

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
EAGLE BEND METROPOLITAN DISTRICT NO. 2
HELD
SEPTEMBER 17, 2015

A regular meeting of the Board of Directors of the Eagle Bend Metropolitan District No. 2 was held on September 17, 2015 at 10:00 a.m. at the Heritage Eagle Bend Clubhouse, 23155 East Heritage Parkway, Aurora, Colorado 80016. The meeting was open to the public.

Attendance

In attendance were the following Directors:

Larry Geiger
Tom Coker
Rex Rexroat
George Arellano
Bruce Simner

Also in attendance were:

Denise Denslow and Shannon Torgerson; CliftonLarsonAllen LLP ("CLA")
Francoise Bergan, Candidate - Ward 6, Aurora City Council
Connie Smith 8127 S. Catawba Court
John Brown 8209 S. Winnipeg Circle
Irv Reinke 22852 E. David Place
John Ehlers 7875 S. Zante Ct.
Dale Fabricius 22115 E. Chestnut Pl.
A. Porter Barrows 7517 S. Biloxi Way
John McCracken 8214 S. Catawba Ct.
Bill Carel 7927 S. Quemoy Way

Call to Order

Director Coker called the meeting to order at 10:02 a.m. after those in attendance introduced themselves.

RECORD OF PROCEEDINGS

Declaration of
Quorum/Director
Qualifications/
Disclosures of
Conflicts

Director Coker declared that there was a quorum and that all Board members were qualified to serve. The Board discussed the requirements of Colorado law to disclose any potential conflicts of interest or potential breaches of fiduciary duty of the Board of Directors and to the Secretary of State. The members of the Board were requested to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with Statute. It was noted by the Board that disclosures of potential conflicts of interest statements for all directors have been filed with the Secretary of State's office prior to this meeting and that no additional conflicts were disclosed at the meeting.

Present Recognition
Award to Audrey
Arellano-Davie

Director Coker noted that the award of recognition had been presented to Ms. Arellano-Davie at the Board retreat in July and requested that this item be stricken from future agendas.

Approval of
Consent Items

- A. Agenda for September 17, 2015
- B. Minutes for August 20, 2015
- C. Minutes for September 10, 2015
- D. Current Claims

Following discussion, upon a motion duly made by Director Geiger, seconded by Director Rexroat and, upon vote unanimously carried, the Board approved consent items A, B, C and the claims, except for the membership invoice for the Chamber of Commerce. Prior to the vote taking place, Director Arellano questioned the benefits gained by the District by being a member of the Chamber of Commerce. Director Coker responded that it is a resource to meet governmental officials and others who are making decisions that effect the community and surrounding neighborhoods. He stated that he believes it is a valuable resource for \$300.00 annually. Director Simner noted that the expense is not high if the District receives a benefit from networking and other connections made as a result of being a member of the Chamber, however, he also stated that a lot

RECORD OF PROCEEDINGS

of the same networking and connections can be made through the Ward 6 City Council person if that person is aware of the issues facing the community. Director Arellano stated that he is of the opinion that the individual homeowners associations should be members, not the District. A member of the audience asked if legal advice can be received from the Chamber to which Director Coker noted that the Chamber has kept him informed regarding changes to statute and other legislative matters that may effect the District. Director Coker recommended inviting Kevin Hogan of the Chamber to attend the next meeting to explain the benefit of the District being a member of the Chamber. Ms. Bergan confirmed that the Chamber does provide a good resource.

Following discussion, upon a motion duly made by Director Coker, seconded by Director Simner and upon vote, which passed by a vote of 3 to 2 with Directors Arellano and Rexroat voting against, payment of the membership invoice to the Chamber of Commerce was approved.

Public Comments

Ms. Smith expressed concern regarding the minutes not being posted to the District's website in a timely manner. The Board and Ms. Denslow explained that it is standard practice not to post minutes for public use and review until after they have been approved by the Board at the next meeting. It was further noted that the minutes can be amended by the Board, even after approval has been given.

Ms. Smith noted that the Petition for Candidate was not easily printed and expressed disappointment that she had to modify the document personally.

A question was asked regarding the increase in water costs passed on to the Heritage Eagle Bend Master Association. Director Arellano explained the process that the District and the Master Association go through each year to determine the water budget. It was further noted that prior management of HEB failed to move forward with the City of Aurora's recommendations for improving water conservation. Director Rexroat noted that the East Cherry Creek Valley water source has been used 4 times this year and that over 1 million gallons of water is being put on the golf course each day in windy, 90 degree weather.

