

RECORD OF PROCEEDINGS
BUTTERMILK METROPOLITAN DISTRICT
August 18, 2011

A regular meeting of the Board of Directors of the Buttermilk Metropolitan District, in the County of Pitkin, State of Colorado, was held at 0197 Prospector Road, Suite 2105, Aspen, Colorado, on August 18, 2011, at 8:30 a.m. with the following persons present and acting:

Directors Present:	Joyce Amico, President Jeff Yusem, Vice-President Charles Malkemus, Treasurer Tom Sando, Secretary
Members Of the Public:	Gary L. Beach, District Manager Arnold Kaplan, Grimshaw and Harring by telephone Alan Matlosz, George K. Baum and Company by telephone
Call to Order	Director Amico called the meeting to order at 8:32 a.m. and a quorum of Directors was declared present.
Notice	Mr. Beach advised the Board that the meeting was properly noticed. He stated that a copy of the notice would be attached to the minutes from this meeting.
Approval of Agenda	Upon a motion made by Dir. Malkemus, and seconded by Dir. Yusem, the proposed agenda was approved unanimously by voice vote.
Approval of Prior Meeting Minutes	Dir. Malkemus moved to approve the May 19, 2011, meeting minutes as presented. Dir. Sando seconded the motion and it passed by unanimous voice vote.
Conflict of Interest Statements	Mr. Beach stated the primary purpose of the meeting was to discuss refunding the District's outstanding 2003 General Obligation bonds and reissue debt to pay off those bonds at a lower interest rate creating a net present value savings to the District. He asked all board members if they had any conflict of interest that would prevent them from considering and taking action the proposed resolution. All members of the Board replied they had no conflicts.
Recall and Reissue Of BMD 2003 General Obligation Bonds	Mr. Kaplan provided a detailed explanation to the Board regarding the refunding of the outstanding bonds, including an explanation of the Bond Purchase Agreement, the Refunding Escrow Agreement, the Paying Agent and Registrar Agreement, and the Bond Resolution. The Board asked numerous questions of Mr. Kaplan and received detailed answers to each. Mr. Matlosz was asked about potential savings associated with the recalling of 2003 General Obligation Bonds and re-issuing new debt. Mr. Matlosz indicated that the bond market was responding favorably to the District's proposed sale and as of this date it appears that not only will the District benefit from a lower interest rate at the time of sale but the sale should result in a net savings to the District exceeding the earlier

estimate of \$265,000. Mr. Matlosz opined that the savings may be near \$300,000 in net-present-value over the life of the debt. This was the third discussion of the refinancing held by the Board and several final questions were asked of Mr. Matlosz. Mr. Beach remarked that Standard and Poor's rated the District as an A+ risk and bond insurance no longer appears necessary and this would save the District extra funds.

The Board asked Mr. Matlosz about the cost of issuance, underwriting fees, and paying agent fees and this was explained. Mr. Matlosz also suggested that the District could sell additional debt to pay for the costs of the District's participation in the bond sale, but after a brief discussion, the Board decided against it.

Motion: Upon a motion made by Dir. Malkemus and seconded by Dir. Yusem, the Board unanimously approved the refunding of the 2003 General Obligation Bonds and the sale of 2011 Bonds so long as the total reissuance did not exceed \$3,000,000 and the savings to the District was not less than \$275,000.

Motion: Upon a motion made by Dir. Malkemus and seconded by Dir. Sando, the Board authorized the bond documents to be executed by the President and the Secretary of the Board.

Motion: Upon a motion made by Dir. Malkemus and seconded by Dir. Sando, the Board voted 3-0 to approve appointing Dir. Yusem to the position of Board Secretary in addition to his current position as Vice-president. Dir. Yusem agreed to serve in this capacity but abstained from the vote.

Dir. Yusem asked when the bond sale would occur and Mr. Matlosz replied that it may be as early as Tuesday, August 23, 2011. At this point Messrs Kaplan and Matlosz left the meeting and the Board and the manager discussed miscellaneous issues related to the new water supply, roads, a replacement for Dir. Sando who wishes to resign from the Board. Dir. Sando agreed to stay on the Board until a new Board member can be located. The Board thanked Dir. Sando for his eleven year involvement on the Board.

Future Meeting Mr. Beach suggested that a future meeting would best be set by email.

Adjournment There being no further business to come before the Board of Directors, Dir. Sando moved to adjourn the meeting at 10:02 a.m. The motion was seconded by Dir. Yusem and approved by unanimous voice vote.

The foregoing minutes constitute a true and correct copy of the minutes of the above-referred meeting and were approved by the Board of Directors of the Buttermilk Metropolitan District.

Date of Approval

Gary Beach, Manager
Buttermilk Metropolitan District

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