

**MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF THE
EAGLE BEND METROPOLITAN DISTRICT
HELD
OCTOBER 25, 2018**

A special meeting of the Board of Directors of the Eagle Bend Metropolitan District was held on October 25, 2018 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 Moore
George Arellano
Will Schippers
Mark Rumlow

Also in attendance were:

Denise Denslow & Wendi McLaughlin; CliftonLarsonAllen LLP
("CLA")
Kristen Bear; White Bear Ankele Tanaka & Waldron
("WBA")
Mark Chambers; Simmons & Wheeler
Brit Abney; TZA Water Engineers, a Lamp Rynearson Company
("TZA")
Roe Sherbert; Heritage Eagle Bend
Steve Hungerford; Resident and HEB Board President
Tom Coker; Resident

Call to Order

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

Director Malone was absent and excused.

Declaration of
Quorum / Director
Qualifications /
Disclosures of
Conflicts

Ms. Denslow 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.

Approval of
Consent Items

- A. Agenda for October 25, 2018
- B. Minutes for September 20, 2018 Board Meeting
- C. Approval of Current Claims

Director Schippers brought certain provisions of a Summons and Complaint to the Board that was filed against the Master HOA, in which the District has been referenced relative to certain allegations. The agenda was pulled from the consent agenda to be amended to include two new items: XI B. Discussion of HEB Lawsuit and V C. Set Budget Workshop. Upon a motion duly made by Director Arellano, seconded by Director Schippers and, upon vote, unanimously carried, the Board approved the October 25, 2018 agenda, as amended.

Upon a motion duly made by Director Schippers, seconded by Director Rumlow and, upon vote, unanimously carried, the Board approved the September 20th, 2018 meeting minutes and current claims, as presented.

Public Comments

Mr. Coker addressed the Board with several questions and comments regarding the potential alternative water source project. Mr. Coker inquired as to why the signed Intergovernmental Agreement with the City of Aurora had not been announced or discussed with the community as a whole. He also asked why the District Board has chosen to move forward with this project without a further vote of the community. Mr. Coker stated that he believes without an election that the District is not in compliance with what he referred to as Title 11. Director Moore stated that the estimate of the cost of the project is not yet known, and as such, it is not certain that the pipeline will be constructed. The District will review the estimate to determine whether to move forward with bidding the project and thereafter, the District will determine whether or not to proceed in the event that the pricing is 10 percent higher than anticipated. Mr. Moore noted that the IGA has a provision for the District to opt out of construction if the bids come in 10 percent or higher than the engineer's estimate. Mr. Moore reiterated that the initial estimate has not been completed and the District has not made the formal determination to move forward under the provisions of the Agreement. It was also noted that Mr. Coker's reference to Title 11 was inquiry was made in apparent regard to the ability of the District to enter into an annually appropriated funding agreement with the City versus a debt obligation. Mr. Moore reiterated that the Agreement was subject to annual appropriation and any payments were to be made by the District's Enterprise. Ms. Bear also clarified that the IGA with the City is subject to annual appropriation, which does not constitute a debt, therefore the District would not be violating any Tabor restrictions. Director Arellano noted that it has been

previously stated at past Board meetings that there will be a public meeting to discuss this Agreement in greater detail if the District determines to move forward with the construction bidding process.

Mr. Coker left the meeting at this time.

Ms. Bear clarified that Title 11 is not in the Intergovernmental Agreement with the City of Aurora and is not applicable to the District in regard to the provisions of TABOR or any other considerations regarding debt.

Financial Items

A. Review and Consider Approval of September 30, 2018 Financial Statements

Mr. Chambers reviewed the September 30, 2018 financial statements with the Board.

Following review, upon a motion duly made by Director Schippers, second by Director Arellano and, upon vote, unanimously carried, the board approved the September 30, 2018 financial statements, as presented.

B. Discuss 2019 Budget

Mr. Chambers reviewed the 2019 Draft Budget with the Board, noting that \$300,000 is still in the General Fund to be used for traffic safety as the signal light project came in significantly less than anticipated. Mr. Chambers provided information to the Board regarding the funding that was allocated to an alternative water source per the 2016 election. Ms. Denslow inquired with the Board about holding a budget workshop prior to the next meeting. In order to be efficient and thorough at the workshop, the Board agreed to submit any questions regarding the budget to Mr. Chambers and Ms. Denslow prior to October 31st. Mr. Chambers will provide a revised 2019 draft budget to the Board by November 2, 2018.

