

MINUTES OF A JOINT SPECIAL MEETING OF THE
BOARDS OF DIRECTORS

OF

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

Held: Thursday, the 6th day of September, 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

District No. 2

Howard Johnson
Don Langley

District No. 3

Rodney Alpert
Carol Bransfield

District No. 4

Rodney Alpert
Carol Bransfield
Marie Hensler

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; Jim Quarles, Don
Tollman and Mike Melcher, residents and members of the Saddle
Rock South Homeowners' Association; and Robin Childs, Robert
Childs, Art Ziccardi, and Jan Taylor, homeowners.

**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.

Excusal of Absences

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

Approval of Agenda

Ms. Tanaka presented the Boards with the agenda for the meeting. Upon motion, duly seconded, the Boards unanimously approved the agenda as amended.

Appointment of Directors to Boards of Directors

Ms. Tanaka reported that there are currently vacancies on each of the Boards. Ms. Tanaka noted that there are members of the public interested in being appointed to the vacancies.

Upon motion of Mr. Alpert, seconded by Ms. Bransfield, the Board of District No. 1 unanimously appointed Mr. Michael Alpert and Mr. Brian Alpert to the Board. Ms. Tanaka will file the required documentation with the Division of Local Government and the Arapahoe County District Court.

Upon motion of Mr. Alpert, seconded by Ms. Bransfield, the Board of District No. 3 unanimously appointed Mr. James Quarles, subject to confirmation of qualifications, and Ms. Jan Taylor to the Board. Ms. Tanaka will file the required documentation with the Division of Local Government and the Arapahoe County District Court.

Upon motion of Ms. Hensler, the Board of District No. 4 unanimously appointed Ms. Bransfield, Mr. Rod Alpert, Mr. Michael Alpert and Mr. Childs to the Board. Ms. Tanaka will file the required documentation with the Division of Local Government and the Arapahoe County District Court.

Election of Officers

Ms. Tanaka noted that Colorado law requires that each District's Board elect a President, a Treasurer and a Secretary, which position does not need to be held by a director. Upon motion, duly seconded, the Boards unanimously elected the following officers:

District No. 1:

President: Rodney Alpert
Secretary/Treasurer: Carol Bransfield
Assistant Secretary: Tanya Alpert
Assistant Secretary: Michael Alpert
Assistant Secretary: Brian Alpert

District No. 3:

President: Jim Quarles
Secretary: Jan Taylor
Treasurer: Carol Bransfield
Assistant Secretary: Jordan Rigberg
Assistant Secretary: Rodney Alpert

District No. 4:

President: Rodney Alpert
Secretary/Treasurer: Carol Bransfield
Assistant Secretary: Robert Childs
Assistant Secretary: Marie Hensler
Assistant Secretary: Michael Alpert

PUBLIC COMMENT

Mr. Quarles noted that he has received a lot of complaints regarding the landscape in the Districts. Ms. Borisov noted that many complaints have been received regarding this and she met with Keesen regarding the issues. She noted that there have been issues with electricity which caused irrigation system issues which, in turn, caused issues with the turf and plants. Mr. Langley reported that he and Ms. Borisov met with Keesen regarding the various issues and concerns throughout the area and have a plan to rejuvenate the areas throughout the community. He noted the recent changes to xeriscape in certain areas in an attempt to beautify those areas while conserving water.

Mr. Quarles inquired into how the fee collections was as opposed to the collection of taxes. Ms. Tanaka reported that there are approximately \$7,000 of fees in arrears that are being pursued through statutory measures. Mr. Quarles inquired into whether it is easier to collect the revenues through taxes. Ms. Tanaka confirmed that the collection through taxes is much more efficient and cost-effective for the Districts.

Mr. Ziccardi noted that some owners do not know how to communicate with the Boards and noted that the newsletters and website are not helpful. He noted that he learned about the meeting through the posted notices throughout the community. Ms. Borisov noted that the Districts' meetings are posted on the website. Mr. Ziccardi noted confusion between the Districts and the HOA. Ms. Hensler added that she lives within the same area and she has three websites to go to for her area. Ms. Tanaka explained the differences between the two entities and the responsibilities of each and noted that a map of the Districts' responsibilities, boundaries and the Districts' documents are all posted on the Districts' website. To the extent additional information is desired, Ms. Tanaka noted he can contact any of the directors, Ms. Borisov or herself.

Mr. Ziccardi presented the Boards with pictures he took of the pool indicating drainage issues and rocks in the parking lot. He noted that the kiddie pool gate was not locked and many tiles around the pool need to be replaced. The furniture is rusting and the table tops are not connected well to the stands. He noted several dead trees around the areas. Ms. Borisov noted that the Districts' handyman has identified several of these issues and the pool report from Front Range will likely identify any others. Those matters will be addressed once the pool is closed and the Board has approved the work through the budget process.

Mr. Childs noted there is a lot of confusion regarding the Districts' structure and it would be helpful to have information showing what each does and how they are interrelated. Ms. Borisov reported that she will put together a flow chart for people showing the organization and interaction between the various entities in the community.

Ms. Childs inquired into who maintains the fences in the community along Easter and noted that they are rusted and look horrible. Ms. Borisov noted that it is a combination of various entity's responsibilities. If the fence is within a sub-association they are responsible for the maintenance. Some areas are the homeowners' responsibility. There are also small areas along Sicily Court which are the responsibility of the Districts. Mr. Langley noted that the fences along the golf course are maintained by the Districts. Ms. Borisov reported that the Districts have a regular maintenance program for the fencing for which they are responsible.

Mr. Ziccardi inquired into a property which has remained under construction for a long period of time. It was noted that the Districts are not responsible for private lots and people should contact the City or the HOA if there are issues.

**CONSENT AGENDA
MATTERS**

Consent Agenda

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

- a. Approved the Board Meeting Minutes from March 8, 2018 Joint Regular Meeting (District No. 2)
- b. Accepted the Unaudited Financial Statements as of March 31, 2017(District No. 2)
- c. Approved the Board Meeting Minutes from May 10, 2018 Joint Regular Meeting (District Nos. 1, 3 and 4)
- d. Ratified the Operations Payables (May 11, 2018 – September 6, 2018) (\$333,533.35)
- e. Approved the Claims as of September 6, 2018 (\$47,236.39)
- f. Accepted the Unaudited Financial Statements as of June 30, 2018
- g. Adopted Resolution No. 2018-09-01: Ratifying Prior Actions of Board of the Directors (District No. 4)
- h. Acknowledged the Resignation of Summers & Associates as Districts’ Construction Manager and Approved the Termination of Independent Contractor Agreement for Same
- i. Approval of Engagement Letters with Simmons & Wheeler for Accounting Services for Each District

FINANCIAL MATTERS

2019 Budget Hearings

Review Preliminary Ms. Tanaka presented the Boards with the preliminary assessed valuations for each District from the Arapahoe County Assessor. Ms. Tanaka noted that the valuation for District No. 1 decreased slightly by \$1,708, District No. 2 increased by \$167,531, District No. 3 increased by \$469,795 and District No. 4 increased by \$626,454.

Budget Hearing Dates – Ms. Tanaka noted that the 2019 budget hearing dates are currently scheduled for November 8, 2018 at 2:30 P.M. Each Board confirmed the budget hearing dates.

Draft 2019 Budgets and Ms. Tanaka reported that she, Ms. Johanns, Ms. Borisov and Mr. Budget Committee Langlely met to review the draft 2019 budget and noted that the draft is included in the meeting packets. The Boards noted that

they are comfortable with Mr. Langley continuing to be the committee member to work with staff on the preparation of the 2019 budgets for consideration at the hearings. Mr. Langley noted that he has been working with Ms. Borisov and Keesen to get proposals for work that needs to be done in the coming year. He also noted that reserves have been set aside for three years for larger replacement projects. He noted that the Districts' financial status is strong and he sees no need to increase the mill levy. Ms. Hensler inquired into the status of the security improvements and whether additional funds need to be budgeted for this project. Ms. Borisov noted it may be good to set a little bit aside for some improvements and to address areas that have not yet been addressed.

