

## RECORD OF PROCEEDINGS

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MINUTES OF THE ORGANIZATIONAL MEETING OF  
THE BOARD OF DIRECTORS OF THE  
DANCING WILLOWS METROPOLITAN DISTRICT  
HELD  
APRIL 17, 2006

The organizational meeting of the Board of Directors of the Dancing Willows Metropolitan District (referred to hereafter as "Board") was convened on Monday, the 17th day of April, 2006, at 3:00 P.M., at the offices of Remington Homes, 9468 W. 58<sup>th</sup> Avenue, Arvada, Colorado. The meeting was open to the public.

### ATTENDANCE

Directors In Attendance Were:

Charles "Regan" Hauptman, President  
William A. "Bill" Angelovic  
Steven G. Knoll

Upon motion duly made by Director R. Hauptman, seconded by Director Angelovic and, upon vote, unanimously carried, the absences of Paul "Ron" Hauptman and Holly H. Bristol were excused.

Also In Attendance Were:

Deborah D. McCoy and Lisa Johnson; Special District Management Services, Inc.

George Rowley, Esq.; McGeady Sisneros, P.C.

### ADMINISTRATIVE MATTERS

Notice of Organizational Meeting: Ms. McCoy reported that Notice of the Organizational Meeting had been posted at three places within the District boundaries, and at the Jefferson County Clerk and Recorder's Office in accordance with law, and a Notice of the Meeting posted within the District more than 24 hours prior to the Organizational Meeting, which contained the proposed agenda.

Oaths of Office and organization documents: Ms. McCoy informed the Board that a certified copy of the Findings, Order and Decree creating the District and confirming the election of the Board

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Members had been executed by the District Court and filed with the Clerk and Recorder of Jefferson County. Ms. McCoy noted that a Position Schedule Bond had been purchased for the members of the board in an amount of \$1,000 per Board Member and \$5,000 for the Treasurer, in accordance with statute and will be filed with the Jefferson County District Court and the Division of Local Government as required by law.

Ms. McCoy then noted that the Oaths of Office for all of the Directors had been taken and were filed as required.

### DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State.

Ms. McCoy noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. Attorney Rowley noted that all Directors' Disclosure Statements have been filed.

### ADMINISTRATIVE MATTERS CONTINUED

Agenda: Ms. McCoy distributed for the Board's review and approval a proposed Agenda for the District's Organizational Meeting. Following discussion, upon motion duly made by Director R. Hauptman, seconded by Director Angelovic and, upon vote, unanimously carried, the Agenda was approved.

Approval of Meeting Location: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. Following discussion, and upon motion duly made by Director R. Hauptman, seconded by Director

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Angelovic and, upon vote, unanimously carried, the Board determined that because there was not a suitable or convenient location within its boundaries to conduct this meeting, it was determined to conduct the meeting at the above-stated location. The Board further noted that notice of this location was duly posted and that they have not received any objections to the location or any requests that the meeting place be changed by taxpaying electors within its boundaries.

Special District Management Services, Inc.: The Board then considered approval of the contract for management of the District pursuant to an agreement with Special District Management Services, Inc. Following discussion, upon motion duly made by Director R. Hauptman, seconded by Director Knoll and, upon vote, unanimously carried, the Board approved the Agreement with Special District Management Services, Inc.

Engagement of Legal Counsel: The Board then reviewed the proposal from McGeady Sisneros, P.C. to act as legal counsel. Following discussion, upon motion duly made by Director Knoll, seconded by Director R. Hauptman and, upon vote, unanimously carried, the Board determined to engage McGeady Sisneros, P.C. as District counsel.

Appointment of Officers: Following discussion, upon motion duly made by Director Knoll, seconded by Director Angelovic and, upon vote, unanimously carried, the following persons were appointed to their respective positions:

Charles "Regan" Hauptman	- President
Lisa Johnson	- Secretary
Paul "Ron" Hauptman	- Treasurer
Holly H. Bristol	- Assistant Secretary
William A. "Bill" Angelovic	- Assistant Secretary
Steven G. Knoll	- Assistant Secretary

Insurance requirements (public officials' liability, general liability, workers'

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compensation): Resolution 2006-04-01 to obtain insurance coverage through the Colorado Special Districts Property and Liability Pool and join the Special District Association. The Board considered a proposal from the Special District Association for membership and coverage by the Colorado Special Districts Property and Liability Pool. Following discussion, upon motion duly made by Director Angelovic, seconded by Director R. Hauptman and, upon vote, unanimously carried, the Board adopted Resolution 2006-04-01 to join the Special District Association and obtain insurance coverage through the Pool to provide property, general liability, automobile, public officials' liability, comprehensive crime and worker's compensation insurance coverage. A copy of Resolution 2006-04-01 is attached hereto and incorporated herein by this reference.

**Agency Services Agreement with T. Charles Wilson Insurance Service.** The Board then discussed engaging T. Charles Wilson Insurance Service. Following discussion, upon motion duly made by Director Angelovic, seconded by Director R. Hauptman and, upon vote, unanimously carried, the Board authorized execution of the Agency Services Agreement with T. Charles Wilson Insurance Service.

Resolution 2006-03-02 establishing regular meeting dates, time and location and designating locations for posting of 72-hour and 24-hour notices: Following discussion, upon motion duly made by Director Knoll, seconded by Director R. Hauptman and, upon vote, unanimously carried, the Board adopted Resolution 2006-03-02 establishing meeting dates, time and location and designating locations for posting of 72-hour and 24-hour notices, a copy of Resolution 2006-03-02 is attached hereto and incorporated herein by this reference.

Directors fees: Following discussion it was determined that directors fees will not be paid.

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### FINANCIAL MATTERS

Establish operating checking account: Following discussion, the Board determined to open an operating checking account at Wells Fargo Bank. Upon motion duly made by Director Angelovic, seconded by Director R. Hauptman, any two Directors were authorized to be signers on the operating account and Special District Management Services Inc., is authorized to complete all wire transfers.

2006 Budget: The public hearing to consider the proposed 2006 Budget will be held on Monday, May 15, 2006 at 3:00 p.m.

Investment Policy: Following discussion, upon motion duly made by Director Knoll, seconded by Director R. Hauptman and, upon vote, unanimously carried, the Board established a policy authorizing investments in accordance with State statute.

### LEGAL MATTERS

Public and Executive Meeting Policy: Attorney Rowley reviewed the new requirements for recording meetings. The Board deferred discussion to the next meeting.

Indemnification Resolution No. 2006-04-03: The Board next reviewed the proposed Indemnification Resolution. Following discussion, upon motion duly made by Director R. Hauptman, seconded by Director Knoll and, upon vote, unanimously carried, the Board adopted Resolution No. 2006-04-03, providing for the defense and indemnification of Directors and employees, a copy of Resolution No. 2006-04-03 is attached hereto and incorporated herein by this reference.

Facilities Acquisition and Reimbursement Agreement: Attorney Rowley noted that a Facilities Acquisition and Reimbursement Agreement is being drafted.

2006 Operation Funding Agreement: Attorney Rowley explained the need for the Agreement. Discussion was deferred until the next meeting.

Engagement of District Financial Advisor:

