

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE ARABIAN ACRES METROPOLITAN DISTRICT HELD JANAURY 29, 2014

A special meeting of the Board of Directors of the Arabian Acres Metropolitan District (the "Board") was duly held on Wednesday, January 29, 2014, at 3:30 p.m., at the Rampart Library District, 218 E. Midland Avenue, Woodland Park, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Charles Hallam
Sandy Zuniga
Lynda Morgan
Lanny E. Hoel

Also In Attendance Were:

Peter Italiano; Special District Management Services, Inc.

Joan Fritsche, Esq.; Collins, Cockrel & Cole, P.C.

Bryon Johnson; PK Enterprises

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. Director Hallam noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute.

ADMINISTRATIVE MATTERS

Transfer Fee Waiver Request: The Board discussed the request for a waiver of Transfer Fee. Attorney Fritsche noted that all the District's fees have been duly adopted and are valid. A waiver of this fee could be construed to set a poor prescedent. Also, a waiver would then cause the District to incur costs from

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Special District Management Services, Inc. associated with the title closing/transfer process, which is contrary to the purpose of the fee.

Assignment of Foster Graham Milstein & Calisher, LLP Account: Upon motion duly made by Director Morgan, seconded by Director Zuniga and unanimously carried, the Board approved assigned account payable of \$10,000.00 and to Foster Graham Milstein & Calisher, LLC to Joan Fritsche.

EXECUTIVE SESSION

EXECUTIVE SESSION: Pursuant to Section 24-6-402(4)(b) and (e) of the Colorado Revised Statutes, upon motion duly made by Director Morgan, seconded by Director Zuniga and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 4:05 p.m. for the purpose of receiving legal advice on specific legal questions, and to determine positions and instruct negotiators relative to matters subject to negotiations concerning District facilities, provision of service, and potential exclusion of property from the District boundaries; Nathan Bremer Dumm & Myer's letter to the District Attorney, authorized by Section 24-6-402(4)(b) and (e), C.R.S.

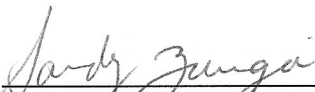
Furthermore, pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S., no minutes will be kept of the executive session that, in the opinion of the District's attorney, constitute privileged attorney-client communication pursuant to Section 24-6-402(4)(b), C.R.S.

The Board reconvened in regular session at 6:35 p.m.

ADJOURNMENT


There being no further business to come before the Board at this time, upon motion duly made, seconded and, upon vote, unanimously carried, the meeting was adjourned at 6:35 p.m.

Respectfully submitted,

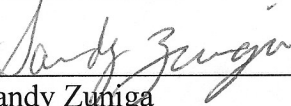
By 
Secretary for the Meeting

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THESE MINUTES ARE APPROVED AS THE OFFICIAL JANUARY 29, 2014 MINUTES OF THE ARABIAN ACRES METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:



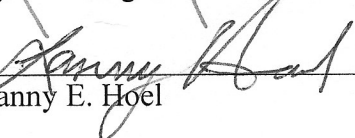
Charles Hallam



Sandy Zuniga



Lynda Morgan



Lanny E. Hoel

Attorney Statement REGARDING PRIVILEGED ATTORNEY-CLIENT COMMUNICATION

Pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S., I attest that, in my capacity as the attorney representing the Arabian Acres Metropolitan District, I attended the executive session meeting of the Arabian Acres Metropolitan District convened at 4:05 p.m. on January 29, 2014 for the sole purpose of discussing matters related to claims as a result of the embezzlement of the District funds and to discuss negotiations concerning District facilities, provision of service, and potential exclusion of property from the District boundaries; Nathan Bremer Dumm & Meyer's letter to the District Attorney. I further attest it is my opinion that all of the executive session discussion constituted a privileged attorney-client communication as provided by Section 24-6-402(4)(b) and (e), C.R.S. and, based on that opinion, no further record, written or electronic, was kept or required to be kept pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S.

Signed

Joan Fritsche, Attorney for the District

Dated:
