

MINUTES OF A JOINT REGULAR MEETING OF THE BOARDS OF DIRECTORS

OF

SADDLE ROCK SOUTH AUTHORITY  
SADDLE ROCK SOUTH METROPOLITAN DISTRICT NO. 2,  
SADDLE ROCK SOUTH METROPOLITAN DISTRICT NO. 3, &  
SADDLE ROCK SOUTH METROPOLITAN DISTRICT NO. 4

Held: Thursday, the 14<sup>th</sup> day of November, 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:

Authority Designees:

James Quarles  
Don Langley  
Marie B. Hensler

Authority Alternate Designees:

Jason Inzer  
Jan Taylor  
Rob Childs

District No. 2:

Howard Johnson  
Don Langley  
Jason Inzer

District No. 3:

James Quarles  
Jan Taylor  
Rodney Alpert

District No. 4:

Rodney Alpert  
Marie Hensler  
Robert Childs  
Robin Childs

Also present were: Jennifer Gruber Tanaka, Esq., WHITE BEAR ANKELE TANAKA & WALDRON, Authority and District general counsel; Kathleen Gregory, Summit Management and Consulting, LLC, Authority and District Manager; John Simmons, Simmons & Wheeler, PC, Authority and District Accountant; Andy Carroll, Security Officer; Bradley A. Simons, PE, MMI Water Engineers, LLC, Authority Engineer; and Ashley Frisbie, WHITE BEAR ANKELE TANAKA & WALDRON (for a portion of the meeting).

**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 the Saddle Rock South Authority (“Authority”) and for each of the Saddle Rock South Metropolitan District Nos. 2, 3, and 4 (individually, “District No. 2”, “District No. 3”, and “District No. 4”, and, collectively, the “Districts”) was present and that the directors had confirmed their qualification to serve.

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.

Combined Meetings The Authority and the Districts are meeting in a combined meeting. Unless otherwise noted below, and as applicable, the matters set forth below shall be deemed to be the actions of the Authority and the Districts, collectively.

Approval of Agenda Ms. Tanaka presented the Boards with the agenda for the meeting. Upon motion of Ms. Hensler, seconded by Mr. Childs, the Boards unanimously approved the agenda, as presented.

Excusal of Absences The Boards noted the absences of Ms. Bransfield and Mr. Rigberg. Upon motion of Ms. Hensler, seconded by Mr. Childs, 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 Mr. Childs, the Boards unanimously took the following actions:  
a. District Nos. 2-4 Matters  
    i. Approval of Board Meeting Minutes from September 19, 2019, October 3, 2019, and October 17, 2019, Special Meetings  
    ii. Acceptance of Unaudited Financial Statements as of September 30, 2019

- iii. Adoption of Resolution No. 2019-11-01: 2020 Joint Annual Administrative Matters
- iv. Adoption of Resolution No. 2019-11-02: Calling Election
- v. Approval of Engagement Letter with Stratagem CPA for 2019 Audit (District No. 4 only)
- b. SRS Authority Matters
  - i. Approval of Board Meeting Minutes from September 19, 2019, October 3, 2019, and October 17, 2019, Joint Special Meeting
  - ii. Ratification of Payment of Operations Claims (September 20, 2019 – November 14, 2019) (\$252,018.96)
  - iii. Ratification of Payment of Claims as of November 14, 2019 (\$100,782.48)
  - iv. Acceptance of Unaudited Financial Statements as of September 30, 2019
  - v. Adoption of Resolution No. 2019-11-01: 2020 Joint Annual Administrative Matters
  - vi. Ratification of Independent Contractor Agreement with Rose Paving for Parking Lot Repair Services
  - vii. Ratification of First Addendum to Independent Contractor Agreement with Rose Paving for Parking Lot Repair Services
  - viii. Approval of Addendum to Engagement Letter with WHITE BEAR ANKELE TANAKA & WALDRON, Attorneys at Law, for Management Services
  - ix. Approval and Renewal of Consultant and Contractor Agreements for 2020 Services:
    - 1. WHITE BEAR ANKELE TANAKA & WALDRON, Attorneys at Law, for General Counsel Services
    - 2. SpencerFane, LLP, for Special Counsel Services
    - 3. Metropolitan District Public Safety Group, LLC for Security Services
    - 4. Simmons & Wheeler, P.C. for Accounting Services
    - 5. MMI Water Engineers, LLC for Engineering Services (updated fees for 2020)
    - 6. Keesen Landscape Management, Inc., for Landscape Maintenance Services (updated scope and fee for 2020)
    - 7. Front Range Recreation for Pool Management Services
    - 8. Stratagem CPA for 2019 Audit
    - 9. @ Yur Service, LLC for Handyman Services
    - 10. Tatyana Golyansky for Clubhouse Cleaning Services
    - 11. Key-Rite Security Lock & Safe, Inc. for Security System and Monitoring Services
    - 12. Horticultural Specialists, Inc. for Tree Maintenance, Mosquito Control, and Winter Watering Services
    - 13. Verizon for Security Monitoring Services

- 14. The Electrician, Inc., for Outdoor Lighting Repair and Installation Services
- x. Termination of Independent Contractor Agreements:
  - 1. Independent Contractor Agreement with Summit Association Management, Inc., for District Management Services (as of December 31, 2019)
- xi. Approval and Acceptance of Special Warranty Deed for Tract R from SR South Inc., to Authority

**ENGINEER’S MATTERS**

Capital Reserve Study

Capital Projects Fund and Funding Needs

Mr. Simons reported that the capital projects should be monitored closely over the next few years to see which ones need to be addressed and the timeline. Mr. Simons made recommendations to Ms. Borisov in a memorandum for consideration that Ms. Tanaka will forward to the Boards. Mr. Simons highlighted a few of the items that should be reviewed and considered for long-term maintenance.

Status of Mapping Updates

Mr. Simons reported that the maps have been updated and noted that a large map for meetings is being printed.

Detention Ponds

Detention Ponds and Long-Term Maintenance Plan for Same

Mr. Simons noted that no Inspection and Maintenance Plans are required for the Authority’s ponds due to them being constructed and installed prior to the City’s current policy. This said, the Authority is required to maintain them appropriately. Only three of the ponds will require annual inspections with the City with the remaining seven ponds not requiring the annual inspections. The inspections can be conducted in the spring and it can be determined what work needs to be completed on each of the ponds.

Dredging of Detention Ponds and Review Proposals for Same

Mr. Simons reported that he requested proposals and received three proposals for the Boards’ consideration. Mr. Simons reviewed the proposals with the Boards and the costs and advantages of the various proposals. Mr. Simons noted that there are a few wrinkles that need to be ironed out to get a more accurate price depending on which contractor the Boards choose.

Mr. Quarles inquired into when the work can begin on the ponds which are in the worst shape, particularly Pond 7. Mr. Simons noted that the work will take about a week to complete and can begin as soon as the contractor is selected. Notices can be provided to the homeowners impacted so they can plan accordingly for the work.

The Boards discussed the proposal received from BrightView for Pond 7. Upon motion of Mr. Quarles, seconded by Mr. Langley, the Board awarded the contract to BrightView for Pond 7, subject to finalization by legal counsel.

## **FINANCIAL MATTERS**

### 2019 Budget Amendment Hearings

Public Hearing on 2019 Budget Amendment and Adoption of Resolution No. 2019-11-03: 2019 Budget Amendment (District No. 2) Mr. Langley opened the public hearing on the 2019 budget Amendment. Ms. Tanaka reported that notice of the hearing was provided in accordance with Colorado law and no objections were received prior to the hearing. Mr. Simmons reviewed the 2019 budget amendment with the Board. There being no public comment, Mr. Langley closed the public hearing.

Upon motion of Mr. Johnson, seconded by Mr. Inzer, the Board unanimously adopted Resolution No. 2019-11-03: 2019 Budget Amendment.

Public Hearing on 2019 Budget Amendment and Adoption of Resolution No. 2019-11-04: 2019 Budget Amendment (District No. 3) Mr. Alpert opened the public hearing on the 2019 budget Amendment. Ms. Tanaka reported that notice of the hearing was provided in accordance with Colorado law and no objections were received prior to the hearing. Mr. Simmons reviewed the 2019 budget amendment with the Board. There being no public comment, Mr. Alpert closed the public hearing.

Upon motion of Mr. Alpert, seconded by Ms. Taylor, the Board unanimously adopted Resolution No. 2019-11-04: 2019 Budget Amendment.

Public Hearing on 2019 Budget Amendment and Adoption of Resolution No. 2019-11-05: 2019 Budget Amendment (District No. 4) Mr. Alpert opened the public hearing on the 2019 budget Amendment. Ms. Tanaka reported that notice of the hearing was provided in accordance with Colorado law and no objections were received prior to the hearing. Mr. Simmons reviewed the 2019 budget amendment with the Board. There being no public comment, Mr. Alpert closed the public hearing.

Upon motion of Ms. Hensler, seconded by Mr. Childs, the Board unanimously adopted Resolution No. 2019-11-05: 2019 Budget Amendment.

### 2020 Budget Hearings

Public Hearing on 2020 Budget and Adoption of Resolution No. 2019-11- Mr. Langley opened the public hearing on the 2020 budget. Ms. Tanaka reported that notice of the hearing was provided in accordance with Colorado law and no objections were received

06: Adopting Budget and Appropriating Funds (Authority)

prior to the hearing. Mr. Simmons reviewed the 2020 budget with the Board. There being no public comment, Mr. Langley closed the public hearing.

Upon motion of Mr. Langley, seconded by Mr. Quarles, the Board unanimously adopted Resolution No. 2019-11-06: Adopting Budget and Appropriating Funds.

Public Hearing on 2020 Budget and Adoption of Resolution No. 2019-11-07: Adopting Budget, Imposing Mill Levy and Appropriating Funds (District No. 2)

Mr. Langley opened the public hearing on the 2020 budget. Ms. Tanaka reported that notice of the hearing was provided in accordance with Colorado law and no objections were received prior to the hearing. Mr. Simmons reviewed the 2020 budget with the Board. There being no public comment, Mr. Langley closed the public hearing.

The Board discussed the mill levy and determined to lower the mill levy in the Debt Service Fund from 12 mills to 11 mills and determined to increase the General Fund mill levy to 14 mills with the total mill levy not changing but remaining at 25 mills total.

Upon motion of Mr. Johnson, seconded by Mr. Inzer, the Board unanimously adopted Resolution No. 2019-11-07: Adopting Budget, Imposing Mill Levy and Appropriating Funds.

Public Hearing on 2020 Budget and Adoption of Resolution No. 2019-11-08: Adopting Budget, Imposing Mill Levy and Appropriating Funds (District No. 3)

Mr. Alpert opened the public hearing on the 2020 budget. Ms. Tanaka reported that notice of the hearing was provided in accordance with Colorado law and no objections were received prior to the hearing. Mr. Simmons reviewed the 2020 budget with the Board. There being no public comment, Mr. Alpert closed the public hearing.

The Board discussed the mill levy and determined to lower the mill levy in the Debt Service Fund from 12 mills to 11 mills and determined to increase the General Fund mill levy to 14 mills with the total mill levy not changing but remaining at 25 mills total.

Upon motion of Ms. Taylor, seconded by Mr. Quarles, the Board unanimously adopted Resolution No. 2019-11-08: Adopting Budget, Imposing Mill Levy and Appropriating Funds.

Public Hearing on 2020 Budget and Adoption of Resolution No. 2019-11-09: Adopting Budget,

Mr. Alpert opened the public hearing on the 2020 budget. Ms. Tanaka reported that notice of the hearing was provided in accordance with Colorado law and no objections were received prior to the hearing. Mr. Simmons reviewed the 2020 budget

Imposing Mill Levy and  
Appropriating Funds  
(District No. 4)

with the Board. There being no public comment, Mr. Alpert closed the public hearing.

The Board discussed the mill levy and determined to lower the mill levy in the Debt Service Fund from 12 mills to 11 mills and determined to increase the General Fund mill levy to 14 mills with the total mill levy not changing but remaining at 25 mills total.

Upon motion of Ms. Hensler, seconded by Ms. Childs, the Board unanimously adopted Resolution No. 2019-11-09: Adopting Budget, Imposing Mill Levy and Appropriating Funds.

**DISTRICT MANAGER  
MATTERS**

Installation of Reader  
System at Tennis Courts

Ms. Gregory reported that this project is complete and noted that the reader system seems to be working fine.

Repairs of Clubhouse Deck

Ms. Gregory reported that new joists were required to be installed and the project is scheduled to be completed by the end of November.

Repairs to Guest Parking  
Lot Areas

Mr. Simons reported that the parking lot is currently being re-stripped and the work should be complete in the near future.

Monument and Fence  
Damage from Car and  
Repairs to Same

Ms. Gregory reported that she filed a claim with the Authority's insurance provider. Ms. Tanaka noted that her office discussed the matter with the Authority's insurance provider and because the claim was filed this week, which is 10 months after the incident, and the claim had no back up material, they were prepared to deny the claim. However, legal counsel was able to obtain the information and provide it to the insurance provider who has followed up with the insurance company for the person responsible for the damage and the damages in the approximate amount of \$4,200 will be covered.

