

MINUTES OF A JOINT REGULAR MEETING OF THE
BOARDS OF DIRECTORS

OF

SADDLE ROCK SOUTH METROPOLITAN DISTRICT NOS. 1,
2, 3 and 4

Held: Thursday, the 8th day of November, 2018, 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
Michael Alpert

District No. 2

Howard Johnson
Don Langley

District No. 3

James Quarles
Jan Taylor
Carol Bransfield
Rodney Alpert

District No. 4

Rodney Alpert
Carol Bransfield
Marie Hensler
Robert Childs
Michael Alpert

Also present were: Jennifer Gruber Tanaka, Esq., WHITE BEAR
ANKELE TANAKA & WALDRON, District general counsel; Irene
Borisov, Summit Management and Consulting, LLC, District
Manager; Kimberly Johanns, Simmons & Wheeler, PC, District
Accountant; Andy Carroll, Security Officer; 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, 2, 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, 2, 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. Mr. Langley requested that items g, h and i on the Consent Agenda be removed for separate discussion. Upon motion of Mr. R. Alpert, seconded by Ms. Bransfield, the Boards unanimously approved the agenda as amended.

Excusal of Absences

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

PUBLIC COMMENT

Mr. Sedlak addressed the Boards noting that there is an increase in loitering in the Tanglewood subdivision recently. He noted that there are a few high school students who are the regular offenders in the area who are causing continuing issues. He requested the installation of private property signs be installed in the area and the installation of cameras in the area. Mr. Sedlak has spoken with Mr. Carroll and the school security officer regarding the issue but he has not yet placed any calls to the City police. Mr. Carroll noted that the area is slated for security cameras in the future. Funds are set aside in the budget for cameras but the specific locations have not yet been designated. Mr. Carroll noted that the best method is to work through the PAR officer for the area. Ms. Tanaka noted that no loitering signs can also be installed. Mr. Carroll will discuss the issue with the PAR Commander to see if they can assist the Districts with the issues in the area. Ms. Tanaka also encouraged Mr. Sedlak to contact the police so that the statistics are recorded and the City can be advised that the area is an issue as they traditionally increase coverage where problem areas occur.

**CONSENT
MATTERS**

AGENDA 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. Approved the Board Meeting Minutes from September 6, 2018 Joint Special Meeting
- b. Ratified the Operations Payables (September 7, 2018 – November 8, 2018) (\$185,378.27)
- c. Ratified the Payment of Claims as of October 24, 2018 (\$49,316.25)
- d. Approved the Additional Claims as of November 8, 2018 (\$831.15)
- e. Accepted the Unaudited Financial Statements as of September 30, 2018
- f. Adopted Resolution No. 2018-11-01: 2019 Joint Annual Matters Resolution
- g. Removed from Consent Agenda.
- h. Removed from Consent Agenda.
- i. Removed from Consent Agenda.
- j. Approval of Engagement Letters with Stratagem CPA for 2018 Audits (District Nos. 1 and 4 only)
- k. Ratified Addendum #22 to Keesen Landscape Management, Inc., Agreement for Fall Aeration (\$1,598.56)
- l. Ratified Addendum #23 to Keesen Landscape Management, Inc., Agreement for Holiday Lights (\$10,943.69)
- m. Ratified Addendum #24 to Keesen Landscape Management, Inc., Agreement for Open Space Native Mowing (\$1,650)
- n. Approved the Updated Engagement Letters with WHITE BEAR ANKELE TANAKA & WALDRON, Attorneys at Law, for General Counsel Services
- o. Approved the Independent Contractor Agreement with Front Range Recreation for Pool Management Services
- p. Approved the Independent Contractor Agreement with Keesen Landscape Management, Inc. for Landscape Maintenance Services
- q. Approved the First Addendum to Independent Contractor Agreement with MMI Water Engineers, LLC for Engineering Services
- r. Approved the Renewal of Consultant Agreements for 2019 Services:
 - i. Summit Management & Consulting Services, LLC for District Management Services
 - ii. Metropolitan District Public Safety Group, LLC for Security Services
 - iii. Simmons & Wheeler, P.C. for Accounting Services
 - iv. @ Yur Service, LLC for Handyman Services

