

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 14th day of March, 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

Carol Bransfield
Michael Alpert
Brian Alpert

District No. 3

James Quarles
Jan Taylor
Carol Bransfield

District No. 4

Carol Bransfield
Marie Hensler
Robert Childs
Michael Alpert

Also present were: Jennifer Gruber Tanaka, Esq., and Allison
Fogg, Esq., WHITE BEAR ANKELE TANAKA & WALDRON, District
general counsel; Irene Borisov, 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;
and Don Langley, Director on District No. 2.

**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. Upon motion of Ms. Bransfield, seconded by Mr. M. Alpert, the Board unanimously approved the agenda as amended.

Excusal of Absences The Boards noted the absences of Mr. Rigberg, Ms. Alpert, and Mr. R. Alpert, and, upon motion, duly seconded, the Boards unanimously excused their absences.

PUBLIC COMMENT None.

CONSENT MATTERS **AGENDA** The Boards were presented with the consent agenda items. Upon motion of Ms. Hensler, seconded by Ms. Bransfield, the Boards unanimously took the following actions:

- a. Approved the Board Meeting Minutes from January 10, 2019, Joint Regular Meeting (District Nos. 1, 3, and 4)
- b. Ratified the Operations Payables (January 11, 2019 – March 14, 2019) (\$56,503.08)
- c. Ratified the Claims as of February 28, 2019 (\$4,060.26)
- d. Approved the Additional Claims as of March 14, 2019 (\$35,347.79)
- e. Accepted the Unaudited Financial Statements as of December 31, 2018
- f. Approved the Application for Exemption from 2018 Audit (District No. 3)
- g. Accepted the Conveyance of Tract A and Detention Pond (by Memory Care Facility) from Arapahoe Greens, LLC through Special Warranty Deed and Bill of Sale

FINANCIAL MATTERS

Mr. Langley inquired into the remaining balance in the Capital Projects Fund after the developer reimbursements were made in January 2019. It was noted that there are approximately \$316,000 in revenues available to the Districts for use on capital projects, \$102,000 of which is the capital reserve.

LEGAL MATTERS

Update on Collections Matters

Ms. Tanaka reported that there are currently 8 open collection files and 7 open foreclosure files with a total outstanding amount due of \$20,257.67. Ms. Tanaka noted that in 2019, \$23,079.92 has been collected.

Legislative Changes in Governmental Immunity Limitations and Recommended Changes in Required Insurance for Independent Contractors

Ms. Tanaka reviewed recent legislative changes in governmental immunity limitations and the recommended changes in the Districts' required insurance for contractors noting that the Districts' insurance broker, T. Charles Wilson, recommends the changes to provide sufficient coverage in light of the increased governmental immunity limits.

Upon motion of Ms. Bransfield, seconded by Ms. Hensler, the Boards unanimously approved the recommended increase in insurance requirements for contractors and directed legal counsel and management to proceed accordingly.

DISTRICT MANAGER MATTERS

Update on Purchase of AED Units for Each Pool

Ms. Borisov reported that she spoke with Front Range Recreation and the AED units will be ordered shortly for installation by the time the pools open in the spring.

Approval of Proposals for Landscape Services by Keesen Landscape Management, Inc.

Ms. Borisov reported that she and Mr. Langley met with Keesen Landscape Management, Inc., regarding proposed projects for 2019 and recommend the following proposals:

1. Tree Trimming and Removal– Year 1 of 3 Year Plan (\$27,670)
2. Overseed Areas in Ottawa Park, Along Easter Avenue, Corner of S. Hinsdale and S. Gartrell and Vistas Islands (\$10,295)
3. Remove and Replace Sod in South Pool area (\$2,225)
4. South Pool Enhancements (\$6,842.83)
5. East Pool Enhancements (\$9,354.80)

Mr. Langley briefly reviewed each proposal with the Boards. Mr. Langley noted that new water projects are not proposed for this year as he would like to see how the prior projects work out for water savings and what the data shows for results. Mr. Langley reported that he and Ms. Borisov meet monthly with Keesen to review

projects and how their services are doing to keep the lines of communication open and to provide regular feedback. Mr. Langley invited others to attend as well if interested. So far the meetings have been beneficial and seem to be keeping everyone accountable for the status of services and projects.

Upon motion of Ms. Taylor, seconded by Ms. Hensler, the Boards unanimously approved the proposals as presented.

Review Proposals for Repairs to Pedestrian Bridges

Ms. Borisov reported that she met with the Districts' handyman contractor over the weekend to obtain a proposal for the repair to the bridges throughout the community. She noted that the bridges do not need to be replaced but can have several boards replaced instead. She anticipates that the repairs will be under \$500 total due to only needing repairs and not full replacements.

Upon motion of Ms. Bransfield, seconded by Ms. Hensler, the Boards unanimously approved the repairs to the bridges as discussed.

SAFETY AND SECURITY COMMITTEE MATTERS

General Update

Mr. Carroll reported that he pulled crime reports for the surrounding 1-mile radius area and there were 441 criminal complaints in a 13 month period. Of those, 26 are related to the Saddle Rock South community, 7 of which were related to one incident in January 2019. Six of the remaining crimes were domestic related. Overall, the community is 1% of the overall criminal complaints in the area which is really good and low comparatively speaking.

Update on Installation of Cameras on District Property

Ms. Borisov reported that the issues that the Districts were having with the cameras were addressed with the contractor and appear to have been resolved. The internet speed in the clubhouse was increased which helped the camera functioning. For now, the Districts will monitor how things are going to see if any changes are needed or any adjustments made.

Mr. Carroll reviewed the location of cameras and the areas that have been issues in the past. If better lighting can be added, combined with the new cameras and some landscape changes to cut back branches, etc., the problems will be significantly reduced and/or eliminated.

Mr. Langley noted that he, Ms. Borisov, and Mr. Carroll met to review the data being collected by the cameras and to see if the Districts are getting the value from the cameras to help determine

whether additional cameras should be added or any expansions needed. He noted that a lot will be learned when the pools open. Mr. Langley would like to see a camera added at the east pool at some point if the results show they are beneficial.

Mr. Langley reported that Mr. Rigberg is now the community's liaison on the neighborhood watch and has good contacts through this involvement. Mr. Langley discussed additional security measures with Mr. Rigberg as possibilities for consideration by the Boards including blue lights in the community that sound alarms, solar powered lighting in dark areas where electricity is not currently available, etc. The Boards will continue to explore options available for providing increased visibility and security throughout the Districts.

Mr. Quarles inquired into whether the cameras are justified in light of the low crime numbers. Mr. Carroll noted that they are beneficial for the clubhouse to monitor usage and clubhouse violations. He also noted that it will catch vandalism that occurs during the summer.

Grow Houses in the City

Mr. Carroll reported that he attended a meeting with the City regarding grow houses in the City. 182 warrants were served by the City for grow houses in the near vicinity in the past year alone. The cases in the Districts from four years ago are being prosecuted under RICO and are under grand jury so no new information is available. Mr. Langley circulated a flyer to the Boards from the City regarding the grow houses and information to look for to identify grow houses.

DIRECTORS' MATTERS

Water Conservation and Landscape Projects

Mr. Langley reported that no new projects are proposed for 2019 as the results from the prior years are being analyzed to determine how well they are working and whether to pursue more projects in the future.

Traffic Matters

Mr. Langley inquired into whether anyone attended the City's Town Hall meeting last month and whether there was discussion regarding a traffic signal being installed at Easter and Gartrell. No one was aware of any such discussion.

Asset Management

Capital Requirements Update

Reserve Plan

Mr. Simons updated the Boards on the status of the update of the Capital Reserve Requirements Plan. He noted that the ponds are not included in the current capital reserve plan and need to be added. Mr. Simons reviewed the process and documents he is

reviewing in order to provide an accurate update to the study. Mr. Simons will present the updated study to the Boards at a future meeting once he is able to conduct a site visit and compile the necessary data.

Update of Districts' Maps for Property Ownership and Maintenance Mr. Simons presented the Boards with the updated maps depicting the Districts' property ownership and maintenance responsibilities. He reviewed items that were updated on the maps from the prior maps prepared for the Districts. He noted there will be ongoing tweaks that the Boards may want to add and change as the maps are used more by everyone.

Upon motion of Mr. B. Alpert, seconded by Mr. Quarles, the Boards unanimously approved the maps.

STRUCTURAL AND GOVERNANCE COMMITTEE MATTERS

Structural Options for Districts upon Completion of Construction Projects; The Boards revisited the structural options for the Districts discussed at the January meeting.

Dissolution of District No. 1; Creation of Saddle Rock South Authority; Engagement of Spencer Fane LLP as Special Counsel Upon motion of Mr. B. Alpert, seconded by Mr. Childs, the Boards unanimously directed legal counsel to proceed with the dissolution of District No. 1 and the creation of the Saddle Rock South Authority as proposed and discussed. The Boards further directed Mr. Simons to work with legal counsel to inventory the Districts' assets for conveyance to the Saddle Rock South Authority.

Upon motion of Mr. Quarles, seconded by Mr. Childs, the Boards of District Nos. 3 and 4 unanimously approved the engagement of Jamie Cotter, Esq., at Spencer Fane LLP as special counsel.

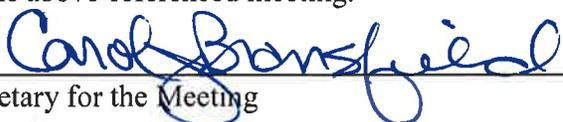
OTHER BUSINESS

Next Meeting The next joint regular meeting is scheduled for May 9, 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