

## RECORD OF PROCEEDINGS

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

### GVR METROPOLITAN DISTRICT

Held: Wednesday, July 16, 2008 at 6:30 P.M., at the GVR Metropolitan District Office, 18650 East 45<sup>th</sup> Avenue, Denver, Colorado

Attendance A regular meeting of the Board of Directors of GVR Metropolitan District, Denver, Colorado, was called and held as shown above and in accordance with the applicable statutes of the State of Colorado with the following directors present and acting:

Earleen Brown, President  
Michael George, Vice President  
Anthony Noble, Treasurer  
Mary Schumer, Secretary  
Elana Perry, Director  
Joanne True, Director  
Charles Britton, Director

Also present were: Andrew Pimental, District Manager; Evan D. Ela, Collins Cockrel & Cole, a professional corporation; Charlie Foster, Oakwood Homes; Gary Haley, Website Committee; T.J. Stone, HOA President; Eric Gravenston; Don Greer; Dale Allen Riegle; Bill Helfrich; Charles Spratt; Gerald Carey; Avon Carey; John Candles; Laura Caron; Tenna Tanner.

1. Call to Order Chairman Brown called the meeting of the Board of Directors of the GVR Metropolitan District to order at 6:34 p.m.

2. Approve Agenda The agenda was approved by consensus.

3. Approve Minutes from Prior Meetings

a. **June 11, 2008 Special Board Meeting**

The Board reviewed and noted one revision in the draft minutes, that being a correction of the name of Olivia Chambers. **Upon motion by Director Schumer, seconded by Director Perry, the Board unanimously approved the minutes as revised.**

b. **June 18, 2008 Regular Board Meeting**

The Board reviewed and discussed a revision to the draft minutes concerning the Board's determination not to replace the front doors of the Administrative Office building, but to make necessary repairs instead. **Upon motion by Director Schumer, seconded by Director**

**Noble, the Board unanimously approved the minutes as revised.**

4. Conflict of Interest Disclosures None were presented.

5. Comment Period a. **Developer Representative(s)**

Mr. Charlie Foster stated that he had no comments on behalf of Oakwood Homes.

b. **Master Homeowners Association**

Manager Pimental noted for the Board that the HOA Manager, Paul Hebenstreit, had resigned earlier in the week. Mr. T.J. Stone, President of the HOA, reported to the Board that the next HOA Board meeting would occur on Wednesday, July 23, 2008, and that the open public meeting most recently held was well attended. Director Noble inquired how the HOA was proceeding to improve the foreclosure problem in the community. Mr. Stone responded that the HOA Board and District Delegates have yet to meet and develop a strategic plan. Thereupon a discussion followed concerning the possible limitations associated with intervening to improve properties that were the subject of foreclosures.

c. **Public**

- Mr. Eric Gravenson implored the Board to restore the trust of the community, particularly for the breach he believes occurred concerning prior votes on financing for the Community Center. The Board discussed the ballot questions from earlier elections.
- Mr. Dale Riegle inquired about the continuing need for the Community Center and the related budget. Thereupon the Board discussed aspects of the Community Center Project, other public projects planned for the community (such as the Denver Recreation Center expansion and Library) and concerns about the Community Center expressed by members of the public.
- Mr. Charles Spratt asserted that prior Board members involved with authorizing Community Center contracts should be liable for such contracts.
- Mr. Gerald Carey asked the Board not to raise taxes.
- Ms. Tenna Tanner stated her belief that past votes on tax questions should be interpreted as a community vote against building a Community Center. The Board then discussed its ongoing analysis of the Community Center Project and its commitment to make an

informed decision on whether to continue with the project.

- Mr. Gary Haley asked the Board to seek public input to inform the Board's deliberations on the Community Center and asked what the Board intended to do with the cash on hand if not spent on the Community Center.
- Mr. Eric Gravenson questioned the Board's authority to proceed with the Community Center construction. A discussion ensued between the Board and members of the public concerning the sources of funding available for the Community Center Project, prior surveys of community support, and public meetings held to discuss and shape the project.

