

**Minutes of the Regular Meeting
Of the Board of Directors
Reserve Metropolitan District No. 2
February 16, 2016**

The Regular Meeting of the Board of Directors of the Reserve Metropolitan District No. 2, Gunnison County, Colorado, was held on February 16, 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 (via telephone)
Peter Duke (via telephone)
Paul Pike (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)
Tom Mullans, Mullans, Piersel & Reed, PC (via telephone)
Mary Miles, Assistant to Tom Mullans (via telephone)
Patty Duke (via telephone)
David Baumgarten, Gunnison County Attorney's Office
Joe Otsuka, Gunnison County Attorney's Office
Gretchen Stuhr, Gunnison County Attorney's Office
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 12:03 pm at which time it was noted a quorum was present. Rob Harper said that the agenda was posted in three places on February 11, 2016.

Approval of Agenda

After a brief discussion it was decided that the appointment of Patty Duke to the Board of Directors would not be done at this meeting. Paul Pike made a motion to move agenda item K to the beginning of the meeting and approve the agenda as amended. Bob Orlinski seconded this motion and it was approved unanimously.

New Business

David Baumgarten explained that the mill levy in excess of the service plan in the first appellate case was determined to be illegal and the County has been directed to repay it. There are a series of abatement requests to the County to rebate these taxes based on the illegal mill levy plus statutory interest. David anticipates that these will be granted and that the sum to be rebated will be approximately \$1.2 million. He said that the reason that he is here today is to determine how this will be paid back. He said that there are three potential pools in which to pay this money from. First are the taxes to be paid in 2016. Second is money that the district currently has and third may be proceeds from a loan that the district is seeking. Bob Orlinski asked if there had been a decision made whether the County has the authority to intercept 2016 taxes which David said that no decision has been made.

Tom Mullans said that the debt service tax levy is dedicated to the debt of the district. David said that the County is dis-inclined to be in the middle of the debt service. David said that this rebate amount is calculated through the end of February. David wanted to make sure that the tenor of the request is to work with the District in finding a solution.

Paul Pike 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). Bob Orlinski seconds the motion, all are in favor and the Board moves into Executive Session at 12:23 pm.

The meeting returned to public session at 1:35 pm.

Roll Call:

Bob Orlinski
Peter Duke (via telephone)
Paul Pike

Public Comment

None.

Consideration of Minutes

Paul Pike made a motion to approve the minutes of 1/19/16 which was seconded by Peter Duke and approved unanimously.

Presidents Report

None

Financial Report

Steve Thompson said that all of the transactions through 12/31/15 have been recorded in the books.

Old Business

Paul Pike made a motion to approve the appointment of Patricia Duke as the new Director. This was seconded by Bob Orlinski and approved unanimously. Tom Mullans said that she will finish out the term left by Jim Pike.

Peter Duke made a motion to accept the service agreement and the settlement agreement. Paul Pike seconded this motion. Bob Orlinski said that he would like to defer his opinion until he can conference with his counsel. Tom Mullans explained that the service agreement has to do with the roads which had to be changed due to the position of the Town. The maintenance and repair will be the responsibility of RMD2 to meet Town and service plan standards. This will be financed by the mill levy or any funds available to the District. If RMD1 believes that RMD2 is not compliant then they can petition to the Town. Vote: Paul Pike – Yea, Peter Duke – Yea, Bob Orlinski – No.

Tom Mullans said that the Board needs to authorize DA Davidson to go ahead with the proposal based on approximately \$10.5 million. Bob Orlinski made a motion to go forward with the financing proposal with a cap of \$11 million. Paul Pike seconded this motion and it was approved unanimously.

Bob Orlinski made a motion to approve the amended petition to modify the service plan with the limitations of 68 mills and 10 mills which is resolution 2016-04. Paul Pike seconded this motion and it was approved unanimously.

David Baumgarten asked for action regarding the abatement. Bob Orlinski made a motion to table the discussion regarding the County's request until the next meeting. Paul Pike seconded this motion and it was approved unanimously. Tom Mullans and Bob Orlinski reiterated that the intent is that the payback will come from the new financing but more time is needed.

Bob Orlinski made a motion to pay \$400,000 to Bailey and Peterson and the remaining \$365,000 be turned over to an account in the name of the district with both Bailey and Orlinski as signers on the account. Tom Mullans said that this is not a full payment and that Bailey and Peterson have not been paid since December 1, 2015. Paul seconded the motion and it was approved unanimously.

Bob Orlinski said that he had a bill from Bailey and Peterson for \$21,000 and he did not believe that this was legitimate. It was agreed that Bob will discuss this with Jim at a later date.

Paul Pike made a motion to recess this meeting until 2/25/2016 at 12:00 noon. Bob Orlinski seconded this and it was approved unanimously.

The meeting continued on 2/25/2016 and was held at the office of Toad Property Management at 12:00 noon.

Those present:

Randy Livingston, Bailey & Peterson, PC (via telephone)
Denise Devine, Attorney for Robert Orlinski (via telephone)
Kim Seter, Seter and Vander Wall (via telephone)
Tom Mullans, Mullans, Piersel & Reed, PC (via telephone)
Mary Miles, Assistant to Tom Mullans (via telephone)
Rob Harper, Toad Property Management, Inc.

There were no Board members present to take action at this time.

Respectfully Submitted
Rob Harper
Secretary for the Meeting