

MINUTES OF A MEETING OF THE BOARDS OF DIRECTORS

OF

ROCKINGHORSE METROPOLITAN DISTRICT NO. 1
ROCKINGHORSE METROPOLITAN DISTRICT NO. 2

Held: Delayed meeting held on December 21, 2004 at 2:00 p.m., at 1805 Shea Center Drive, Suite 100, Highlands Ranch, Colorado.

Attendance

A combined meeting of the boards of directors of Rockinghorse Metropolitan District No. 1 and Rockinghorse Metropolitan District No. 2 was called and held as shown above and in accordance with the applicable statutes of the State of Colorado. The following directors, having confirmed their qualification to serve on the boards, were in attendance:

Matt Samuels
Charles King
Suzanne King

Directors Joy Samuels and Diana Rael were absent. All absences are excused.

Also present: K. Sean Allen, Esq., White, Bear and Ankele Professional Corporation, District General Counsel, and Christine Harwell, Clifton Gunderson, LLP, District accountant.

Director Qualification

The directors in attendance confirmed their qualification to serve on the boards of directors.

Call to Order

Director Matt Samuels noted that a quorum of each of the boards was present and that the directors had confirmed their continuing qualification to serve, and called the combined meeting of the boards of directors of Rockinghorse Metropolitan Districts Nos. 1 and 2 to order.

Combined Meetings

The districts are meeting in a combined board meeting. Unless otherwise noted below, the matters set forth below shall be deemed to be the action of Rockinghorse Metropolitan District No. 1 ("District No. 1") with concurrence by Rockinghorse Metropolitan District No. 2 ("District No. 2").

Disclosure Matters

Mr. Allen advised the boards that, pursuant to Colorado law,

certain disclosures by the boards' members might be required prior to taking official action at the meeting. The boards reviewed the agenda for the meeting, following which each board member 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. Additionally, the boards determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the boards to act.

- Agenda A motion was made by Director Suzy King, and was seconded by Director Charles King, to approve the agenda. The motion was approved unanimously.
- Minutes The minutes of the November 14th and 19th meetings were submitted to the boards for approval. A motion was made by Director Suzy King, and seconded by Director Charles King, to approve the minutes as presented. The motion was approved unanimously.
- Master IGA The directors determined to delay taking action on the agreement, and tabled the matter.
- Aurora Intergovernmental Agreement Mr. Allen reminded the directors that the new service plan required an IGA between the Districts and the City in the form approved by the City. The directors, having already reviewed the form IGA and a summary memorandum thereof, discussed the IGA with the City of Aurora. A motion was made by Director Suzy King, and was seconded by Director Charles King, to approve the IGA. The motion was approved unanimously.
- District Engineer Director Matt Samuels indicated engineering proposals are still being reviewed and selection of an engineer is expected to take place, but no definite timetable has been established.
- Director Meeting Fees A motion was made by Director Charles King, and seconded by Director Suzy King, to have the directors receive the statutorily authorized compensation available to directors for attending board meetings for each district for all meetings held and attended in 2004 and all future meetings until different action is taken by the boards. The motion was approved unanimously.
- Developer Funding and Reimbursement Agreements and Promissory Notes Mr. Allen was instructed to make additional revisions to the draft agreements and present the revisions to the directors for consideration.

Construction

Director Matt Samuels gave a general update on the ongoing construction activity and schedule.

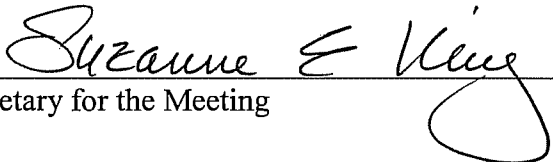
2005 Budget

Ms. Harwell presented the proposed District No. 1 and District No. 2 year-2005 budgets to the boards for their consideration. Mr. Allen noted that publication of the budget hearings had been made as required by statute, and notice of the delayed meeting had be posted at the meeting site. Director Matt Samuels opened the public hearings on the year-2005 budgets for public comment. There being no public comment, the public hearings were closed. After further discussion, a motion was made by Director Charles King, and seconded by Director Suzy King, to approve the year-2005 budgets, and appropriate the revenues sufficient for the expenditures noted therein. The motion was approved unanimously.

Continuation

There being no further business to come before the boards, the meeting was continued to December 30, 2004, if needed.

The foregoing minutes were approved by the boards of directors on the 20th day of January 2005. The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting


Secretary for the Meeting

MINUTES OF A MEETING OF THE BOARDS OF DIRECTORS

OF

ROCKINGHORSE METROPOLITAN DISTRICT NO. 1
ROCKINGHORSE METROPOLITAN DISTRICT NO. 2

Held: November 4, 2004 at 10:00 a.m. at 1805 Shea Center Drive, Suite 100, Highlands Ranch, Colorado, and continued to November 19th.

Attendance

A combined meeting of the boards of directors of Rockinghorse Metropolitan District No. 1 and Rockinghorse Metropolitan District No. 2 was called and held as shown above and in accordance with the applicable statutes of the State of Colorado. The following directors, having confirmed their qualification to serve on the boards, were in attendance:

Matt Samuels 11/4 & 11/19
Joy Samuels 11/4
Diana Rael 11/4 & 19

Charles King 11/19
Suzanne King 11/19

Also present: K. Sean Allen, Esq., White, Bear and Ankele Professional Corporation, District General Counsel, and Chris Arnold, Russell Henson, and Joe Culkin.

Director Qualification

The directors in attendance confirmed their qualification to serve on the boards of directors.

Call to Order

Director Matt Samuels noted that a quorum of each of the boards was present and that the directors had confirmed their continuing qualification to serve, and called the combined meeting of the boards of directors of Rockinghorse Metropolitan Districts Nos. 1 and 2 to order.

Combined Meetings

The districts are meeting in a combined board meeting. Unless otherwise noted below, the matters set forth below shall be deemed to be the action of Rockinghorse Metropolitan District No. 1 ("District No. 1") with concurrence by Rockinghorse Metropolitan District No. 2 ("District No. 2").

Disclosure Matters

Mr. Allen advised the boards that, pursuant to Colorado law, certain disclosures by the boards' members might be required prior to taking official action at the meeting. The boards reviewed the agenda for the meeting, following which each board member 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. Additionally, the boards determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the boards to act.

Agenda

A motion was made by Director Matt Samuels, and was seconded by Director Joy Samuels, to approve the agenda. The motion was approved unanimously.

Minutes

The minutes of the October 21, 2004, meetings were submitted to the boards for approval. A motion was made by Director Matt Samuels, and seconded by Director Joy Samuels, to approve the minutes as presented. The motion was approved unanimously.

Property Sale

Director Matt Samuels indicated that the current property owner has a letter of intent for the sale of the property, and that negotiations were on going.

Intergovernmental Agreements

Mr. Allen was instructed to present revised and updated versions of the Master IGA and IGA with the City of Aurora. Mr. Allen stated that the City IGA was required by the Service Plan and that he would also prepare a summary of the City IGA for the boards. Approval of both IGAs is expected at the December 16, 2004 meeting.

District Engineer

Director Matt Samuels indicated Nolte is providing engineer services on an interim basis, and that he has received proposals for engineer services and construction management, and consideration of the proposals is expected at the December 16, 2004 meeting.

Contracts

Mr. Culkin summarized the bids that were received on the surveying for the grading work and soil testing work. After a discussion, a motion was made by Director Matt Samuels, and seconded by Director Suzy King, to award Nolte the survey contract and Wassenaar the soil testing contract as each was determined to be the most responsive and responsible bids, and to execute the Dacoa grading contract. The motion was approved unanimously.

District Disclosure

Mr. Allen indicated that the disclosure document was updated to reflect the provisions in the new Service Plan.

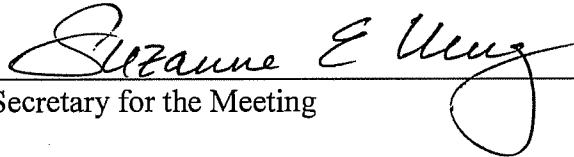
Developer Funding and Reimbursement Agreements and Promissory Notes

Director Samuels stated that the draft agreements and promissory notes are being reviewed, and that the interest rate will be 7% simple interest. Further action on the agreements and notes is expected at the December 16, 2004 meeting

Continuation

There being no further business to come before the boards, the meeting was continued to December 7, 2004 if needed.

