

RECORD OF PROCEEDINGS

Date of Meeting: December 17, 2009

Re: Painted Prairie Metropolitan District Nos. 1 through 6 Board of Directors Meeting

Prepared by: Peggy Rupp, Collins Cockrel & Cole

Attendees:

Chris Fellows	Fellows Companies	chris@fellowscos.com	303-795-9900
Dave Ramsay	Alliance	daver@alliancecp.com	303-986-2222
Doug McCormick	Alliance	dougm@alliancecp.com	303-986-2222
David Greher	Collins Cockrel & Cole	dgreher@cccfirm.com	303-986-1551
Peggy Rupp	Collins Cockrel & Cole	prupp@cccfirm.com	303-986-1551
Diane Wheeler	Simmons & Wheeler	diane@simmonswheeler.com	303-689-0833
Robert J. Shearer	Ryland Homes	bshearer@ryland.com	303-486-5004
David J. Grant	Ryland Homes	dgrant@ryland.com	303-486-5018

Call Meeting to Order

The Coordinated Meeting of the Boards of Directors (the “**Board**”) of the Painted Prairie Metropolitan District Nos. 1, 2, 3, 4, 5 and 6 (the “**Districts**”) was held at 390 Union Boulevard, Suite 400, Lakewood, Colorado. The meeting was opened at 10:00 a.m.

Quorum Present

A quorum was present consisting of the following directors: Chris Fellows, Doug McCormick, and Dave Ramsay.

Proof of Posting/Notice

Mr. Fellows stated that Notice had been properly posted at least 72 hours prior to the meeting in three public locations within each of the Districts’ boundaries, and a copy was sent by Ms. Rupp to the Adams County Clerk and Recorder for posting on the bulletin board. A copy of the notice was included in the Directors’ packets.

Director Disclosures of any Potential Conflicts of Interest

Chris Fellows is the owner of Lion Land, Ltd., which is a 50% member of Section 11, LLC (“Section 11”), which is a 50% member of Painted Prairie, LLC (the “**Company**”), which has significant land ownership and/or business interests within the Districts. He is also the President of Fellows Development, Inc., which is employed by the Company as a consultant for work within the Districts, including but not limited to entitlements and project management.

David Ramsay has an ownership interest in AVF Management, LLC (the “AVF”), which has an interest in Alliance Real Estate Value Fund I, LLC (the “Value Fund I”), which has an interest in Section 11, which has an interest in the Company, which has significant land ownership and/or business interests within the Districts. He is also an owner/member of Alliance Commercial Partners, LLC (the “Alliance”), which provides contractual advisor services to AVF.

Doug McCormick is a member and has an ownership interest in Value Fund I, which has an interest in Section 11, which has an interest in the Company, which has significant land ownership and/or business interests within the Districts. He is also a member of AVF, which is the managing member of Value Fund I.

All Directors present stated that the participation of at least three of them in the meeting was necessary to obtain a quorum of the Board or otherwise enable the Board to act; that written disclosures of such potential conflicts of interest of each Director had been filed with the Board and the Secretary of State in accordance with statutory requirements; and that the nature of each Director’s private interests related to their ownership or employment relationships or directorship or officership positions as set forth above. After each Director had summarily stated for the record the fact and nature of his private interests and had further stated that the determination to participate in voting or take any other action on any contract or other matter in which he may have a private interest would be made in compliance with Section 24-18-201(1)(b)(V), C.R.S., on an ad hoc basis, the Board turned its attention to the agenda items.

All disclosures of potential conflict of interest statements previously filed are deemed continuing for all purposes and are incorporated into the record of the meeting.

Appointment of New Directors

The Board discussed the vacancies created by the resignations of Directors Brisnehan and Hoffmann. Mr. Greher indicated that, pursuant to statute, Notice of Vacancies had been published in the Aurora Sentinel more than 10 days prior to the meeting and no otherwise qualified eligible electors had filed a letter of interest to serve on the Board. Robert J. Shearer and David J. Grant have been qualified as “eligible electors” by execution of Quitclaim Deeds.

