
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting of the Board of Directors of Headwaters Metropolitan District February 20, 2013

The Regular Meeting of the Board of Directors of the Headwaters Metropolitan District, Town of Granby, Grand County, Colorado, was held at the Grange Hall at Granby Ranch, 998 Village Road, Town of Granby, Grand County, Colorado, in accordance with State law.

Attendance The following Directors were present and acting:

- Kyle Harris
- Julie Krueger
- Marylane Packer
- Lance Badger

Also in attendance were:

- Clint Waldron, Esq. White, Bear and Ankele, PC (via phone)
- Eric Weaver, Robertson & Marchetti, P.C. (via Phone)
- Kathy Lewensten, Robertson & Marchetti, PC (via Phone)
- Rusty Thompson, Granby Realty Holdings
- Marise Cipriani, Granby Realty Holdings

Call to Order and Declaration of Quorum

The Meeting of the Board of Directors of the Headwaters Metropolitan District (HWMD) was called to order by Director Harris at 10:00 a.m. noting a quorum was present.

Disclosure of Potential Conflicts of Interest

The directors reviewed the agenda for the meeting, following which each director confirmed the contents of any written disclosure previously made, stating the fact and summary nature of any matters as required under Colorado law to permit official action to be taken at the meeting. Each director also confirmed that nothing appeared on the agenda for which disclosure certificates had not been filed. The Board noted, for the record, that these disclosures are restated at this time with the intent of fully complying with laws pertaining to potential conflicts. Additionally, the Board determined that participation by the directors with potential conflicts of interest was necessary to obtain a quorum or otherwise enable lawful action to occur.

Consideration of Agenda

Mr. Waldron requested the addition of the Resolution Designating the 24-hour Posting Location under the consent agenda.

Consent Agenda

The items on the consent agenda were:

RECORD OF PROCEEDINGS

Headwaters Metropolitan District February 20, 2013 Meeting Minutes

- Approval of Accounts Payable
- Ratify Eleventh through Fourteenth Addendums to Construction and Funding Agreement (2012)
- Ratify First Addendum to Construction and Funding Agreement (2013)
- Ratify Independent Contractor Agreements as listed
- Approval of the Resolution Designating the 24-hour Posting Location

The Board considered a motion to approve the consent items. By motion duly made and seconded it was unanimously

RESOLVED to approve and ratify items on the consent agenda.

Minutes

The Board reviewed the minutes of October 23, 2012 and December 27, 2012. Several revisions to the December 27th minutes were presented and discussed. By motion duly made and seconded it was unanimously

RESOLVED to approve the October 23, 2012 as presented and the December 27, 2012 minutes as revised.

Final Acceptance

Director Harris reported the District has received a request from NVH for final acceptance of the roadway and storm water improvements for Filing 1B, Phase 1 (Tall Timbers) and Filing 2B, Phase 1 (Fairway Cabins). He stated the two year warranty period has expired and the District engineer recommends approval. The District will require Bills of Sale for the improvements. Since construction will be ongoing the District will also require a letter agreement which addresses responsibility for repairs for any damage caused by the construction activities of NVH. Director Harris noted a Bill of Sale for Filing 2B Phase 1 improvements has been received. Draft resolutions had been provided to the Board via e-mail. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the Resolution Regarding Final Acceptance of Improvements for Filing 2B Phase 1 upon receipt of the Letter Agreement, which is hereby attached to become part of the minutes, and

FURTHER RESOLVED to approve the Resolution Regarding Final Acceptance of Improvements for Filing 1B Phase 1 upon receipt of the Bill of Sale and the Letter Agreement, which is hereby attached to become part of the minutes.

RECORD OF PROCEEDINGS

Headwaters Metropolitan District February 20, 2013 Meeting Minutes

Initial Acceptance

Director Harris stated NVH has also requested initial acceptance for improvements within Filing 1B, Phase 2 (Tall Timbers). The two year warranty period will begin with the initial acceptance. A draft resolution had been provided to the Board via e-mail. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the Resolution Regarding Initial Acceptance of Improvements for Filing 1B, Phase 2 which is hereby attached to become part of the minutes.

Executive Session

The Board determined that an Executive Session was not necessary.

Legal

Mr. Waldron noted there were no other legal matters for consideration at today's meeting.

Financial Statements

Mr. Weaver presented the preliminary December 2012 financial statements. Director Krueger and Mr. Weaver briefly presented the revisions that will be needed in the 2013 budget as it relates to the new Lease Purchase Agreement fund. Upon motion duly made and seconded it was unanimously

RESOLVED to approve the preliminary December 2012 financial statements.

Future Meetings

The next regular meeting is scheduled for Wednesday, May15, 2013 at the same time and location.

Public Comment

No public comment was offered.

Adjournment

Upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn the meeting of the Headwaters Metropolitan District this 20th day of February, 2013.

