

APPROVED

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF
DIRECTORS

OF

CONSOLIDATED METROPOLITAN DISTRICT

Held Wednesday, the 12th day of December 2007 at 9:00 a.m. at
109 Tamarisk Trail, Battlement Mesa, Colorado.

Attendance

A special meeting of the Board of Directors of the Consolidated Metropolitan District, Garfield County, Colorado was called and held as shown above and in accordance with the applicable statutes of the State of Colorado, with the following Directors present and acting:

Bill Wilde
Fred Inman
Frank Lancaster

Bob Jasper and Sandy Yeager were also in attendance.

Call to Order

Director Inman called the meeting to order at 9:05 a.m. and established that a notice of the meeting had been posted as required by statute. Director Inman noted that a quorum was in attendance.

No potential conflict of interest disclosures were noted or filed on behalf of any of the Directors.

Golf Course and Park
Land Donation

A conference call was held with the District's attorney, Matt Dalton regarding Battlement Mesa Partner's offer of their donation of the golf course and park land to the District. Director Wilde stated that he sees it structured so that the District would acquire all real property, water rights, easements, water storage rights and all trade equipment to include kitchen equipment and the built-in desk in the pro shop. He does not see us acquiring inventory of the pro shop or kitchen, golf carts or maintenance equipment. Director Wilde also suggested that the District ~~has~~ ^{have} language in the contract that the facility will be maintained at the current level over the course of the agreement. The District would also need to carry general liability insurance for the facility. Matt Dalton mentioned that Director Wilde had laid out all the issues. He stated that this process would be similar to the dissolution of Battlement Mesa Metropolitan District, with the District accepting private property.

The District would be entering into an agreement which would include upkeep, maintenance, operations and revenues. Director Inman reported that Eric Schmela from Battlement Mesa Partners would like easement accessibility from the Fairways subdivision to the golf course. District Manager Bob Jasper mentioned that BMP would like the agreement completed by January 1, 2008. Director Inman stated that a preliminary agreement could be put together by year-end for BMP's tax purposes. Matt Dalton will outline an operating agreement to get things started. Mr. Dalton mentioned that there are some things that need to be looked into within the next few days: 1) financials of both BMP and the current operator for the golf course; 2) the lease agreement between BMP and the current operator; 3) title work for the property. Matt Dalton asked the Board what exit strategy they would like for the current operator and Director Inman suggested there be no restrictions. Director Wilde asked: 1) does the mortgage debt need to be paid before closing; 2) do we address capital improvements in the agreement and does the District have the ability to participate in these decisions; 3) does the District get to address rates, discounts, etc. and Mr. Dalton's response was yes to all three questions. Regarding the insurance issue, Mr. Dalton stated that BMP would need to have liability coverage and add the District as additional insured. BM Golf Course should have coverage for all buildings and equipment. Regarding the term of the agreement, the general consensus of the Board was a term of five to ten years. Beyond that is too long. The conference call with Matt Dalton concluded at 9:40 a.m. It was the consensus of the Board to continue with negotiations with BMP on the donation of the golf course to the District and to not pursue donation of the park land. The Board believes the park land would be better with the Parachute Parks and Recreation District. Director Wilde asked Mr. Jasper to be in touch with Eric Schmela for the financial statements and title commitment within the next two days. Director Wilde also suggested that Mr. Jasper mention to Mr. Schmela that the District is interested in a five to ten year lease agreement and not twenty to forty years. Director Inman suggested that if BMP wants to go longer, perhaps it could be done in five year increments.

2007 Audit

A discussion about changing auditors for this year's audit was held. Accounting Manager Sandy Yeager was asked her opinion about changing from McMahan and Associates, L.L.C. to Dalby, Wendland & Company, P.C.. She reported that although there were a few problems with McMahan last year, after speaking with Dan Cudahy and being reassured that these problems have been taken care of, she is still most comfortable with them. She also

mentioned that she felt she could keep the cost at the lower end of their range of \$13,500 - \$16,500, which compared to Dalby's quote of \$18,400. District Manager Jasper stated that he remains with his recommendation to change to Dalby, Wendland. A motion was made by Director Wilde to retain the services of McMahan and Associates, L.L.C. for the 2007 audit; Director Lancaster seconded the motion and the motion carried unanimously.

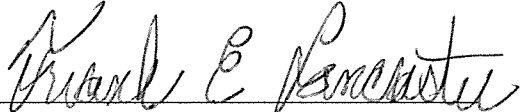
Other Business

Director Inman reminded the Board that the annual review for District Manager Jasper will be held at the December regular meeting.

Adjournment

There being no further business to come before the Board, and upon motion made by Director Wilde and seconded by Director Lancaster and unanimously carried, the meeting was adjourned at 10:20 a.m.

The foregoing constitutes the true and correct minutes of the above referenced meeting and was approved by the Board of Directors of the Consolidated Metropolitan District on the 27th day of December, 2007.


Secretary