

DRAFT

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF

GVR METROPOLITAN DISTRICT

Held: Monday, December 15, 2008 at 6:00 p.m., after due posting of notice for a meeting at 4:00 p.m. on the same date and location, and a notice posted on the door of the District offices postponing the start of the meeting from 4:00 p.m. until 6:00 p.m., at the GVR Metropolitan District Office, 18650 East 45th Avenue, Denver, Colorado.

Attendance A special meeting of the Board of Directors of GVR Metropolitan District, Denver, Colorado, was called to order at 6:15 p.m. 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 (absent)
Anthony Noble, Treasurer
Mary Schumer, Secretary
Elana Perry, Director (appearing by telephone until 7:40 p.m.)
Joanne True, Director
Charles Britton, Director (absent)

Also present Andrew Pimental, District Manager, Evan D. Ela, legal counsel, Elaine Smith, James Tanner, and Fenna Tanner.
were:

Call to Order Chairman Brown noted that a quorum of five directors was present.
and Establish a
Quorum

Approve Mr. Ela provided a revised Agenda for the Board to consider consisting of
Agenda six items. He noted that no executive session would be held due to the absence of the notice of an executive session on the published and posted Notice of Meeting. **The Board, by consensus, approved the revised Agenda.**

Action Items **1. Ratification of Emergency Action.**

Mr. Ela provided copies of the District Court Order which had been agreed to earlier in the day by attorneys representing the Master HOA

and the District, and that had been submitted to the Court for signature. Mr. Ela explained that the Order relates the elements of a compromise position worked out between the attorneys at the hearing before the District Court on Friday, December 12, 2008, entailing a delay in further litigation procedures associated with the Complaint and Motion filed by the Master HOA against the District on December 11, 2008. Mr. Ela advised the Board that it was necessary for the Board, at a properly noticed special meeting to ratify any actions taken by the Board at its emergency meeting on Saturday, December 13, 2008. He explained that the Board at its emergency meeting, had approved the elements of the compromise with the Master HOA as contained within the proposed District Court Order in Case No. 2008CV10651, consisting of the following:

- Submittal of a revised certification of mill levies by the District for its 2009 budget year in the amounts of 17.509 mills for general operating expenses and 12.765 mills for general obligation bonds and interest.
- Preventing the District from certifying its Budget for 2009 with appropriate State authorities until January 30, 2009.
- Requiring the District and the Master Association to use their best efforts to attempt to find agreement upon the portions of the District's budget that will be used to fund programs proposed by the Master HOA prior to January 13, 2009.
- Requiring engagement of a mediator to mediate discussions between the Boards or their representatives should either party be dissatisfied with the proposed 2009 budget approved by the District Board prior to January 13, 2009.
- Requiring a mediation session on January 15, 2009 to further discuss if compromise can be reached on the proposed 2009 District budget.
- Requiring a hearing on January 26, 2009, at 8:30 a.m. before the Denver District Court, Judge Robert L. McGahey Jr. presiding, concerning either party's dissatisfaction with the resulting proposed 2009 District budget resulting from the mediation session; and
- Granting the District an extension of time until February 16, 2009 to file its responsive pleading to the Master HOA District Court Complaint filed in Case No. 2008CV10651.

Mr. Ela informed the Board and others present that the Board had approved the elements of the Court's Order and the revised certification of the District's mill levy at the emergency meeting held

on December 13, 2008, but that the Board should now consider ratification of that decision. **After discussion, upon motion by Director Schumer and seconded by Director Noble, the Board unanimously ratified the emergency action taken by the Board at its emergency meeting on December 13, 2008.**

2. **Draft #3 of Master HOA's Proposed Budget.**

Mr. Ela provided copies of "Draft #3" of the Master HOA's proposed budget that had been developed by the Master HOA during budget discussions prior to December 10, 2008. He explained that the Master HOA asserted Draft #3 as its evidence at the District Court hearing, complaining that the District never formally approved or denied this draft budget. He explained that the District Court interpreted Paragraph 4(a) of the Services Agreement to require the District to act "on the record" regarding the Master HOA's proposed budget. He also explained that during the Court hearing, the District's attorneys presented evidence through the testimony of Chairman Brown that Draft #3 had been considered by the Budget working committees and that the Master HOA had been asked to submit a revision to Draft #3, and such revision was never received.

The Board reviewed Draft #3 and discussed many of the line items contained in it. Ms. Brown and Mr. Noble noted for the Board that Draft #3 contained budget items for the cost of providing an office, office supplies, office equipment, newsletter printing postage and related expenses and landscaping expenses, all of which had been incorporated into the District's budget as necessary District expenses for fulfilling its obligations under the Services Agreement. Because these items were contained in the District's budget, there was no reason for them to be shown or funded in the HOA's proposed budget. Members of the Board who had participated in the budget negotiations prior to December 10, 2008 discussed that the Master HOA representatives had been asked to revise their proposed budget to remove all such items that would be funded under the District's budget and not need to be listed under the Master HOA's budget.