Potential Operations Fee
for Residential Units in
District No. 1

Ms. Tanaka noted that District No. 1 was not intended to impose a mill levy and does not have the authorization to do so. Further, it was intended to be commercial. However, recently there was a rezoning of property to residential for some townhomes. It was noted that since these properties do not pay into the general fund through taxes, the Districts have the ability to impose an operations fee on the residential units for those who want to access the Districts' amenities. Ms. Tanaka inquired into whether the Districts are interested in considering the imposition of such a fee with the budget hearings. The Boards noted the desire to have people pay into the operations of the Districts' amenities like the others in the community and directed Ms. Tanaka to prepare a resolution for consideration at the November budget hearings.

LEGAL MATTERS

Proposals for District
Engineer Services and
Award of Contract for same

Ms. Tanaka noted that, with the resignation of Mr. Summers, it is necessary for the Boards to have an engineer available to perform some of the functions that Mr. Summers provided that others cannot otherwise provide. Such tasks include preparation of scopes of work for projects, certification of costs from developers, and other tasks that arise from time to time. Ms. Tanaka explained that this role would be on a time and materials basis and as needed by the Districts and not a monthly retainer as was the case with Mr. Summers. Ms. Tanaka noted that she requested proposals from engineering firms familiar with special districts and received two proposals—MMI Water Engineers, LLC and Schedio Group LLC.

The Boards reviewed the proposals. Upon motion of Mr. Langley, seconded by Ms. Hensler, the Boards unanimously approved the engagement of MMI Water Engineers, LLC, as the Districts' engineer and approved the Independent Contractor

Agreement with MMI Water Engineers, LLC, for the same, subject to finalization by legal counsel.

Saddle Rock Vistas
Reimbursement and
Acceptance of Improvements

Approval of Reimbursement to Arapahoe Greens, LLC for Saddle Rock Vistas Improvements (\$261,000)

Ms. Tanaka reported that, on September 8, 2016, the Districts entered into an Infrastructure Acquisition Agreement with Arapahoe Greens, LLC for the Saddle Rock Vista improvements. Ms. Tanaka noted that the agreement requires the Districts to reimburse the developer for the costs associated with the public improvements and which are certified by the Districts' engineer. Ms. Tanaka noted that Mr. Summers, prior to his retirement, certified approximately \$650,000 in eligible costs under the agreement. Ms. Tanaka noted that the District's capital fund does not have sufficient funds to reimburse the full amount; however, the Capital Projects Fund has \$261,000 designated for developer reimbursements. Further, as future system development fees are paid, those can be used to further reduce the reimbursement obligation.

Ms. Tanaka noted that any reimbursement should be contingent upon the receipt of certain documentation from Arapahoe Greens, LLC, including, but not limited to, a special warranty deed for the tracts, a bill of sale for the improvements, written confirmation of acceptance by the City of the public improvements not otherwise being dedicated to the Districts, as-built drawings for the improvements, and other items set forth in the Infrastructure Acquisition Agreement.

Upon motion of Mr. Alpert, seconded by Mr. Langley, the Boards unanimously approved the reimbursement of \$261,000 in funds pursuant to the Infrastructure Acquisition Agreement, with future system development fees received to be paid to Arapahoe Greens, LLC, pursuant to the Infrastructure Acquisition Agreement, up to an amount not-to-exceed a total of \$650,000, which amount includes the \$261,000 authorized by the Board for immediate release, all subject to the receipt of outstanding information and documentation required by the Infrastructure Acquisition Agreement and legal counsel.

Adoption of Resolution No. 2018-09-02: Accepting Tracts and Certain Public

Ms. Tanaka reported that the Boards previously approved the acceptance of Tracts A, B, C and D and certain public improvements located thereon; however, the approval was subject to finalization. Given the amount of time that has lapsed, along

Improvements Located Thereon (Tracts A, B, C and D, Saddle Rock Vistas, Filing No. 1)

with a change in ownership of the tracts and the development of certain public improvements that cannot be accepted by the Districts, Ms. Tanaka requested that the Boards re-approve the acceptance of the tracts and certain public improvements located thereon.