C. Set Budget Workshop

Following discussion, upon a motion duly made by Director Arellano, seconded by Director Schippers and, upon vote, unanimously carried, the Board scheduled a 2019 Budget Workshop for November 15, 2018 at 8:30 a.m., at the clubhouse. The Board meeting and budget hearing will begin at 10:00 that day as already scheduled

Water Operations

A. Monthly Report

Mr. Abney provided an update on water operations to the Board. He reported that September was dry, but October has been cooler and has had more precipitation. Mr. Abney also noted that the Buchanan Tap has now

been winterized and the wells were shut down 2-3 weeks ago. He also stated that on June 12, 2018 the ECCV was shut off and though access is back, it will not be utilized.

Mr. Abney also informed the Board that a tree is causing radio signal difficulties with the south well. He stated that the tree may need to be removed. This will be determined next spring.

Mr. Schippers inquired as to the gallons per minute of the wells and why the north well is less. Mr. Abney stated that this can be due to a variety of factors, including pumping volume of the well. He noted that the well is, at its current capacity. Mr. Rumlow asked if drilling a third well would decrease output of the two existing wells. Mr. Abney stated that a water study would be needed to confirm; there could be interference to the existing wells from an additional one being drilled in close proximity.

B. Water Sustainability

Discussion ensued among the Board regarding the alternative water source. The Board determined that a more in depth analysis of the cost to drill a well should be done Director Moore requested TZA provide a proposal to provide an engineer's estimate to drill the well, transport water, and install the pump and maintain annually. The Board requested that this proposal also include engineering, permitting and water rights costs, in addition to distance requirements from pre-existing wells. Ms. Denslow will follow up on current water rights costs.

C. Other

None.

Landscape
Maintenance

A. Monthly Report

Director Arellano provided a landscape update to the Board, reporting that sails are down and in storage. Director Schippers inquired as to whether or not landscaping for the park is the District's responsibility, as it is not property that is owned by EBMD. Director Arellano stated that the District has maintenance responsibility of this park as part of an existing agreement with E-470.

B. Keesen Contract

Director Arellano informed the Board of an increase of \$73 per month in the 2019 Keesen landscape maintenance contract. Director Arellano will send the two scopes of work to Ms. Bear, who will prepare

Independent Contractor Agreements for consideration at the November Board Meeting. The second agreement will be for annual tree health.

C. Other

None.

Traffic Safety

A. Update on the Gartrell Traffic Light

Ms. Denslow provided a brief update on the Gartrell traffic light to the Board, noting that there has been a delay in delivery of the signal equipment. It is expected that delivery will take place in early November.

B. Other

None.

Business
Development

A. Other

There was nothing new to report at this time.

Manager Items

A. Other

Ms. Denslow clarified that the 2019 draft budget is available to the public but will not be posted on the website until approved by the Board.

Ms. Bear requested that all future copies of the draft meeting minutes be watermarked "DRAFT."

Director Arellano requested that the Board receive draft meeting minutes within 10 days after the Board meeting.

Legal Items

A. HEB Lawsuit

The Board was informed that the District has been referenced in allegations in the HEB lawsuit regarding the proposed repurposing of the clubhouse.

Following discussion, the Board authorized all communication for the potential lawsuit to go through the Board President and legal counsel.

B. Executive Session to Receive Attorney Advice and Discuss Contract Negotiations with the City of Aurora Concerning Water Issues Pursuant to C.R.S. Sections 24-6-402(4)(b)(e)and/or (f)

Upon a motion duly made by Director Schippers, seconded by Director Moore and upon vote, unanimously carried, the Board entered into executive session at 11:45 a.m.

Upon a motion duly made by Director Moore, seconded by Director Rumlow and upon vote, unanimously carried, the Board closed executive session at 12:26 p.m. and convened in regular session. No action was taken by the Board.

Next Regular Meeting

Confirm Quorum for the Next Regular Board Meeting to be Held Thursday, November 15, 2018 at 10:00 a.m. at the Heritage Eagle Bend Clubhouse

The Board confirmed quorum for the November 15, 2018 Regular Board meeting and approved starting at 8:30 a.m. for the 2019 Budget Workshop.

Adjournment

Upon a motion duly made by Director Moore, seconded by Director Arellano, the Board adjourned the meeting at 12:27 p.m.

Respectfully submitted,


Secretary for the Meeting