

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 19<sup>th</sup> day of September, 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  
Rob Childs

District No. 2:

Don Langley  
Jason Inzer  
Howard Johnson

District No. 3:

James Quarles  
Jordan Rigberg  
Rodney Alpert

District No. 4:

Rodney Alpert  
Marie Hensler  
Robert Childs

Also present were: Jennifer Gruber Tanaka, Esq., WHITE BEAR ANKELE TANAKA & WALDRON, Authority and District general counsel; Irene Borisov, Summit Management and Consulting, LLC, Authority and District Manager; Diane Wheeler, Simmons & Wheeler, PC, Authority and District Accountant; Andy Carroll, Security Officer; and Bradley A. Simons, PE, MMI Water Engineers, LLC, Authority Engineer.

**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 Mr. Langley, seconded by Ms. Hensler, the Boards unanimously approved the agenda, as amended.

Excusal of Absences

The Boards noted the absences of Ms. Bransfield and Ms. Taylor. 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 Mr. Langley, seconded by Ms. Hensler, the Boards unanimously took the following actions:

- a. District Nos. 2-4 Matters
  - i. Approved the Board Meeting Minutes from July 11, 2019, Joint Regular Meeting
  - ii. Ratified Resolution No. 2019-07-12: Regarding Electronic Posting of Meeting Notices
  - iii. Accepted the Unaudited Financial Statements as of June 30, 2019

b. SRS Authority Matters

- i. Approved the Board Meeting Minutes from July 25, 2019, Inaugural Meeting
- ii. Ratified the Operations Payables (July 12, 2019 – September 19, 2019) (\$174,217.76)
- iii. Ratified the Payment of Claims as of September 19, 2019 (\$86,285.95)

**DIRECTORS' MATTERS**

Clubhouse Committee  
Report

Clubhouse Repairs and  
Proposals for  
Recommended Repairs

Mr. Inzer and Ms. Borisov reported that the committee met to discuss changes and to discuss obtaining proposals for the work for consideration. Ms. Borisov noted that the committee suggested the engagement of an interior designer to help with the process and noted that the designers will not provide a flat rate at this time due to the unknown scope involved but they will provide a time and materials proposal. They are willing to come meet with the committee to get an idea of what changes are desired as well. The hourly rates for the designers range from \$125/hour - \$225/hour. The committee estimates that the desired improvements will be around \$45,000. Mr. Langley noted that this is consistent with how much he was anticipating putting in the budget for 2020. The Boards reviewed the improvements that were completed in 2014 which Ms. Borisov indicated were approximately \$35,000.

Upon motion of Mr. Quarles, seconded by Ms. Hensler, the Boards authorized the engagement of an interior designer in an amount not-to-exceed \$1,250, subject to finalization of an agreement with the selected designer.

Clubhouse Rental Fees

Ms. Borisov noted that the Boards previously discussed changes in the fees for clubhouse rentals to fully cover the costs of the rental and cleaning. Currently the rental fee is \$25 for the first 4 hours and \$25 per hour thereafter. The Boards discussed changing the fee to \$100 for the first 4 hours, regardless of whether someone uses it for less than the 4 hours, with \$25 for each hour thereafter. For those who use the clubhouse monthly, the fee would be \$50 for the first 4 hours and \$25 per hour thereafter. Upon motion of Ms. Hensler, seconded by Mr. Langley, the Boards unanimously approved the revised clubhouse rental fees, effective January 1, 2020.

Ms. Tanaka noted that one of her other districts, the Conservatory Metropolitan District, currently meets at the clubhouse and inquired into whether the Boards would permit them to continue to meet at the clubhouse in 2020 on a monthly basis. Upon motion of Mr. Quarles, seconded by Mr. Langley, the Boards unanimously approved the rental fee of \$1,200 for the year, which will be paid at the beginning of the year for the full year.

Appointment of Director to Board of District No. 4 and Election of Officers

Ms. Tanaka noted that there is currently a vacancy on the Board of District No. 4 and noted that Robin Childs has expressed an interest in being appointed to the Board. Upon motion of Mr. Alpert, seconded by Ms. Hensler, the Board of District No. 4 unanimously appointed Ms. Childs to the Board. Ms. Childs will have her oath of office administered which will be filed with the District Court and the Division of Local Government pursuant to Colorado law. The Board determined to have Ms. Childs serve as an Assistant Secretary at this time.