Pursuant to Section 32-1-905, C.R.S., upon motion duly made, seconded and unanimously carried, the Board appointed Mr. Shearer and Mr. Grant to serve on the Board of each of the Districts until the next regular election in 2010.

The Oaths of Office for Directors Shearer and Grant were administered at the conclusion of the meeting pursuant to Section 32-1-901(1), C.R.S.

Re-Election of Officers

Mr. Greher explained that pursuant to state statute, officers are elected after each regular election, although Board action can be taken between regular elections to re-elect officers. Upon nomination and motion duly made, seconded and unanimously carried, the following Directors were elected as the officers of the District:

Doug McCormick	President
Chris Fellows	Assistant Secretary
Dave Ramsay	Vice President, Secretary and Treasurer
Robert J. Shearer	Vice President, Assistant Secretary and Assistant Treasurer
David J. Grant	Vice President, Assistant Secretary and Assistant Treasurer

Approval of Meeting Minutes

The Record of Proceedings from the December 16, 2008 Board meeting was presented. Upon review and motion duly made, seconded and unanimously carried, the Board approved the minutes from the December 16, 2008 meeting. The Record of Proceedings from November 15, 2006 and January 31, 2007 were also presented. Mr. Fellows noted that the minutes had previously been reviewed and approved; however, subsequent minutes did not reflect such approval. Upon motion duly made, seconded and unanimously carried, the Board ratified approval of the minutes of the November 15, 2006 and January 31, 2007 meetings.

Adoption of Resolutions to Conduct Next Board Meeting More than 20 Miles Outside District Boundaries

The Board reviewed the resolutions for the Districts to conduct the next Board meeting more than 20 miles outside the Districts' boundaries. Copies of the resolutions are attached hereto. It was determined that the next Board meeting will be held at 4 Inverness Court East, Suite 300, Englewood, Colorado. Upon motion duly made, seconded and unanimously carried, the Board approved the resolutions to conduct the next Board meeting more than 20 miles outside the Districts' boundaries.

Adoption of Resolutions Calling for the 2010 Regular Election.

Mr. Greher summarized the election proceedings and deadlines for the upcoming May 4, 2010 regular Board of Directors election for each District and advised that the Self-Nomination and Acceptance forms must be filed with the Districts' Designated Election Official no later than February 26, 2010.

Mr. Greher presented Election Resolutions for each District calling for the elections to be conducted as mail ballot elections; designating Peggy Rupp as the District's Designated Election Official for conducting the elections; and providing authorization for the Designated Election Official to proceed with the conduct of the elections as required by the Uniform Election Code, including the authority to cancel the elections on or after March 2, 2010, if there are no more candidates than positions to be filled. Upon motion duly made, seconded and unanimously carried, the Board adopted the Election Resolution for each District.

Resolution Designating Locations to Post Notice of Meetings.

Mr. Greher presented the joint Resolution designating the locations to post the 24-hour agenda notices as required by statute. Upon motion duly made, seconded and unanimously carried, the

Board adopted the joint Resolution designating the locations as the posts within the Districts' boundaries, which Resolution is attached hereto and incorporated herein by this reference.

Ratification of Approval of Applications for Exemption from Audit for Fiscal Year 2008.

Mr. Greher described the spending and revenue thresholds for submission to the State Auditor of Applications for Exemption from Audit. Ms. Wheeler presented the Applications for Exemption from Audit for Fiscal Year 2008 which were filed with the State Auditor's Office on June 24, 2009 following the State Auditor's approval of a request for extension of time to file the Applications for Exemption. Upon motion duly made, seconded and unanimously carried, the Board ratified approval of the Applications for Exemption from Audit for Fiscal Year 2008.

Simmons and Wheeler Engagement.

The Board then considered the engagement of Simmons & Wheeler, P.C. to serve as the Districts' bookkeeper and to handle the Districts' checks. Upon motion duly made, seconded and unanimously carried, Simmons & Wheeler, P.C. was approved to provide such services to the Districts.