Although the Board recognized that it had tacitly disapproved of Draft #3 by approval of the District's budget on December 10, 2008, upon motion by Director Noble, seconded by Director Schumer, the Board voted four in favor with Director True opposed, to disapprove Draft #3 of the Master Homeowner's Association for Green Valley Ranch Annual Budget 2009 Report

Summary in its entirety because of the following reasons:

- **It contains many line items that were transferred to the District for permanent responsibility such as the costs associated with landscape maintenance (the Board recognizing that all properties once owned by the Master HOA had been permanently transferred to the Metropolitan District);**
- **It contains line items that have been included in the District's budget as necessary expenses for the District to provide the services it is obligated to provide under the Services Agreement; and**
- **It is unresponsive to prior requests made by District representatives during budget preparation meetings involving Master HOA representatives prior to December 10, 2008, where at such meetings the items not necessary for funding by the Master HOA were asked to be removed, such items as personnel costs, office costs, newsletter staff and cost of publication, allocated services and landscaping costs.**

3. Budget Requests to Master HOA per Court Order in Case No. 2008CV10651.

Mr. Ela advised the Board that in order to comply with Paragraph 4 of the District Court's Order, an additional request for budget information should be requested of the Master HOA, along with an additional meeting to discuss the requests that they submit. With the disapproval of Draft #3, the Board is advised to prepare a request to the Master HOA seeking a submittal from them of the budget items they desire to be funded under the District's taxing and budgeting authority. The Board generally discussed the timing of complying with Paragraph 4 and meeting the time deadlines established in Paragraph No. 5 of the Court's Order and decided on the following schedule:

- Formal request sent to the Master HOA by December 17, 2008;
- Master HOA to provide its responses no later than December 31, 2008;
- An informal meeting of the working group to discuss the budget on or about January 7, 2009;
- A special District Board meeting to be held sometime between January 7th and 12th 2009 for the purpose of holding a public hearing on any revisions to the budget that result from further discussions, formerly acting on the requests made by the Master

- HOA during this process; and
- Approval of a revised (if necessary) 2009 budget that will be certified to State authorities by the end of January 2009. The Board discussed whom it would appoint to this working group and appointed the following:

Anthony Noble, District Treasurer (Chairman);
Earleen Brown, District President;
Mary Schumer, District Secretary;
T.J. Stone, Master HOA Board President;
Joanne True, Master HOA Board Treasurer;
Bif Burkenmeyer, James Tanner, and Elaine Smith, interested community members;
Andrew Pimental, District Manager;
Michaela Duffy, District Accountant;
Another Master HOA Board member (if desired by Master HOA); and
Up to three community members (if desired by the Master HOA to be designated by the Master HOA Board).

The Board determined that its request to the Master HOA Board should designate certain of the revenue categories as shown on Draft #3 as follows:

3007 Transfer Fees
3550 Closing Fees
3700 Reimbursement Legal
3750 Rule Violation Fines
3950 Late Fees

and any other revenue categories the Master HOA deems necessary to offset expenses of performing HOA functions.

The Master HOA will also be requested to submit its desired budget requests for the following expense categories as taken from Draft #3:

6440 Signs - Event
6460 Office Supplies
7520 Legal General
7521 Audit
7522 Income Taxes
7524 Website Technology
7525 Information Technology
7526 Other Professional Services

- 7530 Insurance
- 7540 Postage
- 7550 Copies
- 7560 Maintenance and Repairs
- 7561 Dues, Memberships and Registrations
- 7570 Miscellaneous Administration
- 7580 Reimbursable Legal (Collection Costs)
- 7650 Community Events
- 7651 New Programs – Pre-Foreclosure
- 7710 New Program – Residential Enhancements
- 7720 New Program – Foreclosure Remediation

plus any other requests the Master HOA desires for Board to consider funding through its taxing and budgeting authority.

The Board determined that the Master HOA should be requested to also provide sufficient detail and justification for any funding requests, including information on the reason for the request, the value of the expenditure to the community, a description of the public support that the Master HOA perceives to exist for the request, and a ranking or desirability of each such program in relation to the others. Any other information that will aid the District Board of Directors make a reasonable acceptance or denial of such requests. **Upon motion by Director Noble, seconded by Director Schumer, the Board unanimously approved making a formal request to the Master HOA Board by December 17, 2008, including the details itemized above.**

4. Schedule Special Board Meeting.

The Board discussed a need to properly notice a special meeting at which an executive session can be held in order to fully discuss litigation strategy with the District's litigation attorney, Mr. Andy Fisher of the Nathan, Bremer Dumm & Myers firm. After discussion, the Board determined that the special meeting would be held either on January 2, 2009 or January 5, 2009 as can include the largest number of District Board members in attendance. Chairman Brown agreed to make all contacts necessary to determine the appropriate time and date for the special Board meeting.

5. Court Ordered Mediation.

Mr. Ela informed the Board that authority was necessary to provide Mr. Fisher with direction in the selection and retention of a mediator that can be available for the Court ordered mediation on January 15,

2009, if necessary. He explained that Mr. Fisher has mediation experience and will be able to negotiate with legal counsel for the Master HOA to find a suitable mediator. **Upon motion by Director Noble, seconded by Director Schumer, the Board authorized Mr. Fisher to proceed to retain a mediator as directed by the Court by vote of four in favor and Director True abstained.**

6. Payment of Delinquent Property Taxes.

Mr. Ela provided an invoice indicating delinquent real property tax on one parcel that had been transferred from the Master HOA to the District in May of 2008, along with numerous other parcels pursuant to the Services Agreement. He indicated that his firm had been informed by the City and County of Denver Assessor that a total of delinquent property taxes due on Tract B in Filing 41 of \$62.19. He indicated that payment of the delinquent tax should be made in order to prevent the Assessor from putting the property up for tax sale. He indicated that the taxes should have been paid by the developer, Oakwood Homes, during the time it owned this parