

MINUTES OF A JOINT REGULAR MEETING OF THE
BOARDS OF DIRECTORS

OF

SADDLE ROCK SOUTH METROPOLITAN DISTRICT NOS. 1,
3 and 4

Held: Thursday, the 10th day of January, 2019, at 2:30 P.M., at
6800 South Liverpool Street, Suite A, Aurora, Colorado.

ATTENDANCE

The meeting was held in accordance with the laws of the State of
Colorado. The following directors were in attendance:

District No. 1

Rodney Alpert
Carol Bransfield
Brian Alpert

District No. 3

James Quarles
Jan Taylor
Carol Bransfield
Jordan Rigberg
Rodney Alpert

District No. 4

Rodney Alpert
Carol Bransfield
Marie Hensler
Robert Childs

Also present were: Jennifer Gruber Tanaka, Esq., and Allison
Fogg, Esq., WHITE BEAR ANKELE TANAKA & WALDRON, District
general counsel; Lexi Ritter, Summit Management and
Consulting, LLC, District Manager; Mark Chambers, Simmons &
Wheeler, PC, District Accountant; Andy Carroll, Security
Officer; Bradley A. Simons, PE, MMI Water Engineers, LLC;
Don Langley, District No. 2 Director; and members of the public.

**ADMINISTRATIVE
MATTERS**

Call to Order

The meeting was called to order.

Declaration of Quorum and
Confirmation of Director
Qualifications

Ms. Tanaka noted that a quorum for each of the Boards of District
Nos. 1, 3 and 4 were present and that the directors had confirmed
their qualification to serve.

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 actions of the Saddle Rock South Metropolitan
District Nos. 1, 3 and 4, collectively.

Reaffirmation of Disclosures of Potential or Existing Conflicts of Interest

Ms. Tanaka advised the Boards that, pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. Ms. Tanaka reported that disclosures for those directors with potential or existing conflicts of interest were filed with the Secretary of State's Office and the Boards at least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged by the Boards. Ms. Tanaka noted that a quorum was present and inquired into whether members of the Boards had any additional disclosures of potential or existing conflicts of interest with regard to any matters scheduled for discussion at the meeting. No additional disclosures were noted. The Boards determined that the participation of the members present was necessary to obtain a quorum or to otherwise enable the Boards to act.

Approval of Agenda

Ms. Tanaka presented the Boards with the agenda for the meeting and noted that Ms. Borisov requested that one item be added to the agenda under management matters. Upon motion of Mr. R. Alpert, seconded by Mr. Quarles, the Board unanimously approved the agenda as amended.

Excusal of Absences

The Boards noted the absences of Ms. Alpert and Mr. M. Alpert, and, upon motion, duly seconded, the Boards unanimously excused their absences.

PUBLIC COMMENT

None.

CONSENT AGENDA MATTERS

The Boards were presented with the consent agenda items. Upon motion of Mr. R. Alpert, seconded by Ms. Bransfield, the Boards unanimously took the following actions:

- a. Approval of Board Meeting Minutes from November 8, 2018 Joint Regular Meeting
- b. Ratification of Operations Payables (November 9, 2018 – January 10, 2019) (\$61,354.50)
- c. Ratification of Claims as of December 31, 2018 (\$72,372.52)
- d. Approval of Additional Claims as of January 10, 2019 (\$270,338.79)
- e. Acceptance of Unaudited Financial Statements as of September 30, 2018
- f. Adoption of Resolution No. 2019-01-01: Designating the Districts' 24-Hour Posting Locations

FINANCIAL MATTERS

None.

LEGAL MATTERS

Update on Collections Matters

Ms. Tanaka reported that she circulated an update on the collections to the Boards prior to the meeting. She noted that there are currently 20 open files with a total outstanding balance of \$38,291.84, one of which is a commercial property which has a balance of \$4,848.92. Ms. Tanaka noted that several accounts have started the foreclosure process and others are in the process of making monthly payments.

Ms. Hensler inquired into why three of the accounts have until June to pay the remainder of the costs imposed on their accounts. Ms. Tanaka will follow up with Ms. Hartung on this matter and report back.

Mr. B. Alpert inquired into the history of the operations fee and the conversion to the taxes. Ms. Tanaka provided a brief history of the elector authorization and the conversion of the fee to the taxes.

DISTRICT MANAGER MATTERS

Update on Purchase of AED Units for Each Pool

Ms. Ritter reported that the AED units are on Front Range’s list for ordering during the winter so that they are available when the pools are open in the spring. None have been received yet.