Ms. Tanaka noted that there are some improvements located on Tract D which the District has not, in the past, accepted, such as retaining walls. Ms. Tanaka noted that there is a small portion of a retaining wall within Tract D that Mr. Summers noted was required in order for the detention pond to be constructed and, as a result, he recommends that the District accept ownership of that portion of the retaining wall. However, all other retaining walls will remain privately owned and maintained.

Upon motion of Mr. Alpert, seconded by Mr. Langley, the Boards unanimously adopted Resolution No. 2018-09-02, subject to the provision of the appropriate documentation therefor and finalization by legal counsel.

Approval and Acceptance of Special Warranty Deed for Tracts A, B, C and D, Saddle Rock Vistas, Filing No. 1, and Bill of Sale for Certain Public Improvements Thereon

Ms. Tanaka presented the Boards with a Special Warranty Deed for Tracts A, B, C and D and the Bill of Sale for Certain public improvements thereon, as described above.

Upon motion of Mr. Alpert, seconded by Mr. Langley, the Boards unanimously approved the acceptance of Tracts A, B, C, and D through approval of a Special Warranty Deed for the same, as well as the acceptance of the public improvements set forth in the Bill of Sale for the tracts, subject to the provision of the appropriate documentation therefor and finalization by legal counsel.

Approval of Indemnity Agreement with SRV Land, LLC for Landscape Improvements

Ms. Tanaka presented the Boards with an Indemnity Agreement with SRV Land, LLC for the Landscape Improvements required by Resolution No. 2018-09-02.

Upon motion of Mr. Alpert, seconded by Mr. Langley, the Boards unanimously approve the Indemnity Agreement.

Approval of Easements for Landscape, Mail Kiosk and Fire Hydrant Maintenance within Saddle Rock Vistas

Ms. Tanaka noted that if the Districts are to maintain the soft landscaping adjacent to Tract C and the mail kiosk and fire hydrant landscaping, easements are required from the property owners.

Upon motion of Mr. Alpert, seconded by Mr. Langley, the Boards unanimously approved the easements, subject to finalization by

legal counsel.

Adoption of Resolution No. 2018-09-03: Adopting Motor Court Policies Ms. Tanaka and Ms. Borisov presented the Boards with Resolution No. 2018-09-03: Adopting Motor Court Policies and noted the need to have policies in place to enable the Districts to properly maintain Tract C, which is the motor court.

Upon motion of Mr. Alpert, seconded by Mr. Langley, the Boards unanimously adopted Resolution No. 2018-09-03.

**DISTRICT MANAGER
MATTERS**

Update on Purchase of AED Units for Each Pool Ms. Borisov reported that she does not believe the units were ever ordered by Front Range. Mr. Langley requested that one be ordered for the clubhouse. Ms. Borisov will meet with Front Range to ensure that these get ordered for the clubhouse and pools.

Update on Paving and Sealing Project Ms. Borisov reported that she and Mr. Summers reviewed the areas and noted approximately seven areas that were not stripped. When Rose Paving completes the areas that need to be replaced at the clubhouse they will complete the striping of the missed areas. She discussed maintenance recommendations with Rose Paving for long-term maintenance and budgeting. The project is almost complete.

Consider Approval of Snow Removal Contract with Keesen Landscape for 2018-2019 Winter Season (same price as 2017-2018 season) Ms. Borisov presented the Boards with the snow removal contract with Keesen Landscape for the 2018-2019 winter season. Ms. Borisov noted that the prices are slightly lower than the prior season with the hourly rates between \$10-\$15 lower.

Upon motion of Mr. Johnson, seconded by Mr. Langley, the Boards unanimously approved the snow removal agreement with Keesen Landscape.

