted for the benefit of the Boards that the general powers of the Districts are outlined in the Special District Act and the Service Plans, and further noted the results of the organizational elections held August 21, 2013.

### **DISCUSSION OF OPEN MEETING REQUIREMENTS/POSTING REQUIREMENTS:**

Mr. Dalton discussed the open meeting requirements and the posting requirements for the Districts, noting that any non-social meeting of three or more of the directors constituted an official meeting, and that notice of a meeting for the District is to be (1) provided to each Board member, and (2) posted in at least three public places within the District at least 72 hours in advance of the meeting, and (3) at the same time, a copy of such notice is to be posted at the office of the Clerk and Recorder of La Plata County. If possible, the posting should include specific agenda information. Mr. Dalton further noted that notice of this joint organizational meeting had been so posted and that the change of meeting location had also been posted as required by statute.

### **DUTIES OF THE BOARD, PRESIDENT, SECRETARY, TREASURER:**

Mr. Dalton reviewed the duties of the Board, President, Secretary, and Treasurer by explaining the duties outlined in the Special District Act.

### **ELECTION OF OFFICERS:**

Following discussion and the receipt of nominations, upon motion duly made, seconded and unanimously approved, the Boards appointed the following as officers of the Districts:

Chairman and President:	Glenn D. Pauls
Secretary to the Board:	Paula Schler
Treasurer:	Scott Strand

### **OFFICE LOCATION AND CONTACT PERSON:**

Mr. Dalton indicated that the Districts must establish an office and a contact person and the requirement to notify the Division of Local Government with this information. Following discussion and upon motion duly made, seconded, and unanimously carried, the Boards named Matthew R.

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Dalton of Spencer Fane & Grimshaw LLP as the contact person for the Districts and designated the District mailing address as 1700 Lincoln Street, Suite 3800, Denver, Colorado 80203. The telephone number of the District is (303) 839-3800. Mr. Dalton was directed to provide the names and addresses of the directors, the contact person, and the address and telephone number of the Districts to the Division of Local Government and make other filings as required by law.

### **REGULAR MEETINGS:**

The Boards discussed the advisability of holding regular meetings and were advised of the provisions of Section 32-1-903(1), C.R.S., which states in part: "All special and regular meetings of the Board shall be held at locations which are within the boundaries of the district or which are within the boundaries of any county in which the district is located, in whole or in part, or in any county so long as the meeting location does not exceed twenty miles from the district boundaries. The provisions of this subsection (1) governing the location of meetings may be waived only if the following criteria are met: (a) the proposed change of location of a meeting of the Board appears on the agenda of a regular or special meeting of the Board; and (b) a resolution is adopted by the Board stating the reason for which a meeting of the Board is to be held in a location other than under the provisions of this subsection (1) and further stating the date, time, and place of such meeting." The Boards tabled action on the setting of regular meetings.

### **DESIGNATION OF OFFICIAL POSTING LOCATION:**

Mr. Dalton stated that the Districts are required to identify an official posting location for notices of District meetings at a public place within the boundaries of the Districts. Following discussion and upon motion duly made, seconded, and unanimously approved, the Boards approved the designated posting location for the Districts as the Harvest Center.

### **ADOPTION OF SEAL:**

Upon motion duly made, seconded, and unanimously approved, the Boards adopted seals consisting of the word "Seal" circled by "Twin Buttes Metropolitan District No. 1"; "Twin Buttes Metropolitan District No. 2"; "Twin Buttes Metropolitan District No. 3"; and "Twin Buttes Metropolitan District No. 4".

### **RATIFICATION OF PAST ACTIONS:**

Following discussion and upon motion duly made, seconded, and unanimously approved, the Boards ratified the past actions of the Boards and its consultants in the organization and operation of the Districts, including without limitation actions and notifications taken in furtherance of the elections, making and posting notice for this meeting, and in the organization of the Districts.

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### **HIRING OF CONSULTANTS:**

Upon motion duly made, seconded and unanimously carried, the Board approved the engagement of the following as consultants to the Districts:

Spencer Fane & Grimshaw LLP as general counsel to the Districts

Steven (Willie) Wilson as organizational accountant

Stan Bernstein as financial consultant

Crane Leake Ehlers Bruzzese & Ehlers PC

### **PAYMENT OF ORGANIZATIONAL COSTS:**

The Board discussed the payment and reimbursement of organizational costs to the developer.

### **GOVERNMENTAL IMMUNITY AND INDEMNIFICATION RESOLUTION:**

Mr. Dalton generally discussed the Colorado Governmental Immunity Act and the need and options for indemnification of employees and members of the Boards of Directors by the Districts. Upon motion duly made by Director Flora, seconded by Director Strand and unanimously carried, the Boards approved the Joint Resolution Providing for the Defense and Indemnification of District Personnel.