The foregoing minutes were approved by the boards of directors on the ~~1st~~^{13th} day of December 2004. The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting


Secretary for the Meeting

MINUTES OF A MEETING OF THE BOARDS OF DIRECTORS

OF

ROCKINGHORSE METROPOLITAN DISTRICT NO. 1
ROCKINGHORSE METROPOLITAN DISTRICT NO. 2

Held: October 21, 2004 at 10:00 a.m. at 1805 Shea Center Drive, Suite 100, Highlands Ranch, Colorado.

Attendance

A combined meeting of the boards of directors of Rockinghorse Metropolitan District No. 1 and Rockinghorse Metropolitan District No. 2 was called and held as shown above and in accordance with the applicable statutes of the State of Colorado. The following directors, having confirmed their qualification to serve on the boards, were in attendance:

Matt Samuels
Joy Samuels
Charles King
Suzanne King

Director Diana Rael was absent. All director absences, if any, are deemed excused unless a contrary notation is recorded in these minutes.

Also present: K. Sean Allen, Esq., White, Bear and Ankele Professional Corporation, District General Counsel. By conference call, Thomas deRegt and Steve Heath.

Director Qualification

The directors in attendance confirmed their qualification to serve on the boards of directors.

Call to Order

Director Matt Samuels noted that a quorum of each of the boards was present and that the directors had confirmed their continuing qualification to serve, and called the combined meeting of the boards of directors of Rockinghorse Metropolitan Districts Nos. 1 and 2 to order.

Combined Meetings

The districts are meeting in a combined board meeting. Unless otherwise noted below, the matters set forth below shall be deemed to be the action of Rockinghorse Metropolitan District No. 1 ("District No. 1") with concurrence by Rockinghorse Metropolitan District No. 2 ("District No. 2").

Disclosure Matters

Mr. Allen advised the boards that, pursuant to Colorado law, certain disclosures by the boards' members might be required prior to taking official action at the meeting. The boards reviewed the agenda for the meeting, following which each board member 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. Additionally, the boards determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the boards to act.

Agenda

A motion was made by Director Charles King, and was seconded by Director Suzanne King, to approve the agenda. The motion was approved unanimously.

Minutes

The minutes of the October 7 and October 13, 2004, meetings were submitted to the boards for approval. A motion was made by Director Charles King, and seconded by Director Suzanne King, to approve the minutes as presented. The motion was approved unanimously.

Public Service Company License Agreement

Director Samuels informed the board as to the status of the agreement regarding the installation of water and sewer lines through Public Service Company land. Director Samuels stated that the license fee had been paid and the agreement signed. After further discussion, a motion was made by Director Suzanne King, and seconded by Director Charles King, to ratify the agreement. The motion was approved unanimously.

District Engineer

Director Samuels indicated that he has received or will receive proposals for engineer services, and review and further consideration of the proposals is necessary before formal hiring of the district engineer.

Insurance Requirement for Contractors

Director Samuels noted that the type and level of insurance the District requires in the construction/bid documents may need revision to accommodate the contractors in place insurance. Director Samuels state that he would review the matter and inform the board as to any necessary revisions to the insurance requirements.

Developer Funding and Reimbursement Agreements and Promissory Notes

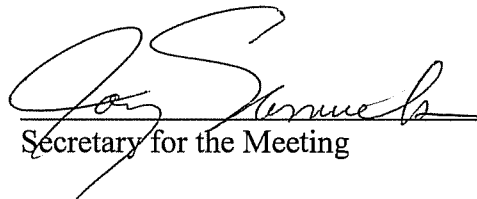
Director Samuels, Mr. Heath and Mr. deRegt indicated that district costs and advances have been and are expected to continue to be made available from Gartrell Investment Company. Mr. Allen indicated that loan agreements and promissory notes for both capital/formation and administrative costs will be needed to recognize the reimbursement of such

costs. A discussion took place as to what the initial maximum amount of each promissory note and interest rate and start date would be. It was determined that the initial capital note will be set at a maximum \$6,000,000, the administrative note at \$200,000 and that the interest rate on both notes be set at prime plus 1%, simple interest, with interest to begin at the time the district approves funding and reimbursement agreements and issuance of the promissory notes, which is expected to take place prior to the end of 2004. Mr. Heath and Mr. deRegt inquired if the maximum amounts could be later increased if advances dictate. Mr. Allen indicated that the notes are issued pursuant to contracts and amendments thereto. Mr. Allen was instructed to draft the necessary agreements and promissory notes and submit them to Director Samuels for distribution and review.