Ms. Wheeler presented Simmons and Wheeler's proposal to prepare and file the Applications for Exemption from Audit for Fiscal Year 2009. Following discussion, upon motion duly made, seconded and unanimously carried, the Board authorized Ms. Wheeler to prepare and file the Applications for Exemption from Audit for Fiscal Year 2009.

Budget Hearings

Chairman McCormick opened the public hearing to consider the proposed 2010 Budget for each District, after noting that the Notice Concerning Proposed Budget was posted pursuant to statute.

Mr. Greher discussed the basic structure of the Districts, noting that Districts 1 through 5 are the taxing districts and District 6 is the operating district. Districts 1 through 5 currently have no revenue or expenditures. District 6 is funded by developer advances.

Ms. Wheeler presented the proposed 2010 Budgets for the Districts. District 6 expenditures for 2009 were discussed and Ms. Wheeler indicated that the 2010 total expenditures are projected to be significantly less than the amount of expenditures in 2009.

Upon discussion and motion duly made, seconded, and unanimously carried, the Board approved the Resolutions adopting the 2010 Budgets and Appropriating Sums of Money, certified the 2010 Budget for each District, and closed the public hearing.

Resolutions Determining Not to Provider Workers' Compensation Insurance

Because Board members are not compensated, it was moved, seconded and unanimously carried to exclude Board members from the definition of "employees" and from workers compensation coverage under Section 8-40-202 (1)(a)(I)(B), C.R.S. Upon motion duly made, seconded, and

unanimously carried, the attached Resolutions and related Forms WC44 were approved, and legal counsel was directed to file the appropriate documentation with the Department of Labor.

Financial Matters.

A. Invoices. Ms. Wheeler distributed a list of outstanding invoices totaling \$14,648.58. Following discussion, and upon motion duly made, seconded and unanimously carried, the Board approved the payment of such invoices, subject to the availability of funds.

B. Advances from Painted Prairie, LLC. The Board then considered submitting a request to Painted Prairie, LLC for the advancement of funds necessary to pay such invoices and anticipated expenses of the Districts through early 2010. Upon motion duly made, seconded and unanimously carried, the Board approved the submittal of a request to Painted Prairie, LLC in the amount of \$12,150 for 2009 and \$6,000 for anticipated expenses in 2010.

C. Authorized Signatories. The Board discussed the authorized signatories for the Districts' bank accounts and Mr. Fellows confirmed that two signatures are required on checks, drafts, notes and other instruments and funds payable from the Districts' accounts. Following discussion and upon motion duly made, seconded and unanimously carried, the Board approved adding Directors Shearer and Grant to the list of authorized signatories for the Districts' bank account and directed Ms. Wheeler to submit the signatory forms to the bank.

Legal Update on Aurora Regional Transportation Authority.

Mr. Greher provided a summary regarding the Aurora Regional Improvement Mill Levy. Under the Service Plans, the Districts are required to impose an Aurora Regional Improvements (“ARI”) mill levy and either enter into an agreement with the City of Aurora concerning use of these revenues for public improvements that are within or immediately adjacent to the Districts' service area, or join a regional authority expressly created to collect and spend ARI revenues. To date, only one such authority has been created, the Aurora Regional Transportation Authority (“ARTA”). The Districts joined ARTA by entering into the Second Amendment to ARTA Establishment Agreement on February 20, 2008.

Under the ARTA Establishment Agreement, operating expenses are paid from ARI revenues generated by member districts that have already issued debt, and therefore, are required to also impose the ARI mill levy under their service plans. To the extent that the ARI revenues of such member districts are insufficient to pay operating costs, other member districts within ARTA are required to fund shortfalls in an amount proportionate to the annual assessed valuation of all member districts. Because the Painted Prairie Metropolitan Districts have no outstanding debt, they have no obligation to fund any such short falls in the near future under the ARTA Establishment Agreement.

The agreement also provides that any member district may resign from ARTA at anytime. Upon such resignation, all funding obligations to ARTA would terminate.

Adjournment

There being no further business to come before the Board at this time, the meeting was adjourned at 10:50 a.m.



Asst. Secretary