

RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

OF THE

STERLING HILLS WEST METROPOLITAN DISTRICT

Held: Thursday, November 14, 2019, at 6:30 p.m. at the
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, Secretary
CJ Matthews, Assistant Secretary

Also present were:

Jennifer L. Ivey, Icenogle Seaver Pogue, P.C.
Ted Laves, Colorado Special District Management
and Operations
Debra Sedgeley, CliftonLarsonAllen LLP
Chris Doyle, Doyle Construction, Inc.

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 6:33 p.m.

2. Conflicts of Interest:

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.

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3. Approval of/Additions to/Deletions from Agenda: After review and discussion, upon the motion of Director Lenz and second of Director Ransom, the Board unanimously approved the agenda with the following addition under Other Business: Certificates of Insurance; the following addition under Financial Matters: Unauthorized Charges; the following addition under Legal Matters: Record Requests; moving the discussion of the Detention Pond up in the agenda to its own item to be considered when Mr. Doyle arrives; and moving the Manager's Report after Legal Matters.
4. Public Comment for Matters Not on Agenda: None.
5. Directors Matters:
a. Consider Appointment to Board Vacancy: Directors Matthews and Uhlott mentioned several individuals that have expressed interest in serving on the Board of Directors. Director Uhlott suggested that any interested parties plan to attend the March 12, 2020 regular meeting of the Board of Directors. Ms. Ivey stated that it would be helpful for any interested parties to advise her of their interest prior to the meeting so that her office can verify they are qualified as eligible electors of the District.
6. Approval of Meeting Minutes: After review and discussion, upon the motion of Director Uhlott and second of Director Lenz, the Board approved the minutes of the May 9, 2019 regular meeting of the Board of Directors, the minutes of the August 8, 2019 regular meeting of the Board of Directors, and the minutes of the September 12, 2019 special meeting of the Board of Directors on a vote of 3-1 with Director Matthews voting in opposition because she feels the minutes are not accurate.
7. Financial Matters: Ms. Sedgeley reviewed the September 30, 2019 financial statements, the schedule of cash position, interim claims represented by Check Numbers 1157 through 1175, and two ACH payments to Aurora Water, which total \$94,085.11 and current claims represented by Check Numbers 1176 through 1181 and one ACH payment to Aurora Water which total \$27,281.55.
- Director Matthews inquired why toll charges were included on the CliftonLarsonAllen LLP invoice. Ms. Sedgeley

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advised that she takes the toll road to attend the meetings because it takes her less time and will not include the charge in the future.

Director Matthews stated that Icenogle Seaver Pogue, P.C. should not be paid for sending the map that was requested of the property manager. Ms. Ivey stated that she provided this as requested by Mr. Laves but would happily refund the money on her next bill if it is problematic.

Director Matthews asked Ms. Ivey to find the legal agreement that transferred the water and Xcel bills from the Sterling Hills HOA to the District. Director Lenz stated that this was done a number of years ago after the Sterling Hills HOA discovered that they did not own any of the property and refused to pay any portion of the charges. After review and discussion, upon the motion of Director Ransom and second of Director Lenz, the Board approved Ms. Ivey researching this question.

Ms. Matthews inquired if Mr. Laves has a copy of the contract with Lift Services, Inc. Mr. Laves reported that he does which was attached to the invoice.

After review and discussion, upon the motion of Director Uhlott and second of Director Lenz, the Board accepted the September 30, 2019 financial statements and the schedule of cash position, approved the current claims as presented, and ratified the interim claims as presented on a vote of 3-1 with Director Matthews voting in opposition because the District should not pay bills that are in the HOA's rather than the District's name.

After review and discussion, upon the motion of Director Matthews and second of Director Lenz, the Board unanimously approved the engagement letter with Stratagem to perform the 2019 audit.

Mr. Doyle joined the meeting during the preceding agenda item.

8. Detention Pond: Director Uhlott invited Mr. Doyle to join the meeting and discuss matters with the Board. Mr. Doyle reviewed with the Board the Wright Water Engineers, Inc.'s (WWE) estimate

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of probable costs and draft plans. Mr. Doyle reported that the draft plans and cost estimate are currently missing a trickle channel from the parking lot, electricity, and temporary fencing which may add cost.

The Board discussed at length the type of fencing, height, whether the necessary fence could be permanent fencing rather than construction fencing. The Board was reminded that the purpose of this discussion is to reach a realistic number for the 2020 budget. The Board directed Mr. Laves to look into the cost of permanent fencing in the future when design and other pond construction details are known.

