

EAGLE BEND METROPOLITAN DISTRICT # 2

<http://www.eaglebendmetro.com>

Monthly Meeting

Heritage Eagle Bend Clubhouse

23155 E. Heritage Parkway, Aurora, Colorado 80016

Date: November 13, 2014

10:00 am

MINUTES

I. Call to Order

The regular meeting was called to order at 10:05 am by Director Geiger. The meeting was held at the EB Marketplace Parkway Grill due to a heating malfunction at the HEB Clubhouse. Signs noting the change of location were posted at the clubhouse. In addition, the main desk receptionists were made aware of the new meeting location. In attendance were Directors: Geiger, Rexroat, Coker, Arellano and Board Recording Secretary Audrey Davie. Director Simmer's absence was excused.

II. Declaration of Quorum/Director Qualifications/Disclosure of Conflicts

A quorum was present. It is the responsibility of each Director to disclose any matter of conflict of interest with the District to the Board prior to each meeting, and any such potential conflicts must also be filed with the Secretary of State. An annual Conflict of Interest Disclosure must also be filed with the Colorado Secretary of State.

III. Approval of Consent Items

A. Agenda for November 13, 2014

B. Check Register for November

C. Approve Minutes for October 23, 2014

Director Coker made a motion to approve the following consent items: November 13, 2014 agenda, October 23, 2014 minutes, November payables with check numbers 3143-3149. The motion was seconded by Director Rexroat and unanimously approved 4-0.

IV. Public Input, self-introduction by guests

A. Statutory public comments (comments limited to 3 minutes per speaker)

Four members of the public introduced themselves which included: EB Ridgeview HOA President and two members of the HEBMA Board of Directors. During the course of the meeting, the public was regularly invited to ask questions; the following questions have been recurring: **1.)** What is the City of Aurora (COA) currently doing to address the center medians in front of the EB Marketplace? **Answer:** The COA has not taken any action to remedy this situation even though the medians are owned by the City. A memo composed by Director Geiger addressing this issue was emailed to Bob McCormick, Associate City Engineer, various COA officials and EB leadership. The memo was read aloud. **2.)** What is happening with the Y? **Answer:** Nothing has taken place since the last Board meeting.

V. Public Hearing

A. 2015 Budget

See Section VIII. New Business and Special Orders, B. Public Hearing Resolution to approve 2015 District Budget.

VI. Unfinished Business

No information at this time.

VII. Reports of Officers, Committees and Professional Consultants

A. Treasurer

1. Monthly Report

See Section VIII. New Business and Special Orders, A. Public Hearing and Resolution to amend 2014 District Budget and B. Public Hearing Resolution to approve 2015 District Budget.

B. Senior Vice President

1. Monthly Report

No information at this time.

C. Vice President of Water Operations

1. Monthly Report

Director Rexroat's information focused on the preparation of the 2014 year-end report.

D. Vice President of Landscape Maintenance

1. Monthly Report

All irrigation systems and trees have been prepared for winter. Director Arellano complimented Keesen Landscape for their services.

E. Vice President of Communications

1. Newsletter & Website

No information at this time.

F. Legal

Director Geiger notified the Board a second subpoena has been received concerning HEBMA, Inc. v Lennar Colorado LLC v Quality Pipe Services LLC lawsuit. White, Bear and Ankele, Board's legal counsel, has been consulted. Expenses encumbered by the Board for the first HEBMA vs Lennar subpoena have totaled approximately \$4000.

G. President's Issues

No information at this time.

VIII. New Business and Special Orders

A Public Hearing and Resolution to amend 2014 District Budget

Director Geiger moved to open the Public Hearing to address the Resolution to amend the 2014 District Budget. The motion was seconded by Director Arellano and passed unanimously 4-0. Board Accountant John Simmons of, Simmons & Wheeler PC, was present to explain the necessity of amending the 2014 Budget due to prepayment of the 2004 Series Bond on December 1, 2014. The amendment involved noting the transfer of money from one fund to another for the prepayment. The Public Hearing was closed at 10:10 am by Director Rexroat. The motion was seconded by Director Arellano and unanimously approved 4-0.

B. Public Hearing Resolution to approve 2015 District Budget

Director Geiger explained state statutes require all special districts hold a public hearing when approving annual budgets. He then moved to open the meeting at 10:11 am to a Public Hearing regarding approval of the 2015 District Budget. Copies of the EBMD#2 Proposed Budget for the Year Ended December 31, 2015 were distributed. The Proposed 2015 Budget was previously presented by Mr. Simmons at the Board's November 13, 2014 meeting. Some minor changes were made to the budget with most occurring within the Water Enterprise Fund due to Director Rexroat's 2015 well maintenance plan and the projected cost(s) of acquiring an additional water source. A recap of the budget was given by Mr. Simmons.

Questions from the public were addressed and the answers are as follows: **1.)** The Water Enterprise Fund will now show two line items for water sales: the fixed rate and the \$2.75/1000 gallon rate; and **2.)** Monies have been allocated for the possibility of hiring an outside management company to oversee the District's business.

Director Rexroat expressed concern at the possibility the COA may increase water rates for 2015. He explained several complexities the District will need to contend with during 2015: **1.)** acquiring a new source of water. Wells have a projected 10 year life span and the District's wells are at that mark. **2.)** "water holes" are not infinite; they have a 20-23 year life span; **3.)** COA application & documentation process of additional sources are arduous at best; and **3.)** technical expertise to monitor and maintain wells is mandatory all of which is quite different than when the wells were initially drilled in 1998 by US Homes.

Upon no further discussion, Director Geiger called the Public Hearing to a close at 10:30 am. Director Coker made a motion to accept the EBMD#2 Proposed Budget for the Year Ending December 31, 2015. The motion was seconded by Director Rexroat and passed unanimously 4-0. Mr. Simmons was thanked for his diligent efforts in preparing the Board's budget and all financials.

C. Resolution to approve 2015 contracts with Keesen Landscape Management – Maintenance & plant replacement/upgrades

Director Arellano stated the landscape contract for 2015 has been reduced almost 50% from prior landscape agreements. A change in companies as well as his weekly monitoring of all areas have contributed to the reduction. After a short discussion, Director Arellano moved to approve the 2015 landscape contract with Keesen Landscape Management. Director Coker seconded the motion which passed unanimously 4-0.

D. Resolution to engage attorney to prepare and circulate requests for proposal to provide management services to the District

Director Geiger made the motion requesting legal counsel prepare a RFP for the purposes of engaging management services for the District. The RFP will be circulated to a minimum of three different companies. The motion was seconded by Director Arellano and passed unanimously 4-0.

E. 2015 District Administrative Resolution

This Administrative Resolution includes instructions to all District consultants such as legal counsel, accounting etc. Director Geiger made the motion to approve the 2015 District Administrative Resolution as drafted by legal counsel. Director Rexroat seconded the motion with the motion passing unanimously 4-0

F. 2015 District Water Rate Resolution.

Director Rexroat will meet with Bunky Lundberg, HEBMA President and HEB General Manager, Gene Blum regarding the 2015 water contract. After a short discussion, Director Coker made a motion to approve the 2015 District Water Rate Resolution as prepared by legal counsel. The motion was seconded by Director Rexroat and unanimously passed 4-0.

IX. Executive Session

A. Executive Session, as necessary, for the purpose of receiving legal advice pursuant to Section 24-6-402(4)(b), Colorado Revised Statutes as it relates to the following matter: Litigation related to Heritage Eagle Bend Master Association, Inc. v Lennar Colorado LLC v Quality Pipe Services LLC and Subpoena issued to District No. 2

Director Geiger stated, I move to enter into Executive Session for the purpose of receiving legal advice pursuant to Section 24-6-402(4)(b), Colorado Revised Statutes as it relates to Litigation related to Heritage Eagle Bend Master Association, Inc. v Lennar Colorado LLC v Quality Pipe Services LLC and Subpoena issued to District No. 2. Director Coker seconded the motion to move into Executive Session for the purpose as stated. Upon the affirmative vote of 4/4 of the quorum present, the Executive Session began. Director Geiger stated, "As is required by law, electronic recording of this executive session has begun. It is November 13, 2014 and the time is 11:10 am. Present are Directors Coker, Geiger, Rexroat, Arellano and Recording Secretary Davie. Director Geiger concluded the Executive Session at 11:39 am and returned to an open meeting.

Director Geiger made a motion to appoint Director Arellano and himself to meet with HEBMA concerning their reimbursing the District for expenses incurred as a result of the District responding to subpoenas relating to the referenced lawsuit and other future costs the District may incur related thereto. Director Rexroat seconded the motion which passed unanimously 4-0.

X. Adjournment

The meeting ended at 11:41 am.

The next regular meeting will be held December 11, 2014