## **ENGINEER'S MATTERS**

Asset Management Matters

Updated Capital Reserve Study

Mr. Simons reported that he met with Mr. Langley to review the site to determine the needs for the upcoming year, including the ponds. Mr. Simons is reviewing the reserve requirements and will bring those to the budget committee meeting for discussion and incorporation. Mr. Simons will note which projects need to be done as opposed to those which are wants and will make recommendations as to priority for those projects for the Boards' consideration.

Detention Ponds and Long-Term Maintenance of Same

Mr. Simons reported that he will work on a pond maintenance and inspection plan for the ponds. While the Authority is not required under current regulations to have the plan, it is anticipated that one will be required in the future and Mr. Simons recommended the plan be put into place regardless. The plan will be stamped by Mr. Simons. The mapping has been updated to show the ponds which will also be numbered or named for easy identification.

Mr. Simons noted that he has inspected most of the ponds and most are in good shape but there are a few that need some attention and work. He proposed that two of the ponds have maintenance performed in 2020 with the other ponds phased each year after that.

Mr. Simons reported that he discovered an underdrain system under Tibet Way that daylight into the pond located at Easter

and Tibet Way. This explains why the pond is always wet instead of dry, as intended. He also noted that it is likely that the underdrain is full and overloaded which is causing other problems with the road and other infrastructure. Ms. Tanaka provided a history of underdrain systems and noted that it is likely that the HOA is the responsible entity for the underdrain and the dedication may have been on the plat. Mr. Simons reported that this is an item he would like to discuss with the City along with other matters to help determine how to address this issue. Mr. Simons noted that the pond is currently designed strangely with the inlet and outlet structures being at the same location. Mr. Quarles inquired into mosquito control within the area with there always being standing water. Mr. Simons will continue to follow up on the issue and make a recommendation to the Boards.

Proposal for Dredging of Detention Pond Mr. Simons reported that he has obtained two proposals but they are very different so he has requested other proposals and is expecting those for discussion at the budget committee meeting.

Sidewalk Chase Project Mr. Simons reported that the project is complete. He noted that there is a 1 year warranty on the project and Mr. Simons noted he will provide a recommendation letter upon receipt of the invoice from Keesen. Ms. Borisov will provide the invoice to Mr. Simons upon receipt.

Maintenance, Operation and Ownership of Parking Areas

Map of Layby Areas and IGA with City of Aurora Mr. Simons reported that he prepared a map depicting the layby areas throughout the Authority and also noted the separate parking areas throughout the Authority. Ms. Tanaka reported that the City has requested that it operate, maintain, and enforce parking regulations within the layby areas since those are located within the City's streets. Ms. Tanaka noted that this is a different position that the City took many years ago because the City previously did not have the manpower to provide this enforcement and, at that time, the City requested that the Districts provide this service. However, when it was requested that the intergovernmental agreement with the City be assigned to the Authority to continue these services, the City requested that the Authority only provide parking enforcement in the parking areas, not in the layby areas which will remain with the City.

The Boards expressed concern with the City not enforcing the parking in these areas and people complaining to the Authority. Mr. Simons noted that the areas are about 10% of the parking areas within the Authority. The Boards also noted the need to

hold the City responsible and submitting complaints and requests if they are not being enforced.

The Boards noted that there are several layby areas in need of repairs. Mr. Langley noted that the City chip sealed some areas about 3 years ago.

Ms. Hensler recommended that the Authority send letters to the homeowners adjacent to the layby areas advising them of the change in enforcement for their information.

Request from Turnberry HOA for Enforcement of Parking Regulations and O&M of Parking within HOA

Ms. Tanaka presented the Boards with a request from the Turnberry HOA requesting that the Authority enforce parking regulations within the HOA. Ms. Tanaka noted that the HOA does not have any layby areas and all other parking areas are private, not public as they are in the other areas of the community. As such, the Authority is not legally permitted to enforce parking regulations in these private areas. Ms. Tanaka reported that she spoke with the attorney for the HOA regarding the request and he will work directly with the City for the parking enforcement matters. No action is required by the Boards at this time.