Adjourn

There being no further business to come before the boards, the meeting was adjourned.

The foregoing minutes were approved by the boards of directors on the 4th day of November 2004. The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.


Secretary for the Meeting

MINUTES OF A CONTINUED SPECIAL MEETING OF THE
BOARDS OF DIRECTORS

OF

ROCKINGHORSE METROPOLITAN DISTRICT NO. 1
ROCKINGHORSE METROPOLITAN DISTRICT NO. 2

Held: October 13 2004 at 2:00 p.m. at 1805 Shea Center Drive,
Suite 100, Highlands Ranch, Colorado.

Attendance

A combined meeting of the boards of directors of Rockinghorse Metropolitan District No. 1 and Rockinghorse Metropolitan District No. 2 was called and held as shown above and in accordance with the applicable statutes of the State of Colorado. The following directors, having confirmed their qualification to serve on the boards, were in attendance:

Matt Samuels
Diana Rael
Charles King

Directors Suzanne King and Joy Samuels were absent. All director absences, if any, are deemed excused unless a contrary notation is recorded in these minutes.

Also present: Guy Ford, Joe Culkin, and Kristen Bear, Esq., White, Bear and Ankele Professional Corporation, District General Counsel.

Director Qualification

The directors in attendance confirmed their qualification to serve on the boards of directors.

Call to Order of
Continued Meeting

Director Matt Samuels noted that a quorum of each of the boards was present and that the directors had confirmed their continuing qualification to serve, and called the continued combined meeting of the boards of directors of Rockinghorse Metropolitan Districts Nos. 1 and 2 to order.

Grading and Erosion
Control Contract

Director Samuels advised the board as to his findings from the due diligence and research into the bidders on the Grading and Erosion Control work. Dacoa was recognized as the lowest responsive and reasonable bidder at \$3,126,442.08. A motion was made by Director Charles King, and seconded by Director Rael, to award the grading and erosion control contract and issue

the notice to proceed to Dacoa. The motion was approved unanimously.

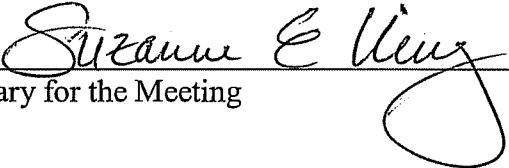
Regular Meeting Schedule

A motion was made by Director Charles King, and seconded by Director Rael, to hold regular meetings, when necessary, on the first and third Thursdays of each month. The motion was approved unanimously.

Adjourn

There being no further business to come before the boards, and following discussion and upon motion duly made, seconded and unanimously carried, the boards determined to adjourn the continued meeting.

The foregoing minutes were approved by the boards of directors on the 21st day of October 2004. The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.


Secretary for the Meeting

MINUTES OF A SPECIAL MEETING OF THE BOARDS OF DIRECTORS

OF

ROCKINGHORSE METROPOLITAN DISTRICT NO. 1
ROCKINGHORSE METROPOLITAN DISTRICT NO. 2

Held: Tuesday, October 7, 2004 at 2:30 p.m. at 1805 Shea Center Drive, Suite 100, Highlands Ranch, Colorado.

Attendance

A combined meeting of the boards of directors of Rockinghorse Metropolitan District No. 1 and Rockinghorse Metropolitan District No. 2 was called and held as shown above and in accordance with the applicable statutes of the State of Colorado. The following directors, having confirmed their qualification to serve on the boards, were in attendance:

Matt Samuels
Diana Rael
Charles King
Suzanne King

Director Joy Samuels was absent. All director absences, if any, are deemed excused unless a contrary notation is recorded in these minutes.

Also present: Guy Ford, Kent Pedersen, Joe Culkin, Kristen Bear, Esq. and K. Sean Allen, Esq., White, Bear and Ankele Professional Corporation, District General Counsel. By conference call, Thomas deRegt and Steve Heath.

Director Qualification

The directors in attendance confirmed their qualification to serve on the boards of directors.

Call to Order

Director Matt Samuels noted that a quorum of each of the boards was present and that the directors had confirmed their continuing qualification to serve, and called the combined meeting of the boards of directors of Rockinghorse Metropolitan Districts Nos. 1 and 2 to order.

Combined Meetings

The districts are meeting in a combined board meeting. Unless otherwise noted below, the matters set forth below shall be deemed to be the action of Rockinghorse Metropolitan District No. 1 ("District No. 1") with concurrence by Rockinghorse

Metropolitan District No. 2 ("District No. 2").

Disclosure Matters

Mr. Allen advised the boards that, pursuant to Colorado law, certain disclosures by the boards' members might be required prior to taking official action at the meeting. The boards reviewed the agenda for the meeting, following which each board member 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. Additionally, the boards determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the boards to act.

Agenda

A motion was made by Director Charles King, and was seconded by Director Rael, to approve the agenda with the addition of the election as a discussion item. The motion was approved unanimously.

Minutes

The minutes of the June 17, 2004, meeting were submitted to the boards for approval. A motion was made by Director Charles King, and seconded by Director Rael, to approve the minutes as presented. The motion was approved unanimously.

District Engineer

Mr. Ford indicated that he has not prepared a proposal for engineering services, but is prepared to do so if desired by the boards. Mr. Ford indicated that he has used a "task contract" approach when serving as a district engineer, and that such approach may be useful if the district has an interest.

Water and Sewer
Construction Update

Mr. Ford indicated that bids for water and sewer infrastructure dealt with boring of approximately 1,000 feet. Mr. Ford indicated that approximately 800 to 900 feet of boring might be eliminated by using an open cut and triple box approach, which is expected to reduce the cost. Mr. Ford indicated that bidders will need an opportunity to make addendums to their bids to reflect the change.

Grading and Erosion
Control Contract

Mr. Ford informed the board that bids for grading work for Filings Nos. 1 and 2 were in from five contractors. Mr. Ford presented the bid comparisons. Dacoa submitted the lowest bid of the five bids at \$3,126,442.08. Mr. Ford indicated the bid was good for sixty days. Mr. Allen told the board that the district is not obligated to select the lowest bid. The board discussed the bids and the need to review all bids and perform due diligence, investigation and research into Dacoa to better familiarize the board with Dacoa's standing in the industry.

Bidder Pre-qualification

Mr. Ford and Ms. Bear lead a discussion about the pre-qualification of bidders process. Mr. Ford indicated that he could start pre-qualifying bidders in advance of publishing for construction contracts. The pre-qualified bidders would then be informed of the published request for bids and given an opportunity to bid.

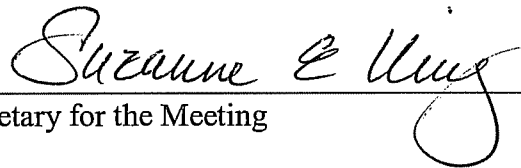
Developer Funding and Reimbursement

Mr. Samuels indicated that district costs and advances are expected to continue to be made available from Gartrell Investment Company. Ms. Bear indicated that loan agreements and promissory notes for both capital and administrative costs will be needed to recognize the reimbursement of such costs. Ms. Bear also indicated that the developer has incurred past costs for formation of the districts, capital costs and administrative costs, and that an accounting of the past costs incurred will be needed as well as setting up an accounting of present and future costs.

Continuation

There being no further business to come before the boards, and following discussion and upon motion duly made, seconded and unanimously carried, the boards determined to continue the meeting to October 13, 2004.

The foregoing minutes were approved by the boards of directors on the 21st day of October 2004. The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.



Secretary for the Meeting

MINUTES OF A COMBINED MEETING OF THE BOARDS OF DIRECTORS

OF

ROCKINGHORSE METROPOLITAN DISTRICT NO. 1
ROCKINGHORSE METROPOLITAN DISTRICT NO. 2

Held: Tuesday, June 17, 2004 at 10:00 a.m. at 1805 Shea Center Drive, Suite 100, Highlands Ranch, Colorado.

Attendance

A combined meeting of the boards of directors of Rockinghorse Metropolitan District No. 1 and Rockinghorse Metropolitan District No. 2 was called and held as shown above and in accordance with the applicable statutes of the State of Colorado. The following directors, having confirmed their qualification to serve on the boards, were in attendance:

Matt Samuels
Diana Rael
Charles King
Suzanne King

Director Joy Samuels was absent. All director absences, if any, are deemed excused unless a contrary notation is recorded in these minutes.

