

**Minutes of the Regular Meeting  
Of the Board of Directors  
Reserve Metropolitan District No. 2  
March 15, 2016**

The Regular Meeting of the Board of Directors of the Reserve Metropolitan District No. 2, Gunnison County, Colorado, was held on March 15, 2016 at 12:00 noon at 318 Elk Ave. Ste. 24, Crested Butte, Colorado, in accordance with the applicable statues of the State of Colorado.

**Attendance**

The following Directors were present and acting:

Bob Orlinski  
Peter Duke (via telephone)  
Patty Duke (via telephone)  
Paul Pike (via telephone)  
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)  
Travis Morrison, Owner Lot 10 (via telephone)  
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 12:02 pm at which time it was noted a quorum was present. Rob Harper said that the agenda was posted in three places on March 11, 2016.

**Approval of Agenda**

Bob Orlinski expressed an interest in keeping the meeting in an open forum for the entire meeting. Tom Mullans said that it was up to the Board but that there are items to be discussed that are typically held in Executive Session. Paul Pike made a motion to go into Executive Session. Peter seconded the motion and it was approved 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 voted against going into Executive Session.

The meeting returned to regular session at 1:02.

### **Public Comment**

John Flanagan asked if the Board will be voting to adopt the service plan modification or the settlement with RMD1. He said that as an owner he would like to see the Board approve these items so that they can put it behind them and move on. Tom Mullans said that the service plan amendment has been approved by the Town and is finished.

### **Consideration of Minutes**

Paul Pike made a motion to approve the minutes of 2/16/15 which was seconded by Ed Cope and approved unanimously.

### **Presidents Report**

Bob said that there was \$34,447 at Colo-Trust. There is \$365,000 held with dual signature authority by the District and Bailey and Peterson. There is \$101,187 in the operating account.

Bob Orlinski made the following comments:

1. Ask Compass Bank for an extension of time to work through this process
2. If the deal does not go through and the bank sells the loan, can we request a first right of purchase at the prospective sales price?
3. We need to examine our resources. Cash on hand, potential proceeds from the developer for their use of the roads, snow plowing, Umbrella Bar usage, CBMR usage, construction usage, etc., potential cash settlement of District 1 pending lawsuit.
4. We need opinions from Denise Devine and Tom Mullans with respect to the change in posture by Dee Wisner, bond Counsel. His original position was that we could include abatement funds in the loan obligation of the excluded property. It appears that he has reversed his position.
5. We need to evaluate our options. Can we move forward as a District, as a going concern by retaining the 50 Mill cap and keeping the Compass obligation in a non-performing status. We need to carefully examine the pros and cons of any deal that may raise the debt cap above what it is now. There are 100+ property owners that may be interested in rethinking their remedies in view of the \$2 million+ settlement paid by the developer for his fraud, misrepresentation, deceit, theft and misuse of taxpayer funds.
6. Our Board has previously resolved that this is a package deal. The developer cannot be trusted to honor his obligations. All matters open and pending need to be resolved at one time. No piecemeal Board decisions should be made, it is all or nothing. We need to keep in mind that all matters must be resolved before any RFP can go out. No lender will commit to a loan with pending litigation or unresolved matters.
7. We need to keep our perspective and not be swayed by the Towns attempt to embarrass us especially Dave Clayton and his gall comment.
  - a. Why are we here in the first place? The Town did not do their job. They allowed the exclusion without performing proper due diligence procedures. They should be held accountable for our financial demise. They should be helping, not hindering us. We are

Bob said that his position is to not sign any agreements at this time and to ask Compass Bank for additional time.

### **Financial Report**

Steve Thompson said that they are only completing quarterly reports and that there are no reports at this time.

### **Old Business**

Randy Livingston said that the Board has received documents relating to the settlement agreements. This settlement will finalize all of the ongoing litigation in Gunnison County District Court. Paul Pike makes a motion the RMD2 Board approve these agreements contingent upon the payment of \$100,000 by RMD1 to the negotiated obligation. Peter Duke seconds this motion, all are in favor except Bob Orlinski and the motion passes.

John Flanagan said that as items are finalized and settlements are reached things are falling into place so that an RFP proposal can be submitted. Tom said that all indications from Sam Sharpe are that this will work soon.

Tom Mullans said that the Town has approved the service plan modifications that will apply only to the new financing.

### **New Business**

Peter said that there was an invoice for Ed Cortis for expert witness services which is unpaid. It was agreed that this invoice will be paid immediately.

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

The meeting adjourned at 1:30 pm.

Respectfully Submitted  
Rob Harper  
Secretary for the Meeting