## FINANCIAL MATTERS

### 2020 Budget Hearings

2019 Preliminary Assessed Valuations

Ms. Tanaka presented the Boards of the Districts with the 2019 preliminary assessed valuations provided by the Arapahoe County Assessor's Office. Ms. Tanaka noted that the preliminary valuations are as follows:

District No. 2: \$22,920,972 (an increase of \$1,339,365)  
District No. 3: \$19,770,046 (an increase of \$2,559,911)  
District No. 4: \$43,697,681 (an increase of \$6,292,823)

The final assessed valuations are due by no later than December 10, 2019.

Set Budget Hearing Dates

Ms. Tanaka noted that the current date scheduled for the budget hearings is November 14, 2019, at 2:30 P.M. The Boards confirmed the hearing date.

Draft 2020 Budgets and Budget Committee Update

Ms. Tanaka reported that the Budget Committee, consisting of Mr. Langley, Ms. Wheeler, Ms. Borisov, Mr. Simons and Ms. Tanaka, are scheduled to meet next Thursday to work on the draft budgets. The draft budgets will be circulated to the Boards by the October 15, 2019, statutory deadline. Ms. Tanaka noted that

should any directors have particular projects that they would like to see added to the 2020 budget to please provide that information to her in advance of next week's Budget Committee meeting.

ColoTrust Account for SRS Authority

Ms. Wheeler noted the need to open a ColoTrust account. Upon motion of Mr. Quarles, seconded by Mr. Langley, the Board of the Authority unanimously authorized the opening of a ColoTrust account.

**DISTRICT MANAGER MATTERS**

Installation of Reader System at Tennis Courts

Ms. Borisov reported that Key-Rite has placed an order for the necessary part to fix the reader. The work is currently scheduled for October 1<sup>st</sup>.

Repairs of Clubhouse Deck

Ms. Borisov reported that the repairs are scheduled to be completed between October 21 – October 31, 2019. The deck will be completely redone due to its current condition.

Repairs to Guest Parking Lot Areas

Ms. Borisov presented the Boards with a proposal from Rose Paving to remove and replace asphalt in the parking areas near 22057 E. Costilla Drive in the amount of \$7,221. There are also issues near the east pool that Ms. Borisov requested a proposal for the repairs and is waiting on those. Mr. Quarles inquired into whether the parking lot should be concrete instead due to the repair issues with the asphalt. The Boards inquired into whether there would be issues with snow in the winter not melting with the concrete. The total area is 6 stalls and includes striping of the area with 780 square feet total. The Boards determined to obtain additional bids and request a recommendation from Mr. Simons regarding the area. Upon motion of Mr. Langley, seconded by Mr. Quarles, the Boards unanimously authorized Mr. Quarles to approve the work in an amount not-to-exceed \$7,500. Ultimately the Boards would like to have the work performed this year.

Pickle Ball Courts

Ms. Borisov presented the Boards with three proposals for the addition of pickle ball courts in the current tennis court areas. The prices range depending on the number of pickle ball courts. Altitude had the lowest bid of \$600 for one court and \$1,000 for two courts.

The Boards discussed whether to add the pickle ball courts and inquired into how many requests have been made for this amenity. Ms. Borisov reported that only one homeowner has requested this so far but she noted the homeowner has a group that plays pickle ball.

Ms. Hensler inquired into whether the Boards approve the painting for one court as a test to see how it goes. The Boards noted that the lines cannot be easily removed once painted if they determine to change courses.

After discussion, the request for the pickle ball courts was denied. The Boards directed Ms. Borisov to advise the homeowner accordingly.

Monument and Fence  
Damage from Car and  
Repairs to Same

Ms. Borisov reported that the repairs were made to the monument and the fence. The total cost of the repairs were \$4,200. Ms. Borisov was directed to file a claim with the insurance.