Discuss Operational Issues Associated with Water Feature within Golf Course Ms. Tanaka and Ms. Borisov reported that a homeowner contacted them this summer regarding a water feature within the golf course noting that it had not been active or maintained in a long time. The homeowner indicated that the Districts have a contract with the City for the maintenance of this water feature. Ms. Tanaka noted that she does not have a copy of any agreement that the Districts have for the maintenance of this water feature. However, Ms. Tanaka noted that she inquired into this matter with Mr. Summers. Mr. Summers reported to Ms. Tanaka that the water feature was installed by the Districts and has remained inoperable for a significant number of years due to on-going issues and struggles with the water pump. Ms. Tanaka inquired

into whether the water feature should be looked at for repairs to make it operational or whether modifications should be made to remove the water feature so that it is not an eye sore for the community.

The Boards noted that until and unless there is evidence of a contract obligating the Districts to maintain the water feature, it does not desire to make changes to the feature at this time. Mr. Langley noted that the Districts have been focused on conserving water and filling the feature would be counter to these goals. If there is a request to improve the landscape around the area, the Boards would be willing to consider that; however, ordinary maintenance will continue as is for the time-being.

Additional Pet Waste Station at Ukraine and Easter Ms. Borisov reported that she received a request from a homeowner for the addition of a pet waste station at Ukraine and Easter. Upon motion of Mr. Langley, seconded by Mr. Johnson, the Boards unanimously approved the request and directed Ms. Borisov to move forward accordingly.

Perimeter Fencing for Shadow Creek Sub-Association Ms. Borisov reported that Shadow Creek Sub-Association has met the Districts' requirements for fencing and they have requested that the Districts take over the ownership, operation and maintenance of the perimeter fencing within its area. Mr. Summers inspected the fencing to confirm that it meets the Districts' requirements. Ms. Tanaka noted that a bill of sale for the improvements would be needed for the conveyance. Upon motion of Mr. Langley seconded by Mr. Johnson, the Boards unanimously approved the acceptance of the perimeter fencing subject to receipt of a bill of sale for the same.

SAFETY AND SECURITY COMMITTEE MATTERS

General Update Mr. Carroll reported that he has been battling the grow houses in the area with little help from the City. He worked with other neighborhoods in the area to have the City adopt an ordinance deeming the grow houses to be a nuisance in certain situations to help with the issues.

Update on Installation of Cameras on District Property Ms. Borisov and Mr. Carroll reported on some issues with the installation of the cameras and some additional improvements that need to be made. They are working with the company to ensure the improvements are made. Ms. Borisov noted that final payment will not be made until the system is fully operational and the Districts are satisfied.

Update on Addition of Lights
in Guest Parking Area

Ms. Borisov noted that this addition cannot progress until the original system is up and running appropriately.

**TRAFFIC COMMITTEE
MATTERS**

General Update

Mr. Langley noted that the latest discussions with the City indicated that the Easter and Gartrell intersection made the list for installation of a traffic signal at some point when funding is available.

DIRECTORS' MATTERS

Water Conservation Project

Mr. Langley reported that he met with Keesen regarding three areas to install xeriscape. He has water bill data through August which indicates a savings of approximately \$40,000 so far with the new ETs. He will review the full year report when available to determine the full savings. Mr. Langley wants to see the budget numbers before determining whether to do more xeriscaping in the islands. Over time, if a couple are done each year, all will be complete and a significant amount of water can be saved. Ms. Hensler noted that Keesen recommended that the backflows be reinstalled in the winter if the snow levels are low to avoid the same turf issues which happened this year. Mr. Langley noted that this cost should be built into the 2019 budget.

Update on Shawnee Road
Extension

Ms. Tanaka reported that Mr. Summers provided her with a brief update on this matter. Mr. Summers reported to Ms. Tanaka that the road was repaired by CASI Asphalt Company and they are standing behind any failure for a year. At that time, the City will finally accept the road.

OTHER BUSINESS

Next Meeting

The next joint regular meeting is scheduled for November 8, 2018 at 2:30 P.M and will be the Districts' annual meeting and 2019 budget hearings.

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