- v. Tatyana Golyansky for Clubhouse Cleaning Services
- vi. Key-Rite Security Lock & Safe, Inc. for Security System and Monitoring Services
- vii. Horticultural Specialists, Inc. for Tree Maintenance, Mosquito Control, and Winter Watering Services
- viii. Verizon for Security Monitoring Services
- ix. The Electrician, Inc., for Outdoor Lighting Repair and Installation Services
- x. Platinum Coatings for Painting Services
- s. Approved the Termination of Independent Contractor Agreements:
 - i. WYOCO Erosion Control, Inc. for Erosion Control Services
 - ii. Pure Choice Construction for Handyman Services
 - iii. Rose Paving for Parking Lot Repair and Sealing Services

**ITEMS REMOVED FROM AGENDA
CONSENT**

g. Resolution No. 2018-11-02: Concerning Imposition of Operations Fee on Residential Properties within District No. 1

Ms. Tanaka presented the Boards with Resolution No. 2018-11-02: Concerning Imposition of Operations Fee on Residential Properties within District No. 1.

Mr. Langley noted that he would like to revisit the imposition of the fee due to new members being on the Boards. Ms. Tanaka explained that District No. 1 does not have the ability to impose taxes but the residents have the ability to access the Districts' amenities. At the last meeting, the Boards noted that the imposition of a fee on the residential units is reasonable and fair due to their use of the amenities and their lack of payment of taxes.

The Boards discussed the collection of the fees and the enforcement remedies available to the Districts. Ms. Tanaka noted that the collection remedies are the same as the Districts previously had and residents who do not pay the monthly fee will have their key cards turned off and will be charged late fees and penalties in accordance with the collections policy.

The Boards inquired into whether the fee can be changed annually and whether it has an automatic increase incorporated for each year. Ms. Tanaka noted that the current draft of the resolution does not anticipate an annual adjustment but that can be incorporated should the Boards desire. The Boards determined to revisit the fee on an annual basis as part of the Districts' budget hearings.

Upon motion of Mr. Langley, seconded by Mr. Johnson, the Boards unanimously adopted Resolution No. 2018-11-02.

h. Resolution No. 2018-11-03: Establishing Guidelines for Processing and Collection of Delinquent Fees and Charges (District No. 1)

Ms. Tanaka presented the Boards with Resolution No. 2018-11-03: Establishing Guidelines for Processing and Collection of Delinquent Fees and Charges (District No. 1).

Upon motion of Mr. Langley, seconded by Mr. Johnson, the Boards unanimously adopted Resolution No. 2018-11-03.

i. Resolution No. 2018-11-04: Adopting a Personal Data Privacy Policy

Ms. Tanaka presented the Boards with Resolution No. 2018-11-04: Adopting a Personal Data Privacy Policy.

Upon motion of Mr. Langley, seconded by Mr. Johnson, the Boards unanimously adopted Resolution No. 2018-11-04.

FINANCIAL MATTERS

Public Hearings on 2018 Budget Amendments and Adoption of Resolution Nos. 2018-11-05 (District No. 2), 2018-11-06 (District No. 3), and 2018-11-07 (District No. 4)

The public hearings on the 2018 budget amendments for District Nos. 2, 3 and 4 were opened. Ms. Tanaka noted that the notices of the public hearings were published in accordance with Colorado law and reported that no written objections were received. Ms. Johanns reviewed the budget amendments with the Boards. There being no public comment, the public hearings were closed.

Upon motion of Mr. Johnson, seconded by Mr. Langley, the Board of District No. 2 unanimously approved the 2018 budget amendment and adopted Resolution No. 2018-11-05.

Upon motion of Ms. Taylor, seconded by Mr. Quarles, the Board of District No. 3 unanimously approved the 2018 budget amendment and adopted Resolution No. 2018-11-06.

Upon motion of Ms. Hensler, seconded by Mr. Childs, the Board of District No. 4 unanimously approved the 2018 budget amendment and adopted Resolution No. 2018-11-07.

Public Hearings on 2019 Budgets and Adoption of Resolution Nos. 2018-11-08 (District No. 1), 2018-11-09 (District No. 2), 2018-11-10 (District No. 3), 2018-11-11 (District No. 4): Adoption 2019 Budget, Imposing Mill Levy and Appropriating Funds

The public hearings on the 2019 budgets for District Nos. 1, 2, 3 and 4 were opened. Ms. Tanaka noted that the notices of the public hearings were published in accordance with Colorado law and reported that no written objections were received. Ms. Johanns reviewed the proposed budgets with the Boards. There being no public comment, the public hearings were closed.

Upon motion of Mr. R. Alpert, seconded by Ms. Bransfield, the Board of District No. 1 unanimously approved the 2019 budget and adopted Resolution No. 2018-11-08.

Upon motion of Mr. Johnson, seconded by Mr. Langley, the Board of District No. 2 unanimously approved the 2019 budget and adopted Resolution No. 2018-11-09.

Upon motion of Ms. Taylor, seconded by Mr. Quarles, the Board of District No. 3 unanimously approved the 2019 budget and adopted Resolution No. 2018-11-10.

Upon motion of Ms. Hensler, seconded by Mr. Childs, the Board of District No. 4 unanimously approved the 2019 budget and adopted Resolution No. 2018-11-11.

LEGAL MATTERS

Quit Claim Deed for Tract O to Shadow Creek Homeowners' Association

Ms. Tanaka reported that Ms. Borisov received a request from the Shadow Creek Homeowners' Association (the "HOA") requesting that Tract O be deeded to the HOA for ongoing ownership, operation and maintenance. It was noted that the HOA has been operating and maintaining this tract for many years and there are no District improvements located on the tract. Further, the tract is watered from the HOA's water tap.

Upon motion of Mr. R. Alpert, seconded by Mr. Quarles, the Boards unanimously approved the Quit Claim Deed for Tract O to the HOA.

Update on Collections Matters

Ms. Tanaka reported that for the 2017 budget year, the Districts collected their operations revenues through the imposition of a monthly fee imposed upon each property within the Districts. As of September, it was believed that there were 7 outstanding delinquent accounts and that each of the 7 accounts had been turned over to legal for collections. However, at the beginning of October, approximately 50 additional accounts were turned over to legal for processing through the collections proceedings and these additional accounts had an outstanding balance of approximately \$88,000. Ms. Tanaka noted that her office has been working to bring these accounts current under the collections procedures and pursue payments accordingly. As of today, Ms. Borisov reported that there are 43 outstanding delinquent accounts with approximately \$52,000 in total outstanding amounts due.

Ms. Borisov explained that a prior employee had errors in her work and she instituted an internal audit to determine whether there were any issues or unpaid accounts that affected other clients, including the Districts. She noted that there are a total of 43 delinquent accounts with 39 of them being turned over to legal

counsel and 4 remaining at her office where she has given the owners until the middle of the month to pay in full. If they are not paid by the deadline they will be turned over to legal counsel for processing. Ms. Hensler asked Ms. Borisov to confirm that this will not occur going forward. Ms. Borisov noted that procedures have been put into place to prevent these issues from occurring in the future. Ms. Borisov noted that by the end of the year she anticipates that there should only be approximately 10-15 accounts outstanding.

**DISTRICT MANAGER
MATTERS**

Update on Purchase of AED Units for Each Pool Ms. Borisov 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.

Update on Paving and Sealing Project Ms. Borisov reported that the project is complete. Ms. Borisov did a check with the contractors to ensure the punch list items were completed to the Districts’ satisfaction and she noted that they have been completed. Ms. Borisov noted that these areas need to be put on a maintenance program going forward to keep the areas sealed and patched as necessary to avoid unnecessary and premature replacement costs which are extremely high.

