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MINUTES OF A REGULAR MEETING  
OF THE BOARD OF DIRECTORS OF THE  
EAGLE BEND METROPOLITAN DISTRICT NO. 2  
HELD  
JULY 21, 2016

A regular meeting of the Board of Directors of the Eagle Bend Metropolitan District No. 2 was held on July 21, 2016 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:

Rex Rexroat  
George Arellano  
Ed Malone  
Larry Moore  
David Gruber

Also in attendance were:

Kim Herman and Stephanie Net; CliftonLarsonAllen LLP ("CLA")  
Kristen Bear; White Bear Ankele Tanaka & Waldron  
John Simmons; Simmons & Wheeler  
Laura Puca; Crady Puca & Associates  
Nancy McClanahan           7955 Rome Court  
John McCracken           8214 S. Catawba Court  
Will Schippers           7759 S. Valdai Court  
Roe Sherbert           Heritage Eagle Bend  
Wendy Stofa           Heritage Eagle Bend Manager  
Kris Barnes           Resolute Investments, Inc  
Mark Armstrong           KB Homes  
Tom Dea           TZA Water Engineers

Call to Order

Director Moore called the meeting to order at 10:00 a.m.

Declaration of  
Quorum/Director  
Qualifications/  
Disclosures of  
Conflicts

Ms. Herman 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

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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.

Approval of  
Consent Items

- A. Agenda for July 21, 2016
- B. Minutes for June 16, 2016 Board Meeting minutes
- C. Review and Approval of Invoices and Checks

Following discussion, upon a motion duly made by Director Rexroat, seconded by Director Malone and, upon vote unanimously carried, the Board approved the Consent Items as presented.

Public  
Comments

Mr. Kris Barnes, Vice President of Resolute Investments Inc, presented plans regarding the proposed storage facility off of South Addison Court and S. Biloxi Way. He noted the plans that are being prepared for the Planning Commission to review include a larger two-story building set 125 feet back from South Addison Court and approximately 10 single story buildings arranged around the rest of the property. Mr. Barnes stated the property will be highly landscaped, including wrought iron fencing, to beautify the area. He stated the estimated all in projects costs are \$8,000,000 to \$9,000,000.

Mr. Mark Armstrong, Project Manager of KB Homes, presented plans for a new 70 building paired home community south of the proposed storage facility. He stated the community will be named the "Highland Villas" and pending approval will begin building infrastructure in the end of August or early September with model homes opening to the public in the spring. He noted they estimate a base price of the mid to high \$300,000s.

Director Gruber requested an update from Ms. Bear regarding the possible name change for the District. Ms. Bear stated the paper work for the name change has been filed and she is waiting to hear back from the courts on their comments.

There were no homeowner comments for the Board.

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Old  
Business

A. Other

None.

Financial Items

A. Review and Consider Approval of 2015 Audit

Mr. Simmons introduced Ms. Laura Puca with Crady Puca and Associates, who presented the 2015 audit to the Board for review. Ms. Puca stated the audit received an unmodified or clean opinion.

Following review and after all questions were answered, upon a motion duly made by Director Gruber, seconded by Director Malone and, upon a vote unanimously carried, the Board accepted the audit as presented and requested Mr. Simmons file with all appropriate parties.

B. Review and Consider Acceptance of June 30, 2016 Financial Statements

Mr. Simmons reviewed the draft June 30, 2016 financial statements.

Upon a motion duly made by Director Arellano, seconded by Director Rexroat and, upon a vote unanimously carried, the Board accepted the draft June 30, 2016 financial statements as presented.

Water  
Operations

A. Monthly Report

Director Rexroat stated there had been three well outages since the last meeting due to high temperatures, but all issues have been fixed and the wells are fully operational. He reported the ECCV line had been utilized twice, once for four days and once for eight days; he believes around 3,500,000 million gallons had been used during the time the line had been turned on.