### **MEMBERSHIP IN SPECIAL DISTRICT ASSOCIATION:**

Mr. Dalton noted that District No. 1 should consider membership in the Special District Association. Following discussion and upon motion duly made, seconded and unanimously carried, the Board of District No. 1 approved membership in the SDA.

### **INSURANCE:**

Mr. Dalton discussed the need and options regarding insurance coverage for District No. 1 and the availability through the Special District Property and Liability Pool. Following discussion and upon motion duly made, seconded and unanimously carried, the Board of District No. 1 approved the need to obtain coverage for the District.

### **WORKERS' COMPENSATION:**

Mr. Dalton discussed the need and options regarding worker's compensation insurance coverage for members of the Boards of Directors. Following discussion and upon motion duly made, seconded and unanimously carried, the Board of District No. 1 approved the need to obtain workers'

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compensation coverage for the Board members which is available through the Special District Property and Liability Pool.

Mr. Dalton presented a Resolution Providing for Director's Exclusion from Worker's Compensation Coverage and an application to the Department of Labor and Employment for the Exclusion of Uncompensated Public Officials. Following discussion and upon motion duly made, seconded and unanimously carried, the Boards of District Nos. 2, 3, and 4 each approved the resolution and application and directed Spencer Fane & Grimshaw LLP to file the applications with the State regarding exclusion from the coverage.

**SELECTION OF BANK:**

Mr. Dalton discussed the requirement that the Boards select a banking institution for the Districts. Upon motion duly made, seconded and unanimously carried, the Board approved the selection of Alpine Bank as the Districts' banking institution.

**DESIGNATION OF OFFICIAL CUSTODIAN/PDPA NUMBER:**

Mr. Dalton explained the need for the Districts to appoint an "official custodian" for purposes of the Public Deposit Protection Act. Following discussion and upon motion duly made, seconded and unanimously approved, the Boards appointed the position of Treasurer as official custodian for the Districts. The Boards directed Mr. Dalton to apply for the assignment of PDPA numbers for each of the Districts, and directed Spencer Fane & Grimshaw LLP to submit the applications to the Colorado Division of Banking.

**SALES TAX IDENTIFICATION NUMBER:**

Following discussion and upon motion duly made, seconded and unanimously carried, the Boards authorized the President of the Districts to execute the applications as prepared by Spencer Fane & Grimshaw LLP for sales tax exemption numbers for the Districts, and directed Spencer Fane & Grimshaw LLP to file the applications with the Colorado Department of Revenue.

**FEDERAL EMPLOYER IDENTIFICATION NUMBER:**

Following discussion and upon motion duly made, seconded and unanimously carried, the Boards authorized the President of the Districts to execute the applications as prepared by Spencer Fane & Grimshaw LLP for federal employer identification numbers for the Districts, and directed Spencer Fane & Grimshaw LLP to obtain the federal employer identification numbers from the Internal Revenue Service.

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**NOTIFICATION OF NEW DISTRICT/INTENT TO LEVY:**

Following discussion and upon motion duly made, seconded and unanimously approved, the Boards approved the notices to the La Plata Board of County Commissioners and the County Assessor of the existence and boundaries of the Districts and the intent to levy ad valorem property taxes if approved by the electors of the Districts at the November 5, 2013 elections.

**2013 BUDGET HEARINGS:**

Mr. Dalton discussed the need for the Districts to adopt 2013 budgets and the process involved. Following discussion and upon motion duly made, seconded and unanimously carried, the Boards set the public hearings on the 2013 budgets for 2:00 p.m. on Wednesday, October 2, 2013, at the offices of Crane Leake Ehlers Bruzzese and Ehlers PC. The public hearings on the 2014 budgets will be set at a later date.

**NOVEMBER 5, 2013 SPECIAL ELECTIONS:**

Mr. Dalton reviewed the need for special elections to be held on November 5, 2013, in order for the electorate of the Districts to authorize the collection of ad valorem tax revenues, de-TABORing, and the issuance of general obligation indebtedness. Upon motion duly made, seconded and unanimously carried, the Boards approved the joint resolution calling the elections to be coordinated with La Plata County and ratify the execution of the intergovernmental agreements with the County regarding the conduct of the elections by the designated election official.

**FUNDING MECHANISMS:**

The Boards discussed potential funding mechanisms, noting the need to approve a developer reimbursement agreement and intergovernmental agreements between the Districts.

**ADJOURNMENT:**

Following discussion and upon motion duly made, seconded and unanimously approved the Board adjourned the joint organizational meeting of the Boards of Directors of the Twin Buttes Metropolitan District Nos. 1-4. The Boards noted for the record that the next joint meeting of the Boards will be a special meeting scheduled for Wednesday, October 2, 2013, being at the same time and place.

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 Board