Mr. Doyle continued with his review of costs. After adjustments Mr. Doyle believes that total cost will be approximately \$441,490 without the contingency and he believes that the contingency only needs to be 5%-10%. Director Matthews stated that she thinks once the cost of procuring a payment and performance bond is added in the cost will be \$700,000.

Mr. Doyle departed the meeting at this time.

9. Public Hearing on Proposed
2020 Budget:

The Board opened a public hearing on the proposed 2020 budget consistent with published public notice. No members of the public in attendance wished to comment on the proposed 2020 budget. The Board closed the public hearing on the proposed 2020 budget.

Ms. Sedgeley reviewed with the Board the options for the proposed 2020 budget with possible changes in the mill levy because of the increase in the assessed valuation of the property within the boundaries of the District. The mill levy for debt service can be lower which allows keeping the total mill levy constant while increasing operating revenues. Ms. Sedgeley reported, however, that none of the three options she has presented would yield \$700,000 in revenue for the detention pond project. Director Matthews stated that if the District receives the money from the Sterling Hills HOA that is owed to the District for its 50% share of costs that have not been paid for several years, the District would be to fund the Detention Pond project in 2020. Ms. Sedgeley stated that per the District's Service Plan the District has responsibility to

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maintain the improvements not dedicated to the City of Aurora. Director Matthews commented that Ms. Ivey was asked earlier in this meeting to research this question and report back to the Board. Director Matthews stated that the Detention Pond project needs to be completed in one year to avoid repetitive costs caused by delay. Director Lenz stated that the project is likely best completed in one year. Director Matthews inquired why the debt service mill levy is lower. Ms. Sedgeley stated that the assessed valuation increased, resulting in a lower mill levy yielding enough revenue to pay the District's debt service on the bonds. At the request of Director Matthews, the Board discussed the cost of procuring bonds. Director Matthews stated that the Board has refused to build a reserve for the Detention Pond project which was a known project. Director Uhlott stated that she refused to allow taxes to be increased when the cost and scope of the Detention Pond project was unknown. The Board discussed the average increase in property taxes to homeowners based on the various mill levy options. Director Lenz stated that he is in favor of option C which would yield \$575,000 for the Detention Pond project. Director Ransom stated that she is in favor of increasing the mill levy to cover the cost of the Detention Pond project. Director Uhlott stated that she is favor of adding one mill to option C which would yield approximately \$600,000 for the Detention Pond project, eliminating directors fees for 2020, and removing the miscellaneous line item to dedicate those funds to the Detention Pond project. Director Ransom objected to eliminating the Director fees.

Director Matthews made a motion for a debt service of 30 mills and general mill levy of 27 mills as she believes the District is responsible for the project that has been known for years and needs to be completed. The motion died for a lack of second.

Director Uhlott made a motion to certify a debt service mill levy of 30 mills and an operations and maintenance mill levy of 24 mills, decrease the directors fees, miscellaneous, SDA conference, contingency, and tree planting to \$0.00 and increase the Drainage Pond renovations to \$600,000. The motion died for a lack of second.

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Director Lenz made a motion to certify a debt service mill levy of 30 mills and an operations and maintenance mill levy of 25 mills and increase the Drainage Pond renovations to approximately \$625,000 (the revenue yielded from the increase in the mill levy). Director Uhlott seconded the motion and the vote carried by a vote of 3-1 with Director Matthews voting in opposition.

Director Matthews inquired how much extra money is sitting in the bond fund with the trustee and how any extra money will be applied.

After further discussion, upon the motion of Director Uhlott and second of Director Ransom, the Board unanimously approved adopting a resolution approving the 2020 proposed budget with revisions, a debt service mill levy of 30 mills and an operations and maintenance mill levy of 25 mills and increasing the Drainage Pond renovations line item with the additional revenue, approving appropriation of funds to the approved budget and certifying the mill levies.

10. Legal Matters:

- a. Consider Approval of Annual Administrative Resolution for 2020:

Ms. Ivey reviewed with the Board the 2020 Annual Administrative Resolution.

Director Matthews made a motion that paragraph 10 include the additional posting locations from the August 8, 2019 meeting's direction because not every resident can be informed by the website. Director Ransom seconded. The motion carried on a vote of 2-1-1 with Director Uhlott voting in opposition and Director Lenz abstaining.