Respectfully submitted,
/s/ Kathy Lewensten

Kathy Lewensten
Secretary for the Meeting

**RESOLUTION OF
THE BOARD OF DIRECTORS OF
HEADWATERS METROPOLITAN DISTRICT
REGARDING FINAL ACCEPTANCE OF IMPROVEMENTS FOR
FILING 2B, PHASE 1**

WHEREAS, pursuant to an order of the District Court in and for Grand County, Colorado, Headwaters Metropolitan District ("Headwaters" or "District") has been duly and validly organized as a metropolitan district in accordance with Colorado law; and

WHEREAS, pursuant to the *District Facilities Construction and Service Agreement*, dated June 1, 2006, (the "Master IGA"), Headwaters and Granby Ranch Metropolitan District agreed that the public improvements located within the Granby Ranch development (the "Development"), specifically including, but not limited to, roads and associated road improvements, will be owned, operated and maintained by Headwaters in accordance with the terms of the Master IGA; and

WHEREAS, Village Homes has constructed certain street, storm sewer and drainage improvements within the Development, as shown in Exhibit A, attached hereto and incorporated herein by this reference (collectively, the "Improvements"), which Improvements are to be accepted by Headwaters for ownership and maintenance; and

WHEREAS, Village Homes has requested that Headwaters finally accept the Improvements; and

WHEREAS, in a resolution dated November 28, 2007 ("Initial Acceptance Resolution"), Headwaters issued "Initial Acceptance" of the Improvements subject to certain conditions; and

WHEREAS, Village Homes has satisfied or has agreed to satisfy all requirements and conditions as set forth in the Initial Acceptance Resolution; and

WHEREAS, Headwaters has determined that "Final Acceptance" of the Improvements by Headwaters is in the best interests of the District, and its respective taxpayers, property owners, and residents.

NOW, THEREFORE, the Board of Directors of Headwaters Metropolitan District hereby RESOLVES as follows:

1. Headwaters hereby issues its Final Acceptance of the Improvements subject to: (i) receipt of a Bill of Sale for the Improvements in a form acceptable to Headwaters, and (ii) execution of a letter agreement in a form satisfactory to Headwaters addressing (a) future damages to District infrastructure or property due to ongoing construction activities of Village Homes, and (b) indemnification.

2. Upon satisfaction of the requirements set forth above, this resolution shall be deemed to be the certificate of Final Acceptance of Headwaters, and the Improvements specified in Exhibit A shall be deemed approved and accepted by Headwaters.
3. If any clause or provision of this Resolution is adjudged invalid and/or unenforceable by a court of competent jurisdiction or by operation of any law, such clause or provision shall not affect the validity of this Resolution as a whole, but shall be severed herefrom, leaving the remaining terms intact and enforceable.

Signature page follows.

RESOLVED AND ADOPTED this 20th day of February, 2013.

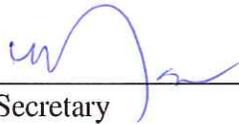
**HEADWATERS METROPOLITAN
DISTRICT**, a quasi municipal corporation and
political subdivision of the State of Colorado

President



ATTEST:

Secretary



*Signature Page to Resolution of the Board of Directors of Headwaters Metropolitan District
Regarding Final Acceptance of Improvements for Filing ~~1b~~, Phase 1*

2b

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EXHIBIT A

EXHIBIT A

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS that VILLAGE HOMES OF COLORADO, INC., hereinafter referred to as "Grantor," for good and valuable consideration, the receipt of which is hereby acknowledged, paid by HEADWATERS METROPOLITAN DISTRICT, whose address is 28 Second Street, Ste. 213, P.O. Box 600, Edwards, CO has bargained and sold, and by these presents, does grant and convey unto HEADWATERS METROPOLITAN DISTRICT, its successors and assigns, all of its right, title and interest in the improvements constructed pursuant to the listing on Exhibit 1, attached hereto and incorporated herein (the "Improvements") and all as-built plans and documents associated with the provision of the Improvements.

TO HAVE AND TO HOLD the same unto HEADWATERS METROPOLITAN DISTRICT, its successors and assigns forever; and Grantor, its successors and assigns, shall warrant and defend the title to the Improvements against all and every person or persons claiming by, through or under Grantor.

IN WITNESS WHEREOF, Grantor, by and through its authorized representatives, hereby executes this Bill of Sale and sets its seal as of this 13th day of November, 2007.

Village Homes of Colorado, Inc.

By: [Signature]
Name: Ron E. Hettinger
Title: Vice President

STATE OF COLORADO)
) ss.
COUNTY OF Arapahoe)

Acknowledged and subscribed to before me this 13th day of November, 2007 by Ronald E. Hettinger, the Vice President of Village Homes of Colorado, Inc.

Witness my hand and official seal.

Christine R. Ehnstrom My commission expires: 7/7/2010
Notary Public



**EXHIBIT 1
To Bill of Sale
IMPROVEMENTS**

SUBDIVISION INFRASTRUCTURE FOR GRANBY RANCH - FILING No. 2B - PHASE 1

ITEM #	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	ESCROW AMOUNT	AMOUNT COMPLETED
PHASE I						
1. ROADWAYS						
1.	Street Lights	3	E.A.	\$1,500.00	\$4,500	\$4,500
2.	SUBGRADE PREP	8,041	S.Y.	\$1.75	\$14,072	\$14,072
3.	8" BASE COURSE (CLASS 6) **	64,330	S.Y.-IN.	\$0.75	\$48,248	\$48,248
4.	ASPHALT PAVING (4") **	30,537	S.Y.-IN.	\$2.50	\$76,343	\$76,343
5.	SIGNS	8	EA.	\$150.00	\$1,200	\$1,200
6.	GRUBBING CLEARING	12	AC.	\$800.00	\$9,600	\$9,600
7.	FINISH ROAD GRADING	2,954	L.F.	\$5.00	\$14,770	\$14,770
8.	4" MOUNTABLE CURB	5,908	L.F.	\$10.00	\$59,080	\$59,080
				SUBTOTAL	\$227,813	\$227,813
2. STORM SEWER						
1.	36" RCP (2)	168	L.F.	\$60.00	\$10,080	\$10,080
2.	30" RCP (2)	262	L.F.	\$50.00	\$13,100	\$13,100
3.	24" RCP (3)	320	L.F.	\$40.00	\$12,800	\$12,800
4.	18" RCP (4)	81	L.F.	\$35.00	\$2,835	\$2,835
5.	36" FES	1	EA.	\$1,025.00	\$1,025	\$1,025
6.	30" FES	4	EA.	\$850.00	\$3,400	\$3,400
7.	24" FES	2	EA.	\$750.00	\$1,500	\$1,500
8.	18" FES	3	EA.	\$700.00	\$2,100	\$2,100
9.	60" STORM SEWER MANHOLE	3	EA.	\$2,500.00	\$7,500	\$7,500
10.	STORMWATER POND	3	EA.	\$6,000.00	\$18,000	\$18,000
11.	RIPRAP W/BEDDING	55	C.Y.	\$100.00	\$5,500	\$5,500
12.	5' TYPE R INLET	2	EA.	\$3,000.00	\$6,000	\$6,000
13.	10' TYPE R INLET	0	EA.	\$4,500.00	\$0	\$0
14.	15' TYPE R INLET	2	EA.	\$5,500.00	\$11,000	\$11,000
15.	MODIFIED TYPE C INLET	3	EA.	\$2,500.00	\$7,500	\$7,500
				SUBTOTAL	\$102,340	\$102,340

HEADWATERS METROPOLITAN DISTRICT

February 20, 2013

NVH WIP LLLP
Village Homes
8480 E. Orchard Road
Suite 1000
Greenwood Village, CO 80111

**Re: Letter Agreement Regarding Final Acceptance
Granby Ranch Filing 2B – Phase 1 and Filing 1B – Phase 1**

This letter serves to confirm the mutual understanding and agreement between NVH WIP LLLP, a Colorado limited liability limited partnership, dba Village Homes, including its successors and assigns (“Village Homes”) and Headwaters Metropolitan District (the “District”) regarding final acceptance of certain improvements within Filing 2B – Phase 1 and Filing 1B – Phase 1.

In particular, this letter agreement addresses (i) future damage to District infrastructure or property (collectively, the “District Property”) due to ongoing construction activities of Village Homes within Filing 2B – Phase 1 and Filing 1B – Phase 1, and (ii) indemnification.

As a condition of the District’s acceptance of infrastructure constructed by Village Homes, Village Homes agrees that it shall notify the District immediately, in writing, of any and all damage caused by Village Homes (including its employees, consultants, agents, contractors, or assigns) to District Property. Village Homes shall promptly repair or, at the District’s option, reimburse the District for the cost of repairing any damage to District Property caused by or attributable to Village Homes, its employees, consultants, agents, contractors, or assigns. All repairs shall be completed to specifications and standards acceptable to the District.

Village Homes shall also, to the fullest extent permitted by law, indemnify, defend and hold harmless the District and its respective directors, officers, contractors, employees, agents and consultants, from and against any and all claims, demands, damages, losses, liabilities, and expenses (including, but not limited to, fees of engineers, architects, attorneys and other professionals and court and arbitration costs) arising out of the actions or negligence of Village Homes or any of its employees, consultants, agents, contractors, and assigns, with respect to any and all damage to District Property caused by or attributable to Village Homes, its employees, consultants, agents, contractors, or assigns.

By signature below, both Village Homes and the District acknowledge, agree to be bound by, and accept the provisions stated herein.

So acknowledged and agreed:

NVH WIP LLLP dba Village Homes

By: J. Eric Eckberg
Its: V.P.

Headwaters Metropolitan District

[Signature]
President

Attest:

[Signature]
Secretary