

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

The Regular Meeting of the Board of Directors of the Reserve Metropolitan District No. 2, Gunnison County, Colorado, was held on July 19, 2016 at 12 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:

Ed Cope (via telephone)
Peter Duke (via telephone)
John Flanigan

Also in attendance were:

Randy Livingston (via telephone)
Grant Bennet – (via telephone)
Steve Thompson – (via telephone)
Bob Orlinski
Tom Mullans, Mullans, Piersel & Reed, PC (via telephone)
Mary Miles, Assistant to Tom Mullans (via telephone)
Geri Amster, 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. Notice of the meeting was posted on July 15, 2016 in all three places. John makes a motion to approve the agenda, Peter seconds, all in favor, motion passes. Minutes from the meeting held on 6/21/16 need to be altered to read a “regular” meeting, not special. John makes a motion to approve the minutes, Peter seconds, all in favor, motion passes.

Financial Report

Financials are done quarterly so the next draft will be presented at the August meeting. Johns confirms that the bank accounts have been transferred to Bank Of The West in Crested Butte – checking and savings. Discussion about setting up a third account to receive tax receipts and then split out to fund the bonds.

Old Business

Bond issue progress – current schedule is to price them on July 28 and to close them on August 9 2016. All escrow documents are signed.

New Appointments

One vacancy. Grant Bennet is qualified, as a new purchaser, to serve. His background is real estate and civil engineering. John makes a motion to appoint Grant to the Board, Peter seconds, all in favor, motion passes. Grant's term will be a 2-year term, through 2018. Tom Mullans will handle the legality of the closing documents to include Grant's name.

New Business

The roads need attention. John sent (via email) to the Board 3 proposals - one from Cimmaron Management, a third-party company maintaining the roads for RMD1, one from SealCo (for immediate needs) and one from SGM (for long-term needs). A draft (working) budget needs to be in place before the October 15 2016 Board meeting. Talks can then take place on what do to about roads, maintenance agreements, etc. Discussion about maintaining the landscaping around the signs welcoming people to Prospect/Wildhorse; discussion regarding the definition of "landscaped areas". Tom will review the landscaping document, John will get a final SGM proposal, bring concerns to the next Board meeting.

The proposed 2015 budget needs to be amended to reflect an actual budget. The litigation-related numbers were an unknown at the time. There is an odd governmental requirement not to exceed budget so budget numbers are finalized the following Jan or Feb of the next year. John makes a motion to approve resolution 2016-9, amending the budget and fund appropriation for calendar year 2015. Peter seconds, all in favor, motion approved.

Independent Auditor Report

A requirement each year. Discussion about the look of the financial statements, what the statements are modeled after, i.e., a corporation, a governmental entity ala Gasby 34. John asks, is it normal for a district to have negative equity? Yes, states Steve, he gave an example of another district. Steve gives some explanations of the accounting, of some of the line items. It is complicated because of all the settlements. As of December 31, 2015 all the settlement numbers have been reflected. What actually comes of the bond issue, the cash, will be the payoff to Bailey & Peterson which will affect the balance sheet, states Steve. John makes a motion to approve the audit for 2015, Peter seconds, all in favor, audit approved. Steve will make sure the audit accompanies the bond issue paperwork due to the State by July 31, 2016. Steve did say later in the meeting the Auditor is able to use other procedures to confirm without Bob Orlinski's signature; Bob is named as a signer on old accounts.

Resolution 2016-10

Bank Of The West needs clarity on who is authorized to sign checks and drafts on the account, and who the officers are. John makes a motion to approve Resolution 2016-10, amending it so Grant Bennet is added as a Director. Ed seconds, all in favor, motion approved.

Both amended Resolutions were emailed to Toad for John's signatures.

Meeting adjourned at 12:55pm

Rob Harper, Toad Property Management