6. Director Items      Director Schumer informed the Board and the public that a complaint made against her to the Colorado Board of Licensure for Professional Accountants had been dismissed without action.

Director Noble stated his assessment of the challenges facing the Board of Directors, in particular citing the need for greater community participation, combating apathy, coordinated communication with the community and the representation of the community's desires.

7. Legal Report

**a. IGA with DPS**

Mr. Ela reported on recent correspondence with representatives of the Denver Public Schools indicating that the DPS Board will consider the access agreement with GVR at its August meeting.

**b. General Steel Matter**

Litigation and settlement negotiations should be discussed in executive session later in the meeting.

**c. 4000 Argonne Property**

Members of the public and the Board inquired about obtaining a copy of the Seller's closing statement from the real estate closing for the District purchase of the property at 4000 Argonne. Mr. Ela stated he would seek to obtain that closing statement from the title company.

8. Board Reports  
Agenda

**a. Financials**

Director Noble summarized the financial position of the District for the Board and the public. He stated that the District has approximately \$8.5M in the fund balance, which is a \$0.5M increase from the prior month due to the receipt of tax revenues. Director Britton questioned charges totaling approximately \$400,000 for architectural services on

the Community Center. Director True explained that that amount included more than architectural services. **Upon motion by Director Schumer, seconded by Director Perry, the Board voted six (6) in favor and Director Britton opposed to approving the financial reports and payment of vouchers of the District.**

Director Schumer inquired about the District's adherence to the GASB 34 accounting standard. She requested legal counsel to investigate if adherence to that standard is a requirement under law.

**b. District Manager Report**

Manager Pimental responded to several questions and comments on his report from the Board. He also explained that the District staff is continuously monitoring and interacting with the contractor constructing the car wash and self-storage facility located at 40<sup>th</sup> and Tower Road, primarily to prevent the contractor from damaging existing trees and the District's monument facilities.

Manager Pimental informed the Board that he has named Betsy Taylor to the Interim HOA Manager position while a search for candidates occurs. Upon questions by Director Britton, Manager Pimental stated his belief that Ms. Taylor is qualified to perform the requirements of the position due to her experience working at the District and her prior experience with homeowner associations.

The Board then engaged in a lengthy discussion of the HOA covenant control process. Director George volunteered to chair a community improvement committee, which will be tasked with seeking ways to improve the appearance of the community and to preserve property values in the face of the numerous foreclosures that have occurred in the community.

Director Britton inquired about the donation of the District's box truck. Upon discussion the Board concluded that the donation had been approved by the Board prior to the May election.

9. Discussion  
Items

**a. Website Project**

Gary Haley reported that he is making progress with installation of the new server for all the websites. Director Britton inquired about the invoice submitted by Graham Golden, which was explained by the

Manager. Chairman Brown encouraged the Board to use all forms of communication besides computer-based e-mail.

**b. Community Center Project**

Chairman Brown informed the public that the Board has been investigating all of the costs and issues associated with the proposed Community Center. She stated that Director Noble would present the results of the Board's investigation.

Director Noble handed out information showing total costs of the Community Center to date along with estimated costs to complete. He reported that all remaining estimated costs, totaling approximately \$4.2M, can be paid out of the cash-on-hand in the District's accounts. He noted there would be costs for cancellation of the contract of at least \$65,000. Director True informed the Board that she had been advised by the District's contractor, Stew Pirnack, that suspending progress on the Community Center could cost approximately \$30,000 per month for storage of materials and interruption of the work progress. The Board agreed to hold a Work Session or special meeting during the week of July 21<sup>st</sup> for the purpose of meeting with Mr. Stew Pirnack concerning the costs of suspending progress on the Community Center and to explore ways to mitigate such costs.

Director Noble also summarized a business plan prepared by the District Manager. The business plan estimates a range of operating net revenues in the first year of the Community Center of \$27,000 to a negative \$141,000 per year. There ensued an active and lengthy discussion involving the public and the Board on the merits and costs of the Community Center Project.