Snow Removal Contract for  
2019-2020 Winter Season

Ms. Borisov presented the Boards with a proposal from Keesen Landscape Management, Inc. for the performance of snow removal services for the 2019-2020 winter season. Ms. Borisov noted that there is no change in rates from the prior season. Mr. Langley reported that he has a map showing the school bus pick up locations so that those areas can be prioritized.

Upon motion of Mr. Langley, seconded by Ms. Hensler, the Boards unanimously approved the Independent Contractor Agreement with Keesen Landscape Management, Inc., for 2019-2020 snow removal services.

Tree Installation near  
Gartrell Pool

Ms. Borisov presented the Boards with a proposal from Keesen Landscape Management, Inc., for the installation of two 8-foot ponderosa pines near the east pool in the amount of \$1,940. Upon motion of Ms. Hensler, seconded by Mr. Quarles, the Boards unanimously approved the proposal.

Agreement for Towing  
Services

Mr. Carroll reported that he requested a proposal from Parking Authority, LLC, for the Boards' consideration but he believes they are no longer in business or interested in providing the services. He has requested proposals from other towing companies for consideration.

Holiday Lighting Proposal

Ms. Borisov presented the Boards with a proposal from Keesen Landscape Management, Inc., for the installation of holiday lights for the holiday season in the amount of \$12,158.52. It was noted that the 2018 contract was for \$10,943.69 so there is a slight increase for the 2019 holiday season due to some new areas and replacement of older garland that needs to be replaced. Otherwise the lights are the same.



The Boards discussed whether to continue to provide holiday lighting and it was noted that people really enjoy the lights.

Upon motion of Mr. Quarles, second of Ms. Hensler, with Mr. Langley abstaining, the Boards approved the proposal.

Request from Owner for  
Installation of Street Sign at  
Corner of Easter and  
Shawnee

Ms. Borisov presented the Boards with a request from an owner for the installation of a street sign at the corner of Easter and Shawnee. Ms. Borisov reported that he requested a light from the City which was denied. Ms. Borisov noted that if the sign is the same as the other signs throughout the community, the cost is estimated to be \$600-\$1,000. The Boards noted that most streets along the area only have one sign and the approval of this would result in the others requesting more signage. The Boards denied the request.

## **SAFETY AND SECURITY COMMITTEE MATTERS**

General Update

Mr. Carroll reported that mountain lions and bears have been spotted in the neighborhood.

Update on Security Cameras

Mr. Carroll reported that he has spent the last month rewiring the antennae for the security cameras and someone ripped the wires in one area which had been causing the issues. He noted that the issues are improved but there are still some issues that need to be worked out.

Neighborhood Watch  
Update

Mr. Carroll noted that he needs to meet with Mr. Rigberg to pick neighborhood captains.

## **DIRECTORS' MATTERS**

Water Conservation and  
Landscape Projects

Aurora Water Violation  
Fines for Backflow  
Prevention Devices

Mr. Langley reported that he noticed two backflow prevention devices were locked by the Aurora Water Department and inquired into why this had occurred. Mr. Quarles also noted that significant fines were reflected on the Authority's water bills. Mr. Langley and Mr. Quarles learned that the City provided the Districts with multiple notices regarding the Districts' requirement and failure to respond to or comply with the City's backflow testing program which resulted in \$15,000 of fines for these violations. It was noted that the notices were sent to the address on record, which is Summit Association Management.

Mr. Langley reviewed the City's process for sending violation letters and assessing fines. There are 5 backflows which are locked by the City and Mr. Langley is working with Keesen to get them tested so that the locks can be removed. In one instance one has not been operational for a year because of a plumbing issue with the water pit. Two more have not been operational all year which has resulted in landscape damage. Ms. Borisov noted that she is working with Keesen and the City to coordinate the repairs and meeting to get the issues resolved. Mr. Langley also noted that one account appears to be associated with the Star Pass HOA and not the Authority's. This needs to be reconciled with the HOA. Ms. Borisov will work to figure this out. Ms. Borisov reported that she did not receive any of the letters from the City on the backflow tests. Mr. Langley noted that the water bills have also included the fines so even if the letters were not received the fines were reflected on the bills and should have been caught. Ms. Borisov will work to get these up and running and will discuss with the Boards the amounts due for the fines. The Boards requested resolution of this matter within the next 21 days.

