

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

HELD: Wednesday, December 11, 2002, at 5:00 p.m. at
Farmer's Korner Mobile Home Park, Manager's
Office, 16195 Highway 9, Frisco, Colorado

ATTENDANCE:

A special meeting of the Board of Directors of 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:

Joseph E. Dismont, Jr., President
Laurence E. Smith, Vice-President
Kevin R. Smith, Secretary
Travis A. Smith, Treasurer

Board members absent: none. There is one vacancy on the Board.

Also present was Lori Cutunilli, District Manager.

CALL TO ORDER:

Director Dismont noted that a quorum was present for the purpose of conducting a meeting of the Board of Directors and called the special meeting of the Board of Directors of the Alpengsee Water District to order.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST:

Director Dismont noted that general disclosure statements had been filed on behalf of the members of the Board of Directors with the Office of the Colorado Secretary of State and with the Secretary of the District on July 12, 2001, and verbally disclosed the same, to wit:

Laurence E. Smith is the developer/manager of Farmers Korner, Inc., Developer of Highland Meadows and Alpengsee Subdivision III, and Farmers Korner Mobile Home Park.
Kevin R. Smith is the son of Laurence E. Smith.
Joseph E. Dismont, Jr. is the son-in-law of Laurence E. Smith.

Upon motion duly made, seconded and unanimously carried, the Board directed that said general disclosures be attached to these minutes and incorporated herein by this reference.

ELECTION OF OFFICERS:

Following discussion and the receipt of nominations, upon motion duly made, seconded and unanimously approved, the Board appointed the following as officers of the District:

Chairman and President: Joseph E. Dismont,
Jr.

Vice-President: Laurence E. Smith

Secretary: Kevin R. Smith

Treasurer: Travis A. Smith

APPROVAL OF MINUTES:

The Board reviewed the minutes of the special meeting of the Board held on November 12, 2001. Following discussion and upon motion duly made, seconded and unanimously carried, the Board approved the minutes and authorized the Secretary of the District to execute the minutes as constituting true and correct records of the proceedings of the meeting.

DESIGNATION OF OFFICIAL POSTING LOCATION:

Following discussion, upon motion duly made, seconded and unanimously carried, the Board approved the location of Building 3, Unit D, Highland Meadows Business Park, 105 Alpanse Loop, Frisco, Colorado, as the official posting location within the boundaries of the District for the posting of notices of meetings of the Board of Directors, pursuant to Section 24-6-402(2)(c), C.R.S., as amended.

2003 BUDGET:

Director Dismont declared the public hearing on the 2003 budget opened. The Board noted that the notice of the public hearing had been published in accordance with Colorado Statutes. No members of the public were present. Upon motion duly made, seconded and unanimously carried, the Board closed the public hearing on the 2003 budget.

The Board reviewed the 2003 budget. Following discussion of the budget as proposed, Ms. Cutunilli presented for the Board's

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consideration a form of resolution indicating the adoption of the budget as shown, appropriation of the funds as shown and certification of the levies required to generate the tax revenues as shown. Upon motion duly made, seconded and unanimously carried, as memorialized in the 2003 Budget Proceedings attached hereto and made a part of these minutes, the Board (1) approved and adopted the 2003 Budget as presented, (2) approved and adopted the mill levy as indicated in the resolution within said Proceedings, subject to potential adjustment based on final assessed valuation from the counties, (3) authorized the President, and the Secretary to sign the necessary documentation, and (4) directed Grimshaw & Harring, P.C. to submit the certification of the tax levies to the Board of County Commissioners of Summit

FINANCIALS:

The Board reviewed financial reports and disbursements. Following discussion and upon motion duly made, seconded and unanimously carried, the Board accepted the financial reports and approved the disbursements.

AUDIT REPORT:

The Board reviewed the audited financial statements for the fiscal year ended December 31, 2001. Upon motion duly made, seconded and unanimously carried, the Board accepted the audit report as presented.

ENGAGEMENT OF AUDITOR:

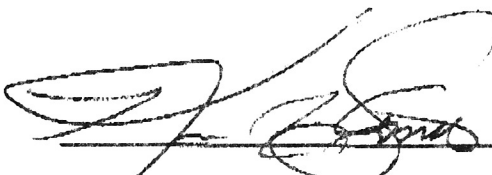
Upon motion duly made, seconded and unanimously carried, the Board approved the engagement of Robert L. Hoerr, CPA, as the auditor for the 2002 audit report.

ADJOURNMENT:

There being no further business to come before the Board and upon motion duly made, seconded and unanimously carried, the meeting was adjourned.

The foregoing minutes constitutes a true and correct copy of the minutes of the above-referenced meeting and was approved by the Board of Directors of the Alpensee Water District.

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Secretary of the District