

RECORD OF PROCEEDINGS

MINUTES OF THE RECONVENED ORGANIZATIONAL MEETING
OF THE BOARD OF DIRECTORS OF THE
DANCING WILLOWS METROPOLITAN DISTRICT
HELD
MAY 15, 2006

The reconvened organizational meeting of the Board of Directors of the Dancing Willows Metropolitan District (referred to hereafter as "Board") was convened on Monday, the 15th day of May, 2006, at 3:00 P.M., at the offices of Remington Homes, 9468 W. 58th 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
Paul "Ron" Hauptman

Upon motion duly made by Director Regan Hauptman, seconded by Director Angelovic and, upon vote, unanimously carried, the absence of Holly H. Bristol was excused.

Also In Attendance Were:

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

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

Bill Swalling; Skyland Meadows Development, Ltd.

Doug Edwards; Remington Homes

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

RECORD OF PROCEEDINGS

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

Agenda: Ms. McCoy distributed for the Board's review and approval a proposed Agenda for the District's Reconvened Organizational Meeting. Following discussion, upon motion duly made by Director Regan 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 Regan Hauptman, seconded by Director 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.

Minutes: The Board reviewed the minutes of the April 17, 2006 organizational meeting. Following discussion, upon motion duly made by Director Ron Hauptman, seconded by Director Angelovic and, upon vote, unanimously carried, the Board approved the minutes of the April 17, 2006 organizational meeting.

RECORD OF PROCEEDINGS

FINANCIAL MATTERS

Claims: The Board considered approval of the payment of claims for the period ending May 15, 2006, totaling \$2,796.96.

Following discussion, upon motion duly made by Director Regan Hauptman, seconded by Director Ron Hauptman, and upon vote, unanimously carried, the Board approved payment of claims for the period ending April 17, 2006, as presented.

2006 Budget: The Chairman next opened the public hearing to consider the proposed 2006 Budget and discuss related issues.

It was noted that Notice stating that the Board would consider adoption of the budget and the date, time and place of the public hearing was posted at three locations within the boundaries of the District. No written objections were received prior to this public hearing.

No public comments were received and the public hearing was closed.

Ms. McCoy reviewed the proposed 2006 expenditures.

Following discussion, the Board considered the adoption of the Resolution to Adopt the 2006 Budget and Appropriate Sums of Money. Upon motion duly made by Director Regan Hauptman, seconded by Director Angelovic and, upon vote, unanimously carried, the Resolution was adopted and execution of the Certification of Budget was authorized. Ms. Johnson was authorized to transmit the Certification to the Division of Local Government. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

LEGAL MATTERS

Public and Executive Meeting Policy: Ms. McCoy reviewed the proposed Resolution. Following discussion, upon motion duly made by Director Regan Hauptman, seconded by Director Knoll and, upon vote, unanimously carried, the Board adopted Resolution No. 2006-05-02, providing policy

RECORD OF PROCEEDINGS

regarding recording of public and executive session meetings, a copy of Resolution No. 2006-05-02 is attached hereto and incorporated herein by this reference.

Facilities Acquisition Agreement: Attorney Rowley reviewed the proposed Facilities Acquisition Agreement. Following discussion, upon motion duly made by Director Regan Hauptman, seconded by Director Knoll and, upon vote, unanimously carried, the Board approved the Facilities Acquisition Agreement, subject to review by the developers counsel.

2006 Operation Funding Agreement: Attorney Rowley reviewed the proposed 2006 Operation Funding Agreement. Following discussion, upon motion duly made by Director Regan Hauptman, seconded by Director Knoll and, upon vote, unanimously carried, the Board approved the 2006 Operation Funding Agreement, subject to review by the developers counsel.

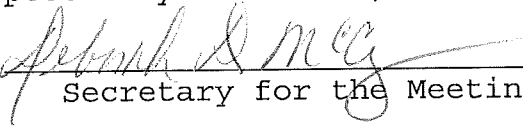
Engagement of District Financial Advisor: The engagement of Gordon Yale was discussed. Further discussion was deferred until the next meeting.

Engagement of EVO Consulting Services Inc. as Oversight Engineer: Following discussion, upon motion duly made by Director Regan Hauptman, seconded by Director Angelovic and, upon vote, unanimously carried, the Board approved the Engagement of EVO Consulting Services Inc. as Oversight Engineer.

ADJOURNMENT


There being no further business to come before the Board at this time, upon motion duly made and seconded and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By 
Secretary for the Meeting

RECORD OF PROCEEDINGS

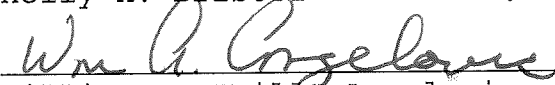
THESE MINUTES APPROVED AS THE OFFICIAL MAY 15, 2006
MINUTES OF THE DANCING WILLOWS METROPOLITAN
DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:



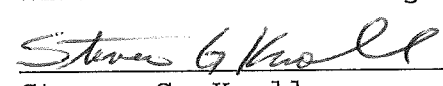
Charles "Regan" Hauptman

Paul "Ron" Hauptman

Holly H. Bristol



William A. "Bill" Angelovic



Steven G. Knoll