After review and discussion, upon the motion of Director Uhlott and second of Director Lenz, the Board unanimously approved the 2020 Annual Administrative Resolution without electing officers.

Director Matthews made a motion to elect the following officers:

President: Alberteen Ransom
Secretary: Michael Lenz
Treasurer: CJ Matthews

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The motion died for a lack of second.

Director Matthews made a motion to elect the following officers:

President: CJ Matthews
Secretary: Alberteen Ransom
Treasurer: Michael Lenz

Director Ransom seconded the motion. The motion failed on a vote of 2-2 with Directors Ransom and Matthews voting in favor and Directors Lenz and Uhlott voting in opposition.

Director Ransom made a motion to elect the following officers:

President: CJ Matthews
Secretary: Juliet Uhlott
Treasurer: Michael Lenz

The motion died for a lack of second.

The Board determined that the officers would remain the same.

- b. Consider Approval of 2020 Regular Special District Election Resolution:

Ms. Ivey reviewed with the Board the 2020 Regular Special District Election Resolution. After review and discussion, upon the motion of Director Matthews and second of Director Ransom, the Board unanimously approved the 2020 Regular Special District Election Resolution.

- c. Consider Contract Revisions – Wright Water Engineers, Inc.:

Ms. Ivey discussed with the Board the request that was received from WWE for a new contract given that the work that was approved at the September 12, 2019 is of a different scope than what was previously covered by their current contract. Ms. Ivey further explained that she has reviewed the proposed contract and worked with WWE's attorney to make revisions to make this legally acceptable for the District and that this contract would replace the amendment to the contract that was approved at the September 12, 2019 meeting. After review and discussion, upon the motion of Director Matthews and second of Director Ransom, the

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Board unanimously approved the revised contract with WWE for design services to replace the Third Amendment to the WWE contract.

d. Consider Contract Revisions – Doyle Construction:

Ms. Ivey explained that she, Ms. Sedgeley, and Messrs. Laves and Doyle reconciled the work performed to date, the work that cannot be performed due to the changed scope of the project, and total amounts invoiced and paid to date. The result of this reconciliation is a revised First Amendment to the Detention Pond Service Contract that should replace the amendment approved at the September 12, 2019 meeting before the reconciliation was completed. After review and discussion, upon the motion of Director Matthews and second of Director Lenz, the Board unanimously approved the First Amendment to the Detention Pond Service Contract and made final payment under the contract contingent upon an acknowledgement from Mr. Doyle that he has purchased the drainage pipe on behalf of the District and will store it without additional cost to the District.

e. Consider Approval of Bid Process for RFP – Phase Two Pond Remediation Work:

Mr. Laves reviewed with the Board the work to be performed as part of Phase Two of the Pond Remediation Work. Ms. Ivey explained that WWE is continuing with the design and permitted that is required for Phase Two and that once design has progressed a bit further it would be appropriate to publish the Request for Proposals for the construction contract in order to keep the project on schedule. Mr. Laves and Ms. Ivey reviewed with the Board the proposal from WWE to provide assistance with the RFP process. Ms. Ivey stated that she believed that the scope of work could be pared down slightly but that she recommended engaging WWE to assist with the work.

After review and discussion, Director Matthews made a motion to approve the proposal from WWE. The motion died for a lack of second.

After review and discussion, upon the motion of Director Uhlott and second of Director Ransom, the Board unanimously approved engaging WWE to assist with the RFP process in amount not-to-exceed \$6,000, with authorization for District legal counsel to approve not-to-exceed an additional \$2,000 if needed.

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Director Matthews made a motion to hold a special meeting to review the RFP before it is put out to bid. Director Lenz seconded the motion and it passed by unanimous vote.

11. District Manager Report: Mr. Laves discussed with the Board his District Manager's Report which was included in the meeting packet.

Mr. Laves reported that Keesen would be responsible for any costs in the spring to repair the iced up booster pump.

12. Other Business: Director Matthews stated that she made a request for records and it was not adequately responded to because Ms. Ivey and Mr. Laves had to coordinate with one another and did not have a bond for Doyle Construction. Mr. Laves stated that he and Ms. Ivey share legal files and that files have been uploaded to the District's DropBox account and that Directors have been provided with access to that account

13. Adjourn: There being no further business to come before the Board, upon motion of Director Lenz, second of Director Ransom and unanimous vote, the meeting was adjourned at 9:50 p.m.

Albertina Ransom 6/14/2020
Secretary of the Meeting

(meeting 11/14/19)