

**Minutes of the Regular Meeting  
Of the Board of Directors  
Reserve Metropolitan District No. 2  
January 19, 2016**

The Regular Meeting of the Board of Directors of the Reserve Metropolitan District No. 2, Gunnison County, Colorado, was held on January 19, 2016 at 12:00 noon at 318 Elk Ave. Ste. 24, Crested Butte, Colorado, in accordance with the applicable statutes of the State of Colorado.

**Attendance**

The following Directors were present and acting:

Bob Orlinski  
Peter Duke (via telephone)  
Paul Pike  
Ed Cope (via telephone)

Also in attendance were:

Randy Livingston, Bailey & Peterson, PC (via telephone)  
Jim Bailey, Bailey & Peterson, PC (via telephone)  
Steve Thompson, Thompson Financial & Accounting Services LLC (via telephone)  
Denise Devine, Attorney for Robert Orlinski (via telephone)  
Kim Seter, Seter and Vander Wall (via telephone)  
John Flanagan , Owner Lot C-16 (via telephone)  
Dee Wiser, Bond attorney  
Tom Mullans, Mullans, Piersel & Reed, PC (via telephone)  
Mary Miles, Assistant to Tom Mullans (via telephone)  
Rob Harper, Toad Property Management, Inc.

**Call to Order**

The Regular Meeting of the Board of Directors of the Reserve Metropolitan District No. 2 was called to order at 12:06 pm at which time it was noted a quorum was present. Rob Harper said that the agenda was posted in three places on January 15, 2016.

**Approval of Agenda**

Bob Orlinski requested that they change the Executive Session to the end of the meeting following all other business. There were no objections. Paul Pike made a motion to approve the agenda with the changes. Bob Orlinski seconded the motion and it was approved unanimously.

**Public Comment**

None.

**Consideration of Minutes**

Paul Pike made a motion to approve the minutes of 12/8/15 which was seconded by Peter Duke and approved unanimously.

### **Presidents Report**

Bob Orlinski recounted the checks written and deposits made since the last meeting.

\$7,034.63 - Colorado Special District Insurance Pool  
\$255.00 - CNA Surety  
\$2,713.44 – Deposit from the Gunnison County Treasurer  
\$190.12 – Colorado Special District Liability Pool  
\$11,248.28 - Mullans, Piersel & Reed, PC  
\$175.00 – Toad Property Management  
\$1,537.50 - Thompson Financial & Accounting Services LLC  
\$2,526.50 – Deposit from Gunnison County Treasurer

\$108,015.19 – Bank Balance  
\$34,413.00 – Colorado Trust  
\$765,000.00 – Bailey and Petersen Trust Account

### **Financial Report**

Steve Thompson sent out the financials through 12/30 and said that they should be finished by next week. He said that he would be sending out the 2016 budget which will just need approval to be sent to the State. Tom Mullans said that the budget had already been approved. It was approved to send this to the State.

### **Old Business**

None.

### **New Business**

Paul Pike made a motion to approve the meeting dates on the third Tuesday of every month. Bob Orlinski seconded this motion and it was approved unanimously.

Tom Mullans said that the Board has 60 days to approve a new director appointment and then the County could make the appointment and that the County has to give 30 days notice. Bob asked if anyone would volunteer and there were none. Tom said that the newly appointed member will be a director until the election. Bob provided a list from the County of qualified electors. He noted that he is not on the list and that he should be qualified regardless of the fact that he is a registered voter in Pueblo Colorado. He then said that he has applied to get the list updated.

Bob asked that Toad Property Management be the election location which Rob Harper approved. Paul made a motion to accept the election resolution with Tom Mullans as the election official. This was seconded by Ed Cope and approved unanimously.

Tom Mullans said that he has spoken with Kathy Fogo regarding the process of modifying the service plan and to petition the Town. Sam Sharpe has told them that the debt service limitation needs to be 68 mills. Tom said that he had not heard back from the Town at this time. Randy Livingston said that he spoke with Kathy Fogo and did not say that the 68 mills was approved or not approved. Bob said that what needs to be done is to determine what operating mill levy the Board needs to add to the service plan to cover operations. He said that at current valuations one mill is worth about \$10,200. Steve Thompson estimated that without the road situation resolved which could be \$30,000 the operating costs could be between \$50,000-80,0000. Jim Bailey said that if RMD2 is running the roads that there would be a regular replacement and a regular maintenance schedule. Bob Orlinski would like to provide some consideration to all of the parties and take a conservative stance with a recommendation of 10 mills. Anything after that would need to go to the Town for approval. Jim Bailey said that Sam Sharpe has made it clear that there is a separate operational mill levy as a financing requirement. Tom Mullans said that the process for the Town to modify the service plan is a minimum 60 days.

Paul Pike agrees with Bob Orlinski that the mill levy should be 10 mills. Bob Orlinski made a motion to go with a 10 mill operating levy. Paul Pike seconded this motion which was approved unanimously.

Bob Orlinski would like to present the reasons why he believes that the Board should no longer go into Executive Session.

Bob said - Tim Mueller has a significant ongoing liability. He wants to mitigate the liability by pawning it off on us. We have continually dealt with parties that have not been honorable. We have been conspired against by attorneys, accountants, the Town of Mt. CB, the developer, the County, and Compass Bank to perpetuate a fraud misrepresentation deceit and theft. We believe we have a case against District 1 for depriving the Board of their judicial powers. We currently have an obligation to Compass Bank whereby we can be taxed a maximum of 50 mills plus Gallagherization factor. We believe that we can refinance this loan with another party and subject the tax payers to a mill levy of 52-68 mills. Does it make any sense to further the developers wishes at this stage. We need to stand firm and keep the old debt with Compass if necessary. We believe all encumbered property should share in the obligation equally. All encumbered property will benefit with the lower debt. We believe the developer has more to gain by the refinance than district 2 property owners. We believe that it will be in the best interest of the developer to mitigate their ongoing liability for fraud, theft, misrepresentation and the remaining 110 property owners that have not settled with the developer in another case. We are in the final stages of a dispute and we are prepared to move forward under the current mill levy cap or under our terms. It is all or nothing in my view. We need to pursue the excluded property paying their fair share of the road use. We need to wrap this thing up once and for all, put a bow on it, and we need to deal with all of the matters and resolve them at one time or we carry on with Compass Bank with the 50 mill levy cap. There is no need for a litigation strategy session. Let's keep all of these meetings open to the public. That's my view, I don't want to go to Executive Session anymore.

Bob Orlinski made a motion to go into Executive Session to determine positions relative to matters that may be subject to negotiations, developing strategy for negotiations and instructing negotiators pursuant to §24-6-402(4)(e) C.R.S. (Ongoing litigation negotiations). Conference with an attorney for the District for the purpose of receiving legal advice on specific legal questions pursuant to §24-6-402(4)(b) C.R.S. (Ongoing litigation issues). Paul Pike seconds the motion, Jim Pike abstained from the vote and all others are in favor and the Board moves into Executive Session at 12:44 pm.

Back in public session at 1:17 pm.

Roll Call:

Bob Orlinski  
Peter Duke (via telephone)  
Paul Pike  
Ed Cope (via telephone)

Bob Orlinski made a motion to go ahead with an all or nothing proposal. Paul Pike seconded this motion which was approved unanimously.

Paul Pike made a motion to adjourn this meeting. This was seconded by Peter Duke and approved unanimously.

The meeting adjourned at 1:23 pm.

Respectfully Submitted  
Rob Harper  
Secretary for the Meeting