Transition of District  
Management Services

The Boards discussed the transition of management services from Summit Association Management, Inc., to White Bear Ankele Tanaka & Waldron. Ms. Tanaka reported that requests for a transition meeting with Ms. Borisov have not been answered and she is requesting that this meeting take place next week. Further, Ms. Tanaka advised the Boards that when contacting Summit for information or follow ups, they have been advised that unless the matter is related to accounting, they will not discuss any matters. Ms. Tanaka also advised the Boards that she has sent several follow up emails to Ms. Borisov regarding outstanding projects

and issues, including the violation fines, but has received no responses. Ms. Gregory will follow up with Ms. Borisov regarding these items.

The Boards discussed a mailed newsletter to the community advising them of the change in managers and providing additional information that may be helpful for the homeowners. The Boards agreed and directed Ms. Frisbie to send the mailing to owners.

Authorization of District Manager to Spend up to \$5,000 on District/Authority-Related Capital Expenditures and up to \$3,000 on District/Authority-Related Operations Expenditures without Prior Board Authorization

The Boards noted the desire to have the Authority and Districts' Manager be authorized to spend up to \$5,000 for capital expenditures and up to \$3,000 for operational/administrative matters without Board authorization to handle necessary repairs and actions between meetings.

Upon motion of Ms. Hensler, seconded by Mr. Quarles, the Boards unanimously authorized its Manager to spend up to \$5,000 for capital expenditure matters and up to \$3,000 for operational/administrative matter on District/Authority-related expenditures without prior Board authorization.

**SAFETY AND SECURITY COMMITTEE MATTERS**

General Update

Mr. Carroll reported that he was able to solve the mystery of the smell in the clubhouse and noted that it is due to the neighboring hair salon dumping hair products in the system which is creating the odors.

Mr. Carroll reported that the right front door to the clubhouse is sticking again and people ended up being stuck because of the issue. Mr. Carroll had his door guy look at it and he indicated it can be repaired for \$150. The Boards requested that Mr. Carroll work with Ms. Frisbie to get this repair done.

Update on Security Cameras

Mr. Carroll reported that there is nothing new. He will work with Ms. Frisbie to get her set up as a user on the system.

Proposals for Towing Services

Mr. Carroll reported that he received a proposal from Alpine Auto Recovery for towing services and will forward that to legal counsel for preparation of an agreement.

Neighborhood Watch Update

Mr. Carroll noted that the neighborhood watch meeting was conducted last week and all requirements for the year have been met. Mr. Carroll to meet with Mr. Rigberg regarding block



captains.

## **DIRECTORS' MATTERS**

### **Water Conservation and Landscape Projects**

Aurora Water Violation  
Fines for Backflow  
Prevention Devices

Mr. Langley reported that all backflows have been repaired and the City has signed off on the repairs and all are operational. Ms. Borisov reported that she is appealing the violation fines with the City. Ms. Tanaka noted that a demand was made on Summit to resolve this issue or pay the violation amounts by October 11, 2019, but noted that the fines remain outstanding. Ms. Tanaka noted that she has followed up on multiple occasions with Ms. Borisov and has received no responses and no payments have been made.

The Boards discussed the matter and determined to withhold further payments to Summit until this matter is fully resolved and the Authority is made whole.

### **Traffic Matters**

The Boards discussed the installation of traffic signals in the community and noted that the Authority does not have any obligation to fund the signals.

### **Clubhouse Committee Report**

Clubhouse Repairs and  
Review Proposals for  
Recommended Repairs

Mr. Inzer reported that the Committee met with the designer before the meeting regarding ideas for clubhouse renovations. The renovations would include changing the carpet to carpet tiles so that damaged squares can be removed and replaced, painting, furniture replacements, better lighting and more artwork. The Committee will have a proposal for the Boards to consider at the January meeting.

## **STRUCTURAL AND GOVERNANCE COMMITTEE MATTERS**

### **Dissolution of District No. 1**

Ms. Tanaka reported that the City approved the Dissolution and a Motion and proposed Order with filed with the Arapahoe County District Court seeking dissolution. A hearing was conducted with the Court on November 4, 2019, at which time the District Court Judge granted the Order. Upon receipt of a certified copy of the Order, it will be recorded in the Arapahoe County Clerk and Recorder's Office at which time the dissolution will become effective and complete.

**LEGAL MATTERS**

Collection Matters

Ms. Tanaka reported that there are currently 9 collection and foreclosure files pending with a total outstanding amount due of \$12,707.85.

**OTHER BUSINESS**

Next Meeting

The next regular meeting of the Authority and the Districts is scheduled for January 9, 2020, 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.

  
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Secretary for the Authority

  
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Secretary for District No. 2

  
\_\_\_\_\_  
Secretary for District No. 3

  
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Secretary for District No. 4