Traffic Matters

The City is installing a traffic signal at Easter and Gartrell.

**STRUCTURAL AND  
GOVERNANCE  
COMMITTEE  
MATTERS**

Dissolution of District No. 1

Ms. Tanaka reported that the City's Management & Finance Committee approved the District's request for consent to the dissolution of District No. 1. Further, no concerns were expressed at this week's City Council Study Session. The City has placed the matter on its agenda for approval at its September 23, 2019, meeting. Upon receipt of the City's consent and the accountant's certifications, legal counsel will file the Petition for Dissolution with the District Court which is required to conduct a hearing on the request within 50 days. Ms. Tanaka and Ms. Fogg will continue to keep the Boards updated as to the status. At this point, it is anticipated that there will be no issues completing the dissolution by the end of the year, as planned.

**LEGAL MATTERS**

Proposals for Management Services and Special Meeting for Interviews of Same

Ms. Tanaka reported that requests for proposals were sent to 4 management companies and 3 companies provided proposals by the deadline. She noted that Special District Management Services, Inc., declined to respond due to their inability to provide sufficient services at this time. Ms. Tanaka noted that Ms. Fogg

circulated the proposals, along with a summary of the proposals, to the Boards prior to the meeting.

After discussion, the Boards determined to interview 2 of the companies and scheduled the interview dates for October 3, 2019, at 3:30 P.M.

Colorado 811

Ms. Tanaka reviewed a memorandum that she circulated with the Boards discussion Colorado law requiring the Authority to be a member of Colorado 811 and to be compliant with law for location of underground utilities. Ms. Tanaka noted that the compliance requirements are for prospective work and repairs and noted that the Authority is not required to retrofit its entire irrigation system. Ms. Tanaka noted that a person will need to be designated to receive the locate requests and recommended that the Authority's manager be the designee who can then pass along any locate requests to the landscape manager if the manager is unable to perform the locate services. Ms. Tanaka recommended that once the manager is determined, the membership be processed by the manager. The Boards agreed.

Collection Matters

Ms. Tanaka reported that there are currently 9 collection and foreclosure files pending with a total outstanding amount due of \$12,618.77.

**EXECUTIVE SESSION**

Upon motion of Ms. Hensler, seconded by Mr. Langley, and upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 5:13 P.M. for the purpose of receiving legal advice and discussing negotiations with third parties pursuant to §§ 24-6-402(4)(b) and (e), C.R.S.

Pursuant to § 24-6-402(2)(d.5)(II)(B), C.R.S., no record will be kept of the portion of this executive session that, in the opinion of the District's attorney, constitutes privileged attorney-client communication pursuant to § 24-6-402(4)(b), C.R.S.

The Boards reconvened in regular session at 5:45 P.M.

The Boards directed that all payment of claims be processed by Simmons & Wheeler and no longer be processed by Summit Association Management.

**OTHER BUSINESS**

Next Meeting

The next regular meeting of the Authority and the Districts is scheduled for November 14, 2019, at 2:30 P.M.

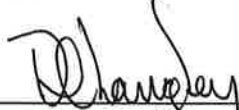
**ADJOURNMENT**

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 Authority



Secretary for District No. 2



Secretary for District No. 3



Secretary for District No. 4

**Attorney Statement  
Regarding Privileged Attorney-Client Communication**

Pursuant to § 24-6-402(2)(d.5)(II)(B), C.R.S., I attest that in my capacity as the attorney representing the Saddle Rock South Authority (the "Authority"), I attended the Executive Session on September 19, 2019, for the sole purposes of conferencing with the Authority's Board of Directors for the purpose of giving legal advice on specific legal questions and discussing negotiations with third parties as authorized by §§ 24-6-402(4)(b) and (e), C.R.S. I further attest that it is my opinion that all or a portion of the executive session discussion constituted attorney-client privileged communication as provided by § 24-6-402(4)(b), C.R.S., and based on that opinion, no further record, written or electronic, was kept or required to be kept pursuant to § 24-6-402(2)(d.5)(II)(B), C.R.S.



Jennifer Gruber Tanaka, Esq.  
General Counsel to the Authority and the Districts