Also present: Bill Petri, Clifton Gunderson, LLP, District Accountant, and K. Sean Allen, Esq., White, Bear and Ankele Professional Corporation, District General Counsel.

Director Qualification

The directors in attendance confirmed their qualification to serve on the boards of directors.

Call to Order

Director Matt Samuels noted that a quorum of each of the boards was present and that the directors had confirmed their continuing qualification to serve, and called the combined meeting of the boards of directors of Rockinghorse Metropolitan Districts Nos. 1 and 2 to order.

Combined Meetings

The districts are meeting in a combined board meeting. Unless otherwise noted below, the matters set forth below shall be deemed to be the action of Rockinghorse Metropolitan District No. 1 ("District No. 1") with concurrence by the Rockinghorse Metropolitan District No. 2 ("District No. 2").

Disclosure Matters

Mr. Allen advised the boards that, pursuant to Colorado law, certain disclosures by the boards' members might be required prior to taking official action at the meeting. The boards reviewed the agenda for the meeting, following which each board member 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. Additionally, the boards determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the boards to act.

Agenda

A motion was made by Director Matt Samuels, and was seconded by Director Suzanne King, to approve the agenda with the addition of the audit and service plan amendments discussion items. The motion was approved unanimously.

Minutes

The minutes of the March 2, 2004, meeting were submitted to the boards for approval. A motion was made by Director Charles King, and seconded by Director Rael, to approve the minutes as presented. The motion was approved unanimously.

Developer
Advance/Reimbursement

Mr. Allen and Mr. Petri noted that currently all district costs are being paid directly by the developer. Mr. Allen presented a reimbursement agreement to the board for consideration, which would recognize that the districts have received a benefit from the developer's covering of districts' costs, and further expresses an intent to repay such costs if and when the districts issue bonds. After consideration, a motion was made by Director Rael, and seconded by Director Suzanne King, to approve the agreement. However, further discussion took place at which point the motion was withdrawn and the matter was tabled until a future meeting.

Facility/Development
Fee

Mr. Allen indicated that the original financing plan assumed that a facility fee would be imposed and the proceeds therefrom used for debt service. The matter was discussed and it was determined premature to impose the fee at this time, but will be considered at a later date.

Master IGA

Mr. Allen discussed the need for a master intergovernmental agreement. Adoption of the agreement is anticipated at a future meeting.

District Disclosure

Mr. Allen discussed the purpose and use of a district disclosure document, which would inform home buyers about the districts, the mill levy limits, debt limits and other information regarding the districts.

New Aurora Model
Service Plan

Mr. Allen informed the board as to the status of a new model Service Plan being implemented by Aurora. After a discussion, the board instructed legal counsel to prepare and file the appropriate Service Plan Amendment.

2003 Audits

Mr. Petri indicated that the 2003 audit exemption applications have been filed.

Adjournment

There being no further business to come before the boards, and following discussion and upon motion duly made, seconded and unanimously carried, the boards determined to adjourn the meeting.

The foregoing minutes were approved by the boards of directors on the 7th day of Oct 2004. The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.



Secretary for the Meeting

MINUTES OF A COMBINED SPECIAL MEETING OF THE
BOARDS OF DIRECTORS

OF

ROCKINGHORSE METROPOLITAN DISTRICT NO. 1
ROCKINGHORSE METROPOLITAN DISTRICT NO. 2

Held: Tuesday, March 2, 2004 at 10:00 a.m. at 1805 Shea Center
Drive, Suite 100, Highlands Ranch, Colorado.

Attendance

A combined meeting of the boards of directors of Rockinghorse Metropolitan District No. 1 and Rockinghorse Metropolitan District No. 2 was called and held as shown above and in accordance with the applicable statutes of the State of Colorado. The following directors, having confirmed their qualification to serve on the boards, were in attendance:

Matt Samuels
Diana Rael
Charles King
Suzanne King

Director Joy Samuels was absent. All director absences, if any, are deemed excused unless a contrary notation is recorded in these minutes.

Also present: Bill Petri, Clifton Gunderson, LLP, District Accountant, and K. Sean Allen, Esq., White and Associates Professional Corporation, District General Counsel.

Director Qualification

The directors in attendance confirmed their qualification to serve on the boards of directors.

Call to Order

Director Matt Samuels noted that a quorum of each of the boards was present and that the directors had confirmed their continuing qualification to serve, and called the combined meeting of the boards of directors of Rockinghorse Metropolitan Districts Nos. 1 and 2 to order.

Combined Meetings

The districts are meeting in a combined board meeting. Unless otherwise noted below, the matters set forth below shall be deemed to be the action of Rockinghorse Metropolitan District No. 1 ("District No. 1") with concurrence by the Rockinghorse Metropolitan District No. 2 ("District No. 2").

Disclosure Matters

Mr. Allen advised the boards that, pursuant to Colorado law, certain disclosures by the boards' members might be required prior to taking official action at the meeting. The boards reviewed the agenda for the meeting, following which each board member 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. Additionally, the boards determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the boards to act.

Agenda

A motion was made by Director Charles King, and was seconded by Director Suzanne King, to approve the agenda with the addition of audits as a discussion item. The motion was approved unanimously.

Minutes

The minutes of the January 23, 2003, meeting were submitted to the boards for approval. A motion was made by Director Charles King, and seconded by Director Matt Samuels, to approve the minutes as presented. The motion was approved unanimously.

Annual Administrative Resolution

Mr. Allen presented the 2004 Annual Administrative Matters Resolution to the boards for their consideration. Mr. Allen noted that the Resolution handled various administrative matters that were required to be attended to throughout the year, and that the Resolution directed and authorized various consultants to undertake such matters on behalf of the districts. After further discussion of the Resolution, a motion was made by Director Matt Samuels, and seconded by Director Charles King, to adopt the Resolution. The motion was approved unanimously.

Indemnification Resolution

The boards considered an Indemnification Resolution submitted by Mr. Allen relative to when, how and under what conditions the districts will indemnify the directors for causes of action that may be brought against them stemming from actions taken as a director. After discussion, a motion was made by Director Suzanne King, and seconded by Director Charles King, to approve the resolution. The motion was unanimously approved.

2004 Budget Hearings

Mr. Petri presented the proposed District No. 1 and District No. 2 year-2004 budgets to the boards for their consideration. Mr. Allen noted that publication of the budget hearings had been made as required by statute. Director Matt Samuels opened the public hearings on the year-2004 budgets for public comment. There being no public comment, the public hearings were closed. After further discussion, a motion was made by Director Rael, and seconded by Director Charles King, to approve the year-2004 budgets with minor revisions, and appropriate the revenues sufficient for the expenditures noted therein. The motion was approved unanimously. Director Charles King noted that the budgets reflect preliminary and estimated amounts based on the anticipated construction schedule.

Insurance

Mr. Allen presented a resolution and intergovernmental agreement for public official's liability and general liability coverage through the SDA's pool insurance program. After discussion, a motion was made by Director Charles King, and seconded by Director Rael, to ratify the districts joining of the SDA, to participate in the insurance program, and approve the resolution and agreement. The motion was unanimously approved.

Developer Reimbursement

Mr. Allen lead a discussion relative the desired structure the Districts will use to acknowledge its reimbursement obligations to the developer for the formation costs, ongoing capital and administrative costs that it has and continues to incur on behalf of the Districts. Mr. Allen was instructed to present an intent to reimburse agreement at the next meeting.

Construction Contracts

Director Matt Samuels indicated that capital construction projects are intended to be publicly bid through the Districts. Mr. Allen indicated that engaging an engineer and construction manager should be considered.

2003 Audits

Mr. Petri discussed the annual audit requirement for the Districts. Due to the Developer having directly incurred and paid all costs on behalf of the District, audit exemptions appear appropriate. Mr. Petri was instructed to prepare the necessary applications for exemption for the 2003 audits.

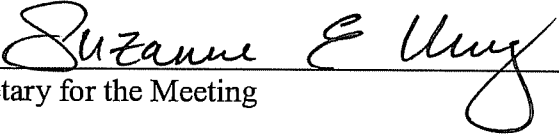
Construction Update

Director Matt Samuels informed the boards as to the estimated projected construction activities that may take place within the Districts in 2004.

Adjournment

There being no further business to come before the boards, and following discussion and upon motion duly made, seconded and unanimously carried, the boards determined to adjourn the meeting.

The foregoing minutes were approved by the boards of directors on the 17th day of June 2004. The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.


Secretary for the Meeting

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