Proposal from Keesen Landscape Management, Inc. for Summer Flowers (\$18,697)

Ms. Ritter presented the Boards with a proposal from Keesen Landscape Management for the installation of summer flowers in the amount of \$18,697. Ms. Ritter reported that this amount is within the Districts’ budgeted amount and is for the same flowers as previously planted. Ms. Hensler noted that the perennials in the past did not do as well and she feels the selection represented in the current proposal includes flowers that have a better survival rate.

Upon motion of Mr. R. Alpert, seconded by Ms. Taylor, the Boards unanimously approved the proposal.

Proposals for Replacement of South Pool Decking

Ms. Ritter presented the Boards with two proposals for the replacement of pool decking at the South pool. Ms. Ritter noted that the difference in the proposals is due to @ Yur Service noting that the metal can be salvaged and painted over as opposed to replaced entirely. Ms. Ritter recommended approval of the @ Yur Service proposal in the amount of \$12,900. The Boards inquired into the metal and whether the painting would be powder coated.

Upon motion of Ms. Bransfield, seconded by Mr. R. Alpert, the Boards unanimously approved the proposal from @ Yur Service and corresponding addendum subject to legal finalization.

Approval of First Addendum to Independent Contractor Agreement with @ Yur Services for Repairs to Pedestrian Bridges (\$6,000)

Ms. Ritter presented the Boards with a proposal from @ Yur Service for repairs to the pedestrian bridges within the Districts in the amount of \$6,000. Ms. Ritter noted that the proposal was intentionally higher due to not knowing the state of the bridges under the areas that need to be repaired. Mr. Langley noted that the proposal seems high based upon other work completed in the Districts. Mr. Langley also noted that there are other areas that should be included in the proposal. Ms. Ritter will request an updated proposal for consideration at the March meeting. Mr. Childs requested that proposals from other companies also be requested for comparison purposes. Mr. Rigberg also requested that Ms. Ritter inquire into whether a discount would be given by @ Yur Service if both contracts were awarded to him. Ms. Ritter will inquire accordingly.

Proposal from Keesen Landscape Management, Inc. for Necrotic Ring Spot Program (\$2,228.92)

Ms. Ritter presented the Boards with a proposal from Keesen Landscape Management for a necrotic ring spot program in the amount of \$2,228.92. Ms. Ritter noted that this is included in the budget and is conducted by the Districts each year. She also noted that the price is the same as prior years.

Upon motion of Mr. R. Alpert, seconded by Mr. Quarles, the Boards unanimously approved the proposal.

SAFETY AND SECURITY COMMITTEE MATTERS

General Update

Mr. Carroll reported that the congregation of kids during the day was an issue prior to the holidays, along with drug use, etc. He launched an operation on Tuesday in conjunction with the City Police Department to start the year off with strong enforcement. That is in process and will continue.

A counter-intelligence operation on social media was conducted as well in order to obtain information and this was very successful.

Mr. Langley asked whether the congregation of kids has been spotted. Mr. Carroll indicated no but that the times will be switched up in order to catch them.

The Boards discussed whether the installation of temporary cameras would be helpful until the system is fully installed. Mr.

Carroll does not believe this would help and noted concerns with this.

Update on Installation of Cameras on District Property

Ms. Ritter reported that the internet speed at the clubhouse was increased from 15 megabytes to 40 megabytes to see if that will help resolve the issue with the cameras and so far that has helped significantly. She noted that she is able to see the cameras much better. She also noted that the change resulted in a reduction in the Districts' bills from Verizon. Ms. Ritter noted that the footage has been very helpful with regard to damage in the clubhouse from parties.

DIRECTORS' MATTERS

Water Conservation and Landscape Projects

Approval of Proposal from Keesen Landscape Management, Inc. for Gartrell Rehabilitation Project (\$33,850)

Mr. Langley presented the Boards with a proposal from Keesen Landscape Management for the Gartrell Rehabilitation Project in the amount of \$33,850. He noted that he wants the full Boards' input on the project before proceeding given the size and amount of the project.

Mr. Langley estimates that the cost is about \$3.00/square foot, which is half of what has been spent in other areas that were re-landscaped. This proposal includes mulch which reduces the cost initially but does require periodic refreshing going forward. Mr. Langley would like to continue to work with the designer on the project but would also like to proceed with it if others are so inclined.

Mr. Rigberg inquired into whether new trees would be planted within the area. Mr. Langley confirmed that some new trees will be planted but they are smaller. They are not anticipated to get big but are more shrub size. Mr. Childs inquired into whether the funds are in the budget. Mr. Langley confirmed that they are. He also confirmed that this is an area that the Districts have maintained and will continue to maintain. The cost savings from the reduction in water and mowing is not known at this time. Drip irrigation will be installed for the plant materials. Mr. Quarles noted that the plants being installed will use about 25% of the water that the grass used.

Ms. Taylor inquired into whether another estimate should be requested. It was noted that Keesen is the current landscape contractor and has provided proposals that are within the range of other projects from other contractors. Ms. Taylor noted that since there are other projects that will be done going forward it would

be nice to have a cost comparison with another proposal. The Boards discussed the pros and cons of obtaining other proposals including warranty concerns with having more than one contractor involved in the project. Ms. Hensler also noted their discussions and history with Keesen and noted they have been good to deal with and have been responsive to critiques.

Upon motion of Ms. Taylor, seconded by Mr. R. Alpert, the Boards unanimously approved the proposal.

Traffic Matters

Ms. Ritter reported that the City provided signs for installation by the Districts and those are currently being installed by the handyman.

Mr. Langley noted that Councilmember Bergen is conducting a Town Hall meeting next week and plans to discuss traffic mitigation matters. He encouraged those interested in traffic issues to attend the Town Hall meeting.

Ms. Ritter reported that the South and East Master Associations are attempting to put a meeting together to resolve issues with parking tickets with the City and encouraged directors to attend to voice any concerns.

Asset Management

Capital Reserve
Requirements Plan and
Consider Approval of
Second Addendum to
MMI Water Engineers,
LLC Independent
Contractor Agreement
for Inspection of
Improvements and
Review of Plan (NTE
\$3,100)

Mr. Simons introduced himself to the Boards. Mr. Langley noted that the Boards previously discussed the need and desire to have the Districts' Capital Reserve Study reviewed and updated and presented the Boards with a proposal from MMI Water Engineers, LLC, for the inspection of the improvements and review of the plan in an amount not-to-exceed \$3,100. Mr. Simons noted that none of the storm water facilities are included in the current study which are critical to include. Mr. Langley reported that the costs are included in the budget and reminded the Boards that Mr. Simons's role is to fill the role that Mr. Summers previously provided.

Upon motion of Ms. Hensler, seconded by Ms. Taylor, the Boards unanimously approved the Second Addendum.

Second Addendum to
MMI Water Engineers,
LLC Independent
Contractor Agreement
for Update of Districts'
Maps for Property

Mr. Langley noted that the Boards previously discussed the need and desire to update the Districts' maps depicting property ownership and maintenance changes and presented the Boards with a proposal from MMI Water Engineers, LLC, for the mapping updates in an amount not-to-exceed \$4,450. Mr. Simons explained the process for the preparation and update of mapping.

Ownership and Maintenance Changes Completed in 2018 (NTE \$4,450)

Mr. Langley reported that the costs are included in the budget.

Upon motion of Ms. Hensler, seconded by Ms. Taylor, the Boards unanimously approved the Second Addendum.

STRUCTURAL AND GOVERNANCE COMMITTEE MATTERS

Structural Options for Districts upon Completion of Construction Projects; Dissolution of District No. 1; Creation of Saddle Rock South Authority

Ms. Tanaka presented the Board with an overview of the current structure and issues presenting the Boards. Ms. Tanaka reported that the property currently within District No. 1 will be selling in the near future and there will no longer be a need for District No. 1 to remain in existence nor will there be a means by which the Board of District No. 1 can remain qualified. Currently all property within District No. 1 is zoned commercial, although one parcel is in the process of rezoning to residential for townhomes or condos. This said, the overall development goals of District No. 1 have been realized and there is no legal need for District No. 1 to remain in existence. Ms. Tanaka noted that District No. 1 currently owns all of the property and assets and issues the contracts for the Districts so those will need to be addressed and transferred to another entity.

Ms. Tanaka reviewed the current structure of the Districts with the Boards and presented the Boards with an option to create an authority for the community. Alternatively, Ms. Tanaka noted that the Districts can elect to consolidate if they would like but noted that the costs and the timeline for this are significantly greater.

Ms. Tanaka noted that if the Boards elect to pursue the creation of an authority, conflicts counsel will need to be engaged for the establishing agreement as Ms. Tanaka cannot ethically or professionally negotiate both sides of a contract. Ms. Tanaka noted that Jamie Cotter at Spencer Fane previously acted as conflicts counsel for the Districts and recommended that the Boards engage Ms. Cotter to be involved in this agreement as well.

The Boards requested that this matter be deferred to the March meeting for further discussion and action.

OTHER BUSINESS

Next Meeting

The next joint regular meeting is scheduled for March 14, 2019, at 2:30 P.M.

ADJOURNMENT

There being no further business to be conducted, the meeting was adjourned.

The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.


Secretary for the Meeting