Old Business

Director Arellano requested that CliftonLarsonAllen's performance be reviewed, in adherence with the contract. Director Coker requested input from the Board and noted that he would like to postpone it until after the budget and recall elections are worked through. He further noted that if

RECORD OF PROCEEDINGS

there is an issue that a meeting between the individual Board member, Director Coker and CLA be called to work through the issue with the larger scale review taking place at the end of 2015. Director Coker requested that Director Arellano head the "review committee".

Reports

A. Treasurer's Report

Director Coker thanked Director Geiger for working on the budget and for putting in into the slide show.

Director Geiger presented a slide show that provided options to retire District debt by 2035. Following discussion, upon a motion duly made by Director Geiger, seconded by Director Rexroat, and upon vote, unanimously carried, to approve scenario 2 as its basis for the District's budget plan moving forward with an opportunity for public comment at the October meeting. This option includes a stair step reduction of the debt service mill levy over time – 39.5 total mill levy rate for 2016, 12 for operating and 27.5 debt service fund.

The Board set the budget hearing date of October 15, 2015 and noted that there may be minor modifications based on the final valuations to be received by Arapahoe County by December 10, 2015. Director Simner requested a one page summary of the graph and numbers as a means of simplifying the slideshow for constituent consumption and volunteered to assist on the summary. Questions were asked regarding possibility about property valuation coming in lower than anticipated and nearby communities having a lower total tax rate for homeowners (including the HOA fees).

B. Water Operations – Monthly Report

Director Rexroat noted that in reviewing last 4 years – less water has been sold this year than in the last 4. Discussion ensued regarding the process of water rates and a water budget for each year being passed on to HEB and the cost of water from the various water sources (ECCV and Aurora Water). The water from ECCV is not guaranteed and it could be gone within the next 2 years. The District has been reviewing locations and costs of purchasing water rights and development of a well. Director Coker explained the enterprise fund and how it is used solely by HEB.

Bids have been requested to design, obtain permitting, and drilling and installation of the well. Director Rexroat noted that he would like to start work in December 2015 / January 2016 with an estimated total budget for project, including water rights is \$1.8 million. The District is currently working with Layne Christiansen as they drilled original wells and have been helpful in getting the project off the ground.

Following discussion, upon a motion duly made by Director Rexroat, seconded by Director Arellano and, upon vote, unanimously carried, the Board approved the finance committee to find the water enterprise fund \$800K revenue – fee based

RECORD OF PROCEEDINGS

pledge. Discussion ensued regarding the debt authorization in the service plan for the enterprise fund.

C. Landscape Maintenance – Monthly Report

Director Arellano noted that Ms. Torgerson and he are meeting with Keesen on Monday, September 21 to review budget needs for 2016. It was further noted that the insurance claim is still outstanding due to additional information being required by the insurer.

D. Communications – Newsletter and Website

Director Coker noted that the newsletter should be to the printer shortly. It was also noted that the booklet detailing what the District is and does will be mailed in January 2016.

E. Legal

a. Discuss Pending Election Process

Director Coker announced that costs, to date, from the recall election stand at \$49,000.00. A member of the audience asked why the District's insurance doesn't cover the cost of the recall election. Ms. Denslow noted that because the recall election has been initiated by public opinion and not due to criminal or legal proceedings, the District's insurance will not cover the cost of the election. Absentee ballots must be requested by November 11, 2015. The Board requested that the notification of the absentee ballot request be placed in the newsletter as a means of notification to District constituents.

F. President's Issues

None.

G. Manager Issues

None.

New Business

None.

Next Meeting

A. Confirm Quorum for Next Board Meeting to be Held Thursday, October 15, 2015 at 10:00 a.m. at the Heritage Eagle Bend Clubhouse

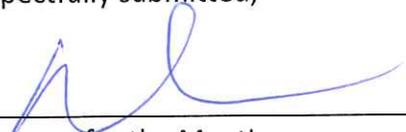
The Board confirmed the intent of a quorum for the next Board meeting, to be held Thursday, October 15, 2015 at 10:00 a.m. at the Heritage Eagle Bend Clubhouse.

RECORD OF PROCEEDINGS

Adjournment

Upon a motion duly made by Director Coker, seconded by Director Rexroat and, upon vote, unanimously carried, the Board adjourned at 12:50 p.m.

Respectfully submitted,



Secretary for the Meeting