Process for Review and Approval of Operations Payables Ms. Borisov reported that Mr. Summers, the Districts’ construction manager, previously reviewed all invoices received and processed for payment by Ms. Borisov. Ms. Borisov inquired into how the Boards would like to approach this process going forward. Mr. Quarles noted that he would be willing to step into this position. Ms. Borisov will work with Mr. Quarles on the process and to get him caught up to speed on the timing and payments.

Pool Report from Front Range Recreation, Inc. Ms. Borisov reviewed the pool report from Front Range Recreation, Inc. with the Board. It was noted that there are no recommended repairs for 2019 from Front Range. Ms. Borisov reported that she reached out to Front Range on issues she has noted with the pools and reported that she requested proposals for those items. She anticipates having these for the January meeting. She also noted that she requested proposals from Keesen and the handyman for other areas that need repairs. These will also be available for the Boards’ consideration at the January or March meeting. Ms. Borisov noted that the trex decking is also in need of replacement and she will obtain a proposal for this. Mr. Langley noted that some of the bridges in the community also need repairs. Ms. Borisov noted that she is requesting proposals for these areas as well.

SAFETY AND SECURITY COMMITTEE MATTERS

General Update

Mr. Carroll reported that there have been 71 drug warrants issued along the E-470 corridor between the Tallyn's Reach and Murphy Creek subdivisions. He noted that the ring started in Saddle Rock South and moved along the highway.

Mr. Langley inquired about Ottawa Circle Park. Mr. Carroll noted that a temporary camera could be installed but they would only work as long as the weather is nice. Mr. Langley inquired into the cost to add additional patrols in the area during the peak hours to help deter the activity. Mr. Carroll noted that the more cost effective method would be to convert his contract to a full year contract as opposed to a seasonal contract which he currently has during the winter. This would add approximately \$10,000 - \$12,000 on an annual basis. He noted this would be less expensive than an hourly basis for checks before and after school.

Ms. Hensler noted that in the past when there was a parking issue the area was closed down which eliminated the problem. She inquired into whether this was an option for this situation which would be a less expensive option until the cameras could be installed. Ms. Borisov noted that other homeowners in the area will likely be extremely upset if the area is shut off or down as it is the main side and entrance to the park.

The Boards noted that if they are able to eliminate the problem in one area they simply move to another area in the community. It was noted that if they are bothered enough eventually they will move along to other areas.

Mr. Quarles noted that he is in favor of having Mr. Carroll provide the security services for the full year. Upon motion of Mr. Langley, seconded by Mr. Quarles, the Boards unanimously approved an amendment to the Independent Contractor Agreement with Metropolitan District Public Safety Group, LLC converting the current security services from seasonal coverage to year round coverage, subject to finalization by legal counsel.

Update on Installation of Cameras on District Property

Ms. Borisov reported that there are connectivity issues with Verizon and CenturyLink for the cameras. She is working to see if there are other modem options available. If these options are not available, a program through Verizon may be a viable alternative. Mr. Carroll noted that the speed is extremely slow which is creating the issue. Mr. Carroll noted that the installation of a repeater is an option. The area needs to be 5 foot by 5 foot

and just needs to be within the line of sight from the areas needing to connect. He noted that Verizon will pay the Districts to install the repeater as it will also boost the cell services for the remainder of the community. The area would need to have electricity to the site. Ms. Borisov noted that she can work to get proposals for the work if the Boards are interested in pursuing this option. The Boards directed Ms. Borisov and Mr. Carroll to work with Verizon on this option and obtain proposals for the location of the repeater, the work and logistics associated with the installation of the repeater for the Boards' review and consideration at the January meeting.

