

# RECORD OF PROCEEDINGS

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## MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

OF THE

STERLING HILLS WEST METROPOLITAN DISTRICT

Held: Thursday, November 8, 2018, at 6:30 p.m. at Balterra Clubhouse, 2654 South Danube Place, Aurora, Colorado 80013.

**Attendance:**

A regular meeting of the Board of Directors of the Sterling Hills West Metropolitan District was scheduled in compliance with the laws of the State of Colorado, with the following directors in attendance:

Juliet Uhlott, President  
Michael Lenz, Treasurer  
Alberteen Ransom, Assistant Secretary  
Alan Duncan, Secretary  
CJ Matthews, Assistant Secretary

Also present were:

Jennifer L. Ivey, Icenogle Seaver Pogue, P.C.  
Debra Sedgeley, CliftonLarsonAllen, LLP  
Ted Laves, Colorado Special District Management  
and Operations  
Paul Velte, Dahl Environmental Services

**1. Call to Order/ Declaration of  
Quorum:**

Director Uhlott, noting the presence of a quorum, called to order the regular meeting of the Board of Directors (the "Board") of the Sterling Hills West Metropolitan District (the "District") at approximately 6:30 p.m.

**2. Directors Matters/Disclosure  
Matters:**

Ms. Ivey advised the Board that pursuant to Colorado law, certain disclosures by the Board members may be required prior to taking official action at the meeting. The Board then reviewed the agenda for the meeting, following which each Board member confirmed the contents of any written disclosure previously made, stating the fact and summary nature of any matters, as required under Colorado law, to permit official action to be taken at the meeting.

# RECORD OF PROCEEDINGS

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3. Approval of/Additions to/Deletions from Agenda: After review and discussion, upon the motion of Director Matthews and second of Director Uhlott, the Board unanimously approved the agenda with the addition of discussion items regarding the Xcel Easement, CORA requests, and bond threshold.
4. Public Comment for Matters Not on Agenda: None.
5. Approval of Meeting Minutes: Director Matthews noted that she had revisions to the minutes and did not believe that the financial matters discussion from the October 11, 2018 minutes is accurate and that she would like to record meetings going forward. After further review and discussion and upon the motion of Director Matthews and second of Director Ransom, the Board unanimously approved the October 11, 2018 special meeting minutes with revisions to the financial matters discussion to replace the language included regarding Ms. Matthews comments.
6. Report by Paul Velte: Mr. Velte was not in attendance at this time to discussion of this item was deferred to later in the meeting.
7. Financial Matters: Ms. Sedgeley reviewed the September 30, 2018 financial statements, the schedule of cash position, and current claims represented by Check Numbers 1083 through 1088 and an ACH payment to Aurora Water which total \$28,489.29.
- Director Matthews requested a footnote be added to the financial statements to show how much is accrued from year-to-year in the bond fund in excess of the bond payment requirements.
- After review and discussion and upon the motion of Director Duncan and second of Director Lenz, the Board unanimously accepted the September 30, 2018 financial statements and the schedule of cash position and approved the current claims as presented.
- Upon motion by Director Matthews, second by Director Ransom and unanimous vote the Board of Directors opened a public hearing on the proposed 2019 budget. There appearing no member of the public to speak on the budget, upon motion by Director Ransom, second by Director

# RECORD OF PROCEEDINGS

---

Matthews and unanimous vote the Board of Directors closed the public hearing.

*Mr. Velte joined the meeting at this time.*

6. Report by Paul Velte:

Mr. Velte, forester with Dahl Environmental Services, discussed with the Board the Sterling Hills Urban Forest Management report included in the meeting packet. Mr. Velte reported that the recommended injections and treatments should occur in the spring, around April. Mr. Laves noted that Mr. Velte recommended that a company that specializes in tree pruning should do that work in the future to ensure it is done correctly. Director Matthews inquired about the viability of shoots from a previously removed tree to develop into a mature tree. Mr. Velte reported that the likelihood is low, but it can happen. Mr. Velte discussed with Director Matthews the trees in the Xcel Easement and the concerns with “topping” trees. The recommendation was not to plant trees in this area and that “topping” trees would weaken the trees and Director Matthews noted this would result in lost investment. Upon inquiry from Mr. Laves, Mr. Velte confirmed that he would be willing to consult in the future, as needed, when the District does new plantings in the future. Director Uhlott noted that it might make sense in the future to remove the tree work from Keesen Landscape Management, Inc.’s contract and engage a specialist. Upon inquiry, Mr. Velte reported that winter watering on a monthly basis is recommended. The Board requested that Mr. Velte provide a cost estimate for a GPS inventory of the trees.