Mr. Sherbert stated Heritage Eagle Bend is looking into possibly separating the landscaping irrigation lines from the golf course irrigation lines as they have six water taps available per the development plans. . Mr. Sherbert stated they are concerned about changes in water demands and ensuring Heritage Eagle Bend has enough water moving forward. Director Moore stated he believes it would be beneficial if the District Board met with all HOA Boards to discuss future water needs and options moving forward. The Board agreed.

B. ECCV Pipeline Relocation Update

There was no update on this item.

C. Discuss Potential Reserve Study

There was no update on this item.

D. Review and Consider Approval of VCD proposal

Director Rexroat introduced Mr. Tom Dea, with TZA Water Enterprises, noting he has been working with him to potentially replace the well. Mr. Dea reported he was one of the original project managers for the wells and has been working with Director Rexroat to learn the current processes.

Director Rexroat stated the VCD is being fabricated, however it has been determined that new VCD will be larger than the original and will need additional pads to be placed underneath it. This has resulted in the need for an enlarged fenced area, as well as a new microwave. He reported these items are within the originally approved \$100,000 for the project. Director Rexroat stated TZA Water Engineers and Layne Christensen Company will both be involved in the installation, pending approval of the Service Agreement with TZA Water Engineers.

E. Water Sustainability

Director Moore reported he, Director Rexroat and Ms. Herman had met with the City earlier in the week to discuss potential options for other water sources. He stated the following options were presented by the City:

- Install a third water well;
- Utilize 100% potable water;
- Install a raw water line with uninterruptable service and turn over the ownership and maintenance of the current water wells to the City; or
- Install a raw water line with interruptible service and the District maintains ownership and maintenance of the current water wells.

Director Moore noted the third and fourth options appear to be most feasible for the District; however additional information will be shared as it becomes available.

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Landscape  
Maintenance

A. Monthly Report

Director Arellano reported all landscaping projects have been completed, noting the xeriscaping project with Creekside HOA has been installed and the HOA Board President approved the work. He reminded the Board and other attendees that the project had been previously approved.

Director Arellano stated the second Xeriscape Demonstration was held with the City of Aurora and had been very successful.

Traffic  
Safety

A. Traffic Update

Director Gruber reported he and Director Moore had met with the City to discuss traffic safety concerns within the District. He stated the City reported they would not likely be installing a traffic light, but are looking into three options (including a light) to improve safety. If a safety improvement is required, the City will fund it, but may be willing to accept some amount from the District to help expedite installation

Director Moore stated the City of Aurora has agreed to allow the District to review and comment on the Request for Proposal before it is sent out to contractors. He noted the District's traffic study is nearly complete and will be sent to the Board for review once it is finished.

Business  
Development

A. Discuss New Business Development Options due to Legislative Changes

Director Gruber briefed the Board on his meeting with the City of Aurora regarding the District's concern of the empty Safeway space off Aurora Parkway. He noted that they are aware of the issue and has other former Safeway spaces within the City that are also empty and they are working to fill.

Manager Issues

A. Discuss Status of Current Vendor Contracts

Ms. Herman stated CliftonLarsonAllen is finalizing the review of all contracts and will have binders to the Board as quickly as possible.

B. Review and Consider Approval of the GeoLens Service Agreement

Upon a motion duly made by Director Rexroat, seconded by Director Gruber and, upon a vote unanimously carried, the Board approved the Service

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Agreement from GeoLens, pending updating the invoice due date to the 5<sup>th</sup> of every month.

C. Review and Consider Approval of the TZA Water Engineers Service Agreement

Upon a motion duly made by Director Rexroat, seconded by Director Gruber and, upon a vote unanimously carried, the Board approved the Service Agreement from TZA Water Engineers, pending updating the invoice due date to the 5<sup>th</sup> of every month, and subject to legal review.

New Business

A. Other

None.

Next Meeting

Confirm Quorum for the Next Regular Board Meeting to be Held Thursday, August 18, 2016 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, August 18, 2016 at 10:00 a.m. at the Heritage Eagle Bend Clubhouse.

Adjournment

Upon a motion duly made by Director Moore the Board adjourned at 12:12p.m.

Respectfully submitted,

  
Secretary for the Meeting