At conclusion of the discussion, Director Noble made the following motion: **that progress on the Community Center design and construction be suspended until the results of a survey of the taxpayers are known; with the survey to be conducted by a mailing containing information on the factual pros and cons of the Community Center and seeking a response from each respondent on their desire for, or against, the Community Center Project. The motion was seconded by Charles Britton.** During the discussion of the motion, several aspects of the survey were discussed whereupon Director Noble amended his motion to incorporate the consensus of the discussion establishing that: **the survey response would be accomplished by postage-paid, sequentially-numbered response cards to be included with the factual information, the mailing list will consist of the District's HOA Newsletter mailing list (excluding renters of property), and that to be valid, response cards must be returned to the District office within 14 days after the survey is mailed. In addition, the list of factual pros and cons will be drafted**

by Director Noble based upon suggestions provided by all members of the public that submit suggestions to Manger Pimental by 7/24/08, and Director Noble will have editorial authority to finalize the summary of factual pros and cons to be included in the survey mailing. The amended motion was seconded by Director Britton. The Board approved the motion by a vote of six (6) in favor and Director True opposed. It was agreed by consensus that the survey should be mailed in time to receive results within the 14-day response period prior to the August 20<sup>th</sup> regular Board meeting, so that results can be made public at such Board meeting.

c. **Maintenance Building Project**

The Board discussed the general need and desirability of constructing the Maintenance Building Project, and possibly including a question on the District-wide survey concerning this project. Upon consensus, the Board determined not to seek public input on the Maintenance Building Project through the Community Center survey.

The Board and Manager Pimental entered a lengthy discussion concerning aspects of performing maintenance obligations with District staff versus outside contracts and the possible impacts to the Maintenance Building Project of a shift to rely more heavily on outside contracts. By consensus it was determined that the upcoming budget formulation for the District's 2009 budget will allow the opportunity for discussion of the pros and cons of utilizing a greater level of outside contracting instead of District staff. **Upon motion by Director Schumer, seconded by Director Britton, the Board voted four (4) in favor, with Directors George and True opposed and Director Perry abstaining, to table further discussion or progress on the Maintenance Building Project indefinitely.**

d. **2007 Audit Report**

Manager Pimental distributed the opinion prepared by Haynie & Company, the District's audit firm, to be included with the District's audit report for 2007. There ensued a discussion of the notes provided to the audit by the auditor, with legal counsel suggesting certain revisions. **Upon motion by Director Noble, seconded by Director Perry, the Board approved acceptance of the 2007 audit report as revised by legal counsel by a vote of six (6) in favor and Director Britton opposed.**

e. **Design-Build Contracts**

Legal counsel briefly summarized for the Board the elements of design-build contracts as well as the more traditional design-bid-construction form of contracts allowed by statutes governing special

districts. The Board generally discussed both construction methods and legal counsel informed the Board there was no legal reason to choose one format over another, although there may be economic and policy reasons.

**f. SDA Conference**

Legal counsel briefly summarized the purpose of the Annual SDA Conference and the proposed program for the 2008 conference to be held in September. The Board discussed the benefits of attending.

10. Executive Session

**Upon motion by Director George, seconded by Director Perry, the Board unanimously approved entering executive session at 11:09 p.m. for the purpose of determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators concerning potential litigation and/or settlement with General Steel Corporation as authorized by Section 24-6-402(4)(e), C.R.S.**

The Board reconvened its regular meeting from executive session at 11:20 p.m.

11. Other Matters

The Board discussed the annual District's contribution to the HOA in support of GVR Days as allowed by exercise of the District's recreational powers. **Upon motion by Director Schumer, seconded by Director Perry the Board approved a contribution of \$500 toward the GVR Days celebration by a vote of six (6) in favor and Director True abstaining.**

12. Adjournment

**Upon motion duly made and seconded the meeting was adjourned at 11:25 p.m.**

The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting and was approved by the Board of Directors of the District on the 20th day of August 2008.

Respectfully submitted,

/s/ Mary Schumer  
Mary Schumer, Secretary