*Mr. Velte departed the meeting at this time.*

7. Financial Matters:

Ms. Sedgley reviewed with the Board the revised draft of the 2019 budget dated November 4, 2018 with revisions requested by the Board at the October 11, 2018 special meeting. Mr. Laves noted that the total reserves of the District outside of the TABOR reserve is \$260,000 which could be designated for use on the Detention Pond as needed. Director Uhlott noted that the \$5,000 for tree planting/bed expansion should be moved to tree/shrub maintenance so that to tree/shrub maintenance is \$5,000 and tree planting/bed expansion is \$0.00; the Board agreed.

Director Matthews inquired about a deposit for the CORA

## RECORD OF PROCEEDINGS

---

request. Ms. Ivey reported that a fee for research and retrieval cannot be charged for the first hour and charges cannot be made for electronic copies. No members of the Board had an objection to Ms. Ivey continuing as the Custodian designate to respond to CORA requests.

Director Matthews suggested that the budget for accounting services and legal services be decreased to \$25,000 each. Ms. Sedgeley reported that actual costs for accounting services for 2015 and 2016 were \$24,000 in 2015 and \$29,000 in 2016. Ms. Sedgeley reported that actual costs for legal services were \$29,505 in 2015 and \$33,285 in 2016. The Board agreed on \$27,500 for accounting services. Director Uhlott suggested \$35,000 for legal services. Upon motion by Director Matthews and second by Director Ransom, only 2 members of the Board voted to reduce the legal services budget to \$30,000; the motion did not pass.

Director Matthews suggested that the Xcel Easement be returned to Xcel and the District stop spending money to maintain that area. Ms. Ivey suggested that the Service Plan needs to be checked to make sure there is not an obligation to maintain that area. Upon motion by Director Ransom and second by Director Matthews, the Board unanimously approved Mr. Laves contacting Xcel to inquire about returning the property to them for maintenance.

Director Matthews inquired about the threshold for public payment and performance bonds and why this is required. Ms. Ivey reported that this is required by statute for certain contracts for public works over \$50,000.

Director Matthews stated that she is opposed to a refunding of the Series 2017 Bonds. Ms. Sedgeley noted that increasing the mill levy by 2.000 mills would yield approximately \$47,000. Director Uhlott stated that she is against increasing the mill levy for a project for which we do not have a solid cost estimate. Ms. Sedgeley noted that the reduction in the legal services and accounting services budgets will save another \$27,000 and increase the Detention Pond Reserve to \$92,000. Director Matthews recommended increasing the mill levy by 1.5000 to 2.000 mills for 2019. Director Lenz noted that the Board is taking action to increase the Detention Pond Reserve and that he agrees somewhat with Director

# RECORD OF PROCEEDINGS

---

Uhlott and noted that statewide election results would indicate that people do not want tax increases and that he would prefer to get a solid cost estimate and then increase the mill levy all at once. Director Matthews stated that the District is not in compliance with the Detention Pond and now recommends increasing the mill levy by 1.000 mills in 2019. Director Uhlott inquired if any other directors were in agreement with increasing the mill levy. Director Ransom inquired what the plan would be in future years once firm estimates are acquired and inquired if any firm estimates have been provided. Director Matthews made a motion to address an issue known to the Board as reported by an expert and to increase the mill levy by 1.000 mills so the Board can bring the Detention Pond into compliance for the benefit of its constituents and not increase the mill levy all at once. The motion died for lack of a second. Ms. Sedgeley noted that yearly the Board has revenues in excess of \$35,000 of expenses.

Mss. Sedgeley and Ivey presented to the Board a Resolution for approval and adoption of the 2019 budget, appropriating funds therefore and certification of a mill levy thereunder. After review and discussion of the proposed 2019 budget and upon motion by Director Uhlott and second by Director Lenz, the Board unanimously approved the Resolution adopting the year 2019 budget as revised to decrease accounting services to \$27,500, to decrease legal services to \$35,000, changing tree/shrub maintenance to \$5,000 and tree planting/bed expansion is \$0.00, appropriating the expenditures therefore and certifying the mill levy thereunder, subject to any final revisions required after receipt of the final assessed valuation from Arapahoe County.

Ms. Sedgeley reviewed with the Board the proposed engagement letter from L. Paul Goedecke P.C. to perform the audit of the 2018 financial statements. After review and discussion and upon the motion of Director Uhlott and second of Director Lenz, the Board unanimously approved engaging L. Paul Goedecke P.C. to perform the audit of the 2018 financial statements.

## 8. District Manager Report:

Mr. Laves discussed with the Board items detailed in his District Manager's Report, including, an update on the change of management company for the Balterra Clubhouse,

# RECORD OF PROCEEDINGS

---

an update on the status of the Detention Pond Contract with Doyle Construction, Inc., remediation work that will be completed by Keesen Landscape Management, Inc. to remove excess mulch that was placed around trees, removal of the backflow preventers, continued investigations on the insurance coverage schedules, and an update on the status of the District's website.

Director Matthews stated that Wright Water Engineers, Inc. would like to speak to Doyle Construction, Inc. prior to work being initiated because silt is coming into the Detention Pond from the undeveloped property and they are considering capping the inlet from that property to prevent the silt infiltration. Mr. Laves was directed to put the two parties in contact to discuss this.

Mr. Laves also discussed the memorandum from Wright Water Engineers, Inc. dated November 6, 2018 regarding the Stormwater Detention Pond.

Director Lenz stated that he feels that the real estate sign on the District's property is inappropriate since it could damage the irrigation lines. Mr. Laves will contact the realtor to make sure no damage occurs.

## 9. Legal Matters:

Ms. Ivey noted that she had received no comments on the proposed Park Rules, User Agreement/Liability Waiver, and Park Permit. The Board tabled this item to its next meeting and directed that Board members send comments to Ms. Ivey before the next meeting. Director Matthews inquired about the weapon restrictions and how many parks the District would allow to be reserved.

Ms. Ivey reviewed with the Board the 2019 Annual Administrative Resolution which the Board requested for this meeting based on the change to its meeting schedule and anticipated cancellation of the December regular meeting. Director Matthews stated that there were 29 paragraphs that were unnecessary and authorized legal counsel and the accountant to take actions "if necessary." Ms. Ivey stated that several statutory provisions allow for regulatory and governmental entities to request reporting and that these provisions account for those provisions. Director Matthews specifically questioned paragraphs 1, 2, 5, 8, 22, and 26. Ms.

# RECORD OF PROCEEDINGS

---

Ivey explained the legal rationale for inclusion of these provisions.

Director Matthews made a motion to elect the following officers:

President: CJ Matthews  
Secretary: Alberteen Ransom  
Treasurer: Michael Lenz  
Assistant Secretary: Juliet Uhlott  
Assistant Secretary: Alan Duncan

The motion died for a lack of second.

Upon the motion of Director Matthews and second of Director Uhlott and unanimous vote, the Board elected the following officer:

Secretary: Alberteen Ransom

Upon the motion of Director Matthews and second of Director Uhlott and unanimous vote, the Board elected the following officer:

Assistant Secretary: Alan Duncan

Director Matthews made a motion to elect herself as Treasurer. Director Ransom seconded the motion. The motion failed on a 2-3 vote with Directors Matthews and Ransom voting in favor thereof.

Director Matthews made a motion to remove paragraph 26 from the annual resolution. The motion died for a lack of second.

After further review and discussion and upon the motion of Director Duncan and second of Director Lenz and unanimous vote, the Board approved the 2019 Annual Administrative Resolution with a revision to paragraph 1 to indicate that a letter will be sent that the boundaries have not changed and electing the following officers:

President: Juliet Uhlott  
Secretary: Alberteen Ransom

# RECORD OF PROCEEDINGS

---


Treasurer: Michael Lenz  
Assistant Secretary: CJ Matthews  
Assistant Secretary: Alan Duncan

10. Other Business:

Upon motion of Director Ransom, second of Director Lenz and unanimous vote, the Board determined to cancel the December 13, 2018 regular meeting. The next regular meeting of the Board will therefore be held on March 14, 2019.

11. Adjourn:

There being no further business to come before the Board, upon motion of Director Uhlott, second of Director Ransom and unanimous vote, the meeting was adjourned at 9:49 p.m.

  
Secretary of the Meeting