

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF ALPENSEE WATER DISTRICT

Held: Tuesday, the 10th day of August, 2000, at 5:00 p.m. at the offices of Farmer's Korner Mobile Home Park, 16195 Highway 9, Breckenridge, Summit County, Colorado.

Attendance

At a special meeting of the Board of Directors of the Alpengsee Water District, Summit 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:

Lori Cutunilli, President
Laurence E. Smith, Vice President
Travis A. Smith, Treasurer
Joseph E. Dismont, Jr.

Absent: Kevin R. Smith, absence excused.

Also present were: Bob Broom of American Fronteer; and Norman F. Kron, Jr. of Grimshaw & Harring, P.C.

Call to Order/ Roll Call

With the consent of the Board, Director Laurence Smith noted that a quorum existed for the purpose of conducting business and called the meeting to order.

Disclosure of Potential Conflicts of Interest

The Board noted that written statements disclosing potential conflicts of interest had been filed on behalf of the members of the Board with the Secretary of State and Secretary of the District at least 72 hours in advance of this meeting and verbally disclosed the same, to wit:

Lori Cutunilli is currently employed by Farmers Korner Mobile Home Park, Inc.

Laurence E. Smith is the developer/manager of Farmers Korner, Inc. Developer of Highland Meadows and Alpengsee Subdivision III, Farmers Korner Mobile Home Park.

Travis A. Smith

Joseph E. Dismont, Jr.

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President Cutunilli asked the members of the Board and those present for any additional information they may have concerning potential conflicts of interest. There was none.

Bond Matters

Mr. Broom described American Fronteer's efforts to sell the bonds. Another prospective buyer will tour the development on Monday. He anticipates closing sometime next week, although the exact date of closing will not be known until a buyer is identified and the terms of the deal determined.

**Water System
Acquisition**

The Board discussed the proposed acquisition of the water system serving District. Because the system is not yet complete, the District would be acquiring a work in progress along with the easements, real property, and the plant equipment constructed to date. Director L. Smith informed the Board that the proposed letter of credit bank for the bond issue has requested that the District commit to the purchase of 1,000 square feet in the Alpensee III Subdivision to house its facilities that are to be located in that building. In addition, the bank has requested that if there is a drawn upon the letter of credit, that tap fees be committed to pay the letter of credit bank for the amount so drawn. The Board discussed these two requests by the letter of credit bank. Mr. Broom will discuss the letter of credit requirements with the bank tomorrow.

Following discussion, on motion duly made, seconded, and unanimously approved, the Board authorized, subject to the sale of the bonds and certification of the value of the building, the purchase of 1,000 square feet of the building as part of the water system.

The Board discussed the need for minimum monthly in-use charges for the water system to pay the costs of operations. Following discussion, on motion duly made, seconded, and unanimously approved, the Board authorized the use of increases in water rates to the extent needed to pay the Series 2000 Limited Tax Bonds in the event that property tax and tap fee revenues are insufficient to make bond payments.

Director L. Smith will provide Mr. Kron copies of a water system map and legal descriptions as needed for the roads and water system.

District Operations

The Board discussed employment of an operator for the water system. President Cutunilli is currently taking classes to become certified as an operator; and, after she leaves the Board, may be employed as the District Manager and Plant Operator.

Insurance

The Board discussed the need for liability insurance and property damage

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insurance for the water system. President Cutunilli will follow up with the Special District Insurance Pool to obtain the needed coverage.

Employment of
Accountant

Following discussion, on motion duly made, seconded, and unanimously approved, the Board authorized the engagement of Mr. Paul Goedecke to prepare the budget and do bookkeeping for the District. Mr. Kron was directed to contact him concerning the engagement.

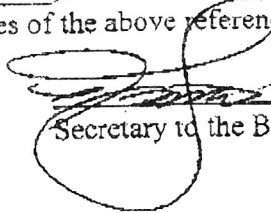
Proposed
Constitutional
Amendments

The Board discussed the impacts of the proposed Tax Cut 2000 and Growth Initiative on the District. The Board tabled the discussion concerning a possible election concerning Tax Cut 2000 until a future meeting.

Adjournment

There being no further business to come before the Board at this time, on motion duly made, seconded, and unanimously approved, the meeting was adjourned.

The foregoing minutes were approved by the Board of Directors on the 31st day of Aug, 2000. The foregoing constitutes a true and correct copy of the minutes of the above referenced meeting.


Secretary to the Board