

RECORD OF PROCEEDINGS

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

HELD: Wednesday, December 10, 2003, 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

Board members absent: Travis A. Smith, excused. 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 incorporated herein.

RECORD OF PROCEEDINGS

December 10, 2003

Alpensee Water District

Page 2

APPROVAL OF MINUTES:

The Board reviewed the minutes of the special meeting of the Board held on December 11, 2002. 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 and upon motion duly made, seconded and unanimously carried, the Board approved the continued use of Building 3, Unit D, Alpensee III (previously Highland Meadows Business Park), 105 Alpensee 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.

2004 BUDGET

Director Dismont declared the public hearing on the 2004 budget opened. The Board noted the notice of the public hearing had been published in accordance with statutory requirements. There being no public comment, the public hearing was closed.

The Board reviewed the 2004 budget. Following discussion of the budget as proposed, Ms. Cutunilli presented for the Board's 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 2004 Budget Proceedings attached hereto and made a part of these minutes, the Board (1) approved and adopted the 2004 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 county, (3) authorized the President and the Secretary to sign the necessary documentation, and (4) directed Grimshaw & Haring, P.C. to submit the certification of the tax levies to the Summit County Board of County Commissioners.

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.

RECORD OF PROCEEDINGS

December 10, 2003

Alpensee Water District

Page 3

AUDIT REPORT:

The Board reviewed the audited financial statements for the fiscal year ended December 31, 2002. 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 continued engagement of Robert L. Hoerr, CPA, as the auditor for the 2003 audit report.

MAY 4, 2004 REGULAR ELECTION:

Ms. Cutunilli presented for the Board's consideration a resolution calling the May 4, 2004 regular election, noting that the terms of office for Director Travis Smith and one vacancy will be open for election in May. Upon motion duly made, seconded and unanimously carried, the Board adopted the resolution as presented.

NEW BUSINESS:

Director Laurence E. Smith advised the Board that the Alpensee III Business Park property is under a contract to purchase, noting that originally, the property was to have four mixed use buildings (commercial & residential condos) with eight units in each building for a total of 32 units, and that the buyer is applying to build 19 homes versus the three additional buildings currently planned. The Board and the District Manager reviewed the costs of the District to provide service to the proposed homes and funding needs of the District given the change in density. The Board found that a tap fee of \$7,500 per unit is rationally and reasonably related to the overall cost of providing water service and would be both fair and nondiscriminatory. Following discussion and motion duly made, seconded and unanimously carried, the Board approved tap fees of \$7,500 per unit for the new residential development of Alpensee III.

ADJOURNMENT:

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

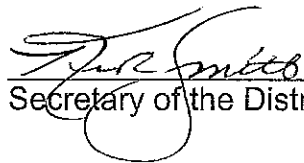
RECORD OF PROCEEDINGS

December 10, 2003

Alpensee Water District

Page 4

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.


Secretary of the District