STRUCTURAL AND GOVERNANCE COMMITTEE MATTERS

Structural Options for Districts upon Completion of Construction Projects

Ms. Tanaka reported that the Districts are currently organized as 4 separate entities which was intended for the initial phasing and development of the community. However, now that the development is nearly complete, Ms. Tanaka noted that the Boards have inquired into the options available for the structure of the Districts going forward. Ms. Tanaka noted that the options for the Districts range from keeping the structure status quo to consolidating the Districts to creating an authority among the Districts to handle the operational needs for the amenities. Ultimately, the structure depends on the goals of the Boards and each structure has pros and cons. Mr. Langley and Ms. Tanaka will work on a summary presentation to provide to the Boards for a more in depth discussion at the January meeting.

DIRECTORS' MATTERS

Water Conservation and Landscape Projects

Proposed 2019 landscape projects

Mr. Langley presented the Boards with a summary of proposed landscape projects for 2019 and summarized in his report for the Boards. He reported that he met with Keesen regarding some issues that have been noted over the past year or two and he noted that Keesen was very responsive to the feedback and he believes there will be an improvement.

Mr. Langley has been working with Ms. Hensler on design ideas for some areas in need of rehabilitation. He believes that the Gartrell Rehabilitation Project will be possible to complete in 2019. He noted that he will meet with Keesen on this project in hopes of having a proposal and design for the January meeting. Ms. Hensler noted that some of the xeriscape flowers do not appear to flourish as much as other flowers and take up more

area. It was also noted that the perennials take longer to establish and are often food for bunnies and do not do well in the area.

Ms. Borisov noted that the Districts will have a new account manager with Keesen in 2019. Mr. Langley noted that he requested that the pool areas be kept particularly pristine and that the turf in the area be reduced. Keesen will be preparing a proposal for this work as well for the Boards' consideration.

The Boards discussed the timing of turning water on for irrigation purposes and noted that in the past the Boards were told the water would be turned on in June but when it was the issues had not been worked through yet with the system as opposed to the system being fully operationally ready by June. Ms. Borisov noted that a new account manager should improve these issues. She will have a monthly meeting with Keesen starting in February along with Mr. Langley to keep on top of the landscape matters including water conservation efforts.

Mr. Langley noted that a tree pruning project has been instituted throughout the Districts. It is a three year program for the community where the dead areas will be pruned, the trees will be shaped and the trees trimmed around the sidewalk areas. The program costs \$26,000 for each year. Ms. Hensler noted that people should be aware that the project does not trim trees on any private properties, only tracts owned by the Districts.

Traffic Matters

Ms. Borisov noted that there are parking signs that are ready to be installed throughout the Districts. She is working with the handyman to order the poles and to confirm the locations for the signs.

Asset Management

Capital Reserve
Requirements Plan and
Approval of Second
Addendum to MMI
Water Engineers, LLC
Independent Contractor
Agreement for Inspection
of Improvements and
Review of Plan

Mr. Langley reported that he has spent a considerable amount of time reviewing the reserve study that sets forth a 30 year plan for the replacement of the various improvements throughout the Districts. He noted that the study is very comprehensive and includes large projects for the Districts to tackle over time. He noted that he will report to the Boards on a quarterly basis as to what items need to be replaced and worked on based on the report as well as based on the condition of the improvements themselves. He noted that the detention and retention ponds are not included in the report but are the responsibility of the Districts. Mr. Langley would like to have MMI Water Engineers review the report to determine whether any changes need to be made or updated and to make an assessment of the ponds to determine what repairs and replacements will be needed on an

ongoing basis. Ms. Tanaka will put Mr. Simons in touch with Mr. Langley to develop a proposal for the Boards' consideration at the January meeting.

OTHER BUSINESS

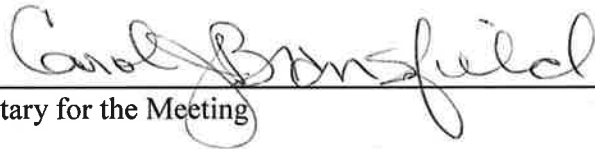
Next Meeting

The next joint regular meeting is scheduled for January 10, 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