

RECORD OF PROCEEDINGS

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE GREENSPIRE METROPOLITAN DISTRICT NO. 2

Held: Wednesday, September 23, 2020 at 6:30 p.m., at 45 Veronica Drive, Windsor, CO 80550, with members of the public invited to attend in person and via electronic meeting held through Zoom platform.

Attendance

A special meeting of the Board of Directors of the Greenspire Metropolitan District No. 2 was held and the following Directors, having confirmed their continued qualification to serve on the Board, were in attendance:

Phil Myers
James Hogue
Bret Hall

Absent: None.

Also present were Colin B. Mielke, Seter & Vander Wall, P.C.; Nikolas Wagner, Centennial Consulting Group; and the following members of the public: Thia Walker, Bryan Brian Burnett, and Robert Fry.

Call to Order and Declaration of Quorum

The meeting was opened, and it was noted that a quorum of the Board was present.

Disclosure Matters

The Board discussed that Board members Phil Myers and Jim Hogue may have a conflict of interest based on their ownership of residential property residence within the District's boundaries. Other disclosures by the Board members might be required prior to taking official action at the meeting.

Director Bret Hall's existing conflict of interest forms have been filed with the Secretary of State's office pursuant to Colorado statute, which includes information stating that he is a party to a contract to purchase property within the Districts under which he has an obligation to pay taxes on real property. He is employed by and is the Chief Operating Officer of Hall Irwin Corporation, Manager of Lot Holding Investments, LLC and has business interests with Traders Junction LLC. He is the



RECORD OF PROCEEDINGS

son of Mr. George Hall, who is a Director on Greenspire Metropolitan Districts No. 1 & 3.

Director Myers questioned Director Bret Hall about his involvement with Windmill Homes Company, the primary builder in Greenspire. Director Hall stated that he has an ownership interest in Windmill Homes a Colorado LLC. The disclosure is associated with the approval of items on the agenda which might affect his interests.

Director Matters

- Resignation Robert Fry

The Board acknowledged the receipt of Mr. Fry's resignation from the Board of Directors. Director Myers thanks Mr. Fry for his service during his time as a Director.
[*Mr. Fry left the meeting at this time]

- Discussion regarding New Board Members

The Board discussed the desire to have new board members appointed to the current vacancies on the Board. The Board discussed having the management company send an email to community members to notify the public of the vacancies.

Approval of Minutes

The Board reviewed the minutes from the May 12, 2020 special meeting for District No. 2. Mr. Mielke apprised the Board that Director Myers had submitted numerous changes to the draft minutes and Mr. Mielke read each of the proposed changes aloud. After review and discussion, and upon motion made, seconded, and unanimously carried, the Board approved the minutes with the changes discussed.

Director Myers indicated that since the Districts' legal counsel had previously stated that there were legal ramifications for not having a physical quorum of directors present at board meetings to conduct business, Mr. Myers recommended ratification of all actions taken at the May 12th meeting. The ratification was approved by Director Myers and Director Hogue, but Director Hall did not see this as necessary and voted "no" to the ratification.

Public Comment

The meeting was opened for public comment. Director Myers informed the Board that he has drafted guidelines for public comment that he will proposed for the Board's consideration at a future meeting. Director Myers stated his desire that members of the public be allowed to comment during each agenda item.



RECORD OF PROCEEDINGS

Director Myers informed the Board that Mr. Brad Walker had changed his position regarding water metering since the last board meeting. Mr. Walker had previously stated he opposed water metering, but Mr. Walker now states that because of the over usage of water by some, he believes water usage should be monitored and users should be charged for the amount they use.

Director Myers stated his desire to retract his statement at the last board meeting for District Nos. 1 and 3 concerning Mr. John Hall not being a good board member candidate for District Nos. 1 and 3, and restated his position that he would like other individuals to serve on those Boards, members that are not so closely tied to the developer of the Greenspire subdivision.

Mr. Burnett (231 Saratoga Drive on South side of the street) informed the Board that he has experienced flooding issues in his yard and that he has pumped approximately 110 gallons per day from his meter pit from the end of May through September. He requested an inspection on May 29th and asked if there will be further inspections when the non-potable water irrigation system is shut down for the season. Mr. Wagner confirmed that an inspection has been completed and no leaks were detected in the system near Mr. Burnett's property, but there has been one leak located in the main line. Director Myers noted that a property located on the North side of Saratoga was also having issues and their back yard has been saturated with water. The Board discussed Carter's Lawn Care and items for improvement going forward.

Ms. Walker (221 Saratoga Drive on the South side of the street) informed the Board that her lot has flooded three times and she is confident it is not due to groundwater. Ms. Walker requested that the District perform more inspections of its non-potable water irrigation infrastructure. Ms. Walker further stated that herbicide was applied on the land adjacent to her property and that the herbicide damaged her landscaping. Director Hall recommended the District inform Carter's Lawn Care that the District is unsatisfied with the quality of water infrastructure maintenance work and request they identify how they will improve watering and leak detection next season.



RECORD OF PROCEEDINGS

Ms. Walker asked how she can access prior meeting minutes and requested that information on how to access minutes be sent out with an email regarding board vacancies.

There being no further public comment, the public comment period was closed.

Financial Matters

The Board noted that Ms. Eldridge was not present at the meeting and therefore tabled review and discussion of financial matters until a following board meeting.

Director Myers recommended that the planned imposition of fees for commercial property be added to the proposed 2021 budgets for the Districts. Director Bret Hall indicated he was unaware that the church had yet to be invoiced for non-potable water.

Developer's Report

The Board discussed the status of development within the community. Director Myers requested that the developer provide forecasts for future development. Director Hall stated that development forecasts are not reliable indicators, particularly given the current status of the housing market. Director Hall noted that providing forecasts will likely result in the people relying on those forecasts and then becoming upset if those projections aren't accurate. Director Hall indicated that a rough estimate of the number of homes to be built in Greenspire would be fifty (50) per year.

Director Myers stated his desire for the bondholder to reduce the interest rate on the District's existing debt owed to the developer.

[*Ms. Walker and Mr. Burnett departed the meeting at this time]

Manager Report

- Discussion regarding
Landscaping and Watering

Mr. Wagner informed the Board that there are 70 separate zones for the non-potable water irrigation system. The watering system does not have a central timer and watering is adjusted based on weather conditions. The landscaping company is responsible for watering activities. Director Myers stated his desire that water concerns be addressed faster and requested Mr. Wagner to create an ongoing log of concerns and resolution of



RECORD OF PROCEEDINGS

issues under the responsibility of the management company.

Mr. Wagner confirmed he is researching the potential replacement of dead trees.

The Board discussed the possibility of placing berms on the District's land adjacent to lots to reduce risk of water saturation. The Board noted that side cuts would need to be made in the private lots in order to accomplish the proper placement of berms.

Secretary/Treasurer Report

The Board discussed the role of officers on the Board. Mr. Mielke informed the Board that a new Board President needs to be appointed to fill the role vacated by Mr. Fry. The Board discussed the appointment of Director Hogue as Board President, and upon motion made, seconded and unanimously carried, the Board appointed Director Hogue as Board President.

Director Myers raised the issue of \$75,000 in tap fees that had not been paid in a timely manner, some due as far back as December 2019. Tap fees apply to properties transferred from the developer to the builder, and it is his belief that interest and penalties should be applied based on Resolutions adopted by the District. Director Hall confirmed that the \$75,000 has already been paid and that the discrepancy was the result of the title company changing how it requests District fee information. Director Myers expressed his belief that development fees should be charged earlier in the construction process and when the developer does not transfer property to the builder until just before the property is sold to a homeowner it raises questions about the tap fee collection process. Director Hall disagreed with Director Myers and District No. 1 will be informed of the situation.

Director Myers would like the District to copy District documents to digital format in a more timely manner so information is readily available for anyone requesting public information and to provide a backup system to limit the potential loss of the Districts' records. Director Hall indicated that Ann (Ann Eldridge is the Districts' accountant, and also the Districts' Records Custodian), has been told to keep costs down



RECORD OF PROCEEDINGS

due to the financial condition of the Districts and he didn't think money should be spent for maintaining the Districts' records in an electronic format.

Director Myers requested clarification on the District's management and legal counsel's representation related to developers within the District. Mr. Wagner confirmed his firm, Centennial Consulting Group, is engaged only by the Greenspire Metro Districts. Mr. Mielke confirmed that his firm, Seter & Vander Wall, P.C is engaged by the Greenspire Metro Districts, and that his firm is also engaged by the Centennial Crossing Metro Districts, for which Director Bret Hall is a board member.

The Board discussed water fees credited for 2017 and 2018. Director Myers expressed his opinion that water fees paid during those years should not have been credited and that giving credits to those who paid versus the charge-off of unpaid fees seemed to be an unsound business practice. In addition, Mr. Myers indicated that providing credits to homeowners that were not even living in Greenspire during 2017 and 2018 did not seem logical. Mr. Mielke explained that fees are charged against the properties served, not individuals, and explained the reason for the credits was to treat all properties in a similar manner beginning in 2020. Directors Myers and Hogue expressed their disagreement and Director Myers stated his belief that fee credits and providing credits to homeowners that never made the initial payments have not yet been properly adopted by District No. 1. Mr. Mielke asked Director Myers what should be done now, and Director Myers indicated it was probably a little late to be asking homeowners to repay the District, but the Districts' legal counsel's recommendations regarding the credits were carried out by District No. 1 without board approval by District No. 1 and that places some of the blame on legal counsel.

Director Myers expressed his desire for District No. 2 to coordinate on District matters more frequently with District Nos. 1 and 3. Director Myers further stated his belief that the Districts can do a better job of identifying their policies and procedures, and would like better schedules and exhibits to be



RECORD OF PROCEEDINGS

presented for District matters.

Director Myers indicated he thought it was his duty as the Treasurer of District No. 2 to provide ongoing testing of the Districts' internal controls since external audits have not provided opinions regarding the Districts' internal controls, and audits have not been that frequent.

The Board discussed the District's policy for Open Record Act fees (*CORA requests*). Mr. Mielke clarified for the Board that board members can make Open Records Act requests and be charged applicable fees for those requests, but it is not common to charge fees for requests by board members. Director Myers indicated that he had found numerous District related issues as a result CORA Requests and that those requests stated that it was his understanding there would be no charge for providing the information requested. Director Myers indicated that his future requests will not be made as CORA requests but as requests from him as the Secretary/Treasurer of District No. 2, using a similar format as used for CORA requests.

The Board discussed the 2019 application for exemption from audit. Director Hall confirmed that Ms. Eldridge had coordinated completion of the application with the person who completed the request for audit exemption. Director Myers requested that a resolution be presented at the next meeting to formally approve the 2019 application for exemption from audit.

Legal Matters

Director Myers expressed his desire for a new advance and reimbursement agreement to be adopted that will replace the existing documents related to developer advances. Mr. Mielke confirmed that the matter had been planned prior to 2020, but COVID-19 disruptions had tabled the discussion. Director Myers had previously provided his suggestions to the District, and Director Myers stated that utilizing the 2016 audit would be an acceptable starting point for determining loan balances because District records could not be provided to show all loan transactions since inception of the debt. Director Myers indicated that there should be a sense of urgency to getting this accomplished.



RECORD OF PROCEEDINGS

The Board discussed the planned conveyance of landscaping tracts to the District, and Mr. Wagner confirmed that Centennial Consulting Group will assist in inspection of those tracts if desired by the Board.

The Board discussed fencing within the District. Director Hogue expressed his desire for fencing to be reviewed prior to being conveyed to the District. The Board noted some of the new fencing is missing caps on fence posts. Director Myers stated his belief that fencing along open spaces is on District No. 1 property. Mr. Mielke confirmed that District fencing cannot be modified without District consent and Director Hall stated that District No. 1 would want the right to repair any fences on District property. The Board encouraged anyone with fencing questions to contact the District's management company.

Unfinished Business

Director Myers recommended removal from future agendas of the potential increase in non-potable water tap fees for 2021 since there was no analysis stating how the recommended increase was derived. Director Myers noted that fencing and tree survey matters had been discussed during an earlier agenda item. Director Myers expressed his opinion that there is ~~no~~ ~~not~~ major reason to modify the service plan at this time. Director Myers expressed his desire to leave formal protests as a discussion item on the agenda.

Other Business

The Board reviewed the 2019 Annual Report and upon motion made, seconded, and unanimously carried, the Board ratified approval of the report that had been previously provided to the Town of Windsor without approval from District No. 2's board.

The Board discussed CARES Act funding for special districts and noted that the District likely does not qualify for any of the funding set forth in the Act.

Director Myers noted that Mr. Fry had proposed an agenda item regarding a reduction in the District's mill levy and stated his opinion that the item should be removed as an "unfinished business" item for the time being.

A handwritten signature in black ink, appearing to be 'JAH' with a small 'c' or similar mark below it.

RECORD OF PROCEEDINGS

Director Myers stated that he does not believe there is a need to amend the 2020 budget at this time. Director Myers stated his opinion that the District not use Robert's Rules of Order for board meetings, particularly because according to a recent presentation by the SDA (Special Districts Association of Colorado" the Rules are ill-suited for special district board meetings.

Director Myers stated his desire to coordinate with Mr. Wagner on proposed water fees for 2021. Several homeowners have been providing water meter readings during the year and that information should be valuable for arriving at a more equitable invoicing method.

Adjournment

There being no other business to come before the Board, the meeting was adjourned at approximately 9:30 p.m.

Phillip L. Myers
Secretary for the Meeting

