

RECORD OF PROCEEDINGS

SPECIAL MEETING OF THE BOARD OF DIRECTORS ALPENSEE WATER DISTRICT

HELD: Monday, December 15, 2005, at 9:00 a.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 Alpensee 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 (via telephone conferencing)
Kevin R. Smith, Secretary
Travis Smith, Treasurer

There were no directors absent. 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 Alpensee Water District to order.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST:

The Board 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, and verbally disclosed the same, to wit:

Laurence E. Smith is the developer/manager of Farmers Korner, Inc., developer of Highland Meadows and Alpensee 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.

Travis Smith is the grandson of Laurence E. Smith.

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Upon motion duly made, seconded and unanimously carried, the Board directed that said general disclosures be incorporated herein.

APPROVAL OF MINUTES:

The Board reviewed the minutes of the special meeting of the Board held on December 6, 2004. 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 a location next to the entrance sign to Highland Meadows subdivision at the intersection of Alpensee Drive and Alpensee Road, Breckenridge, 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.

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 ratified and approved the disbursements.

AUDIT REPORT:

The Board reviewed the audited financial statements for the fiscal year ended December 31, 2004. Upon motion duly made, seconded and unanimously carried, the Board accepted the audit report as presented.

The Board noted that an Application for Exemption from Audit will be filed for 2005.

2006 BUDGET:

Director Dismont opened the public hearing on the proposed 2006 budget. The Board noted that notice of the public hearing had been published in accordance with statutory requirements. Ms. Cutunilli distributed for review the proposed budget prepared by Paul

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Goedecke, District Accountant. Following discussion and upon motion duly made, seconded and unanimously carried, the public hearing on the 2006 budget was closed.

Ms. Cutunilli distributed 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. Following discussion and upon motion duly made, seconded and unanimously carried, the Board (1) approved and adopted the 2006 Budget as presented, (2) approved and adopted the mill levy as indicated within said resolution, (3) authorized the President to sign the necessary documentation, and (4) directed Grimshaw & Haring, P.C. to submit the certification of the tax levies and the 2006 budget as required. The Board further directed that the Resolution adopting the 2006 budget be attached to these minutes and incorporated herein by this reference.

MAY 2, 2006 REGULAR ELECTION:

Ms. Cutunilli distributed for the Board's review and approval a resolution concerning the regular election to be held May 2, 2006. Following discussion and upon a motion duly made, seconded and unanimously carried, the Board approved the resolution concerning the regular election to be held May 2, 2006.

Joseph E. Dismont, Jr.: position open for a 4-yr term

Laurence e. Smith: position open for a 4-yr term

Kevin R. Smith: position open for a 4-yr term

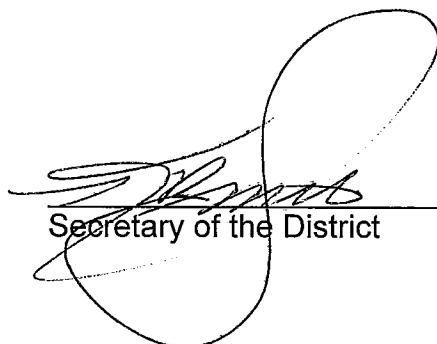
Vacancy: position open for a 2-yr term

The Board discussed the current vacancy on the Board, noting homeowner Warren Hancock's interest in becoming a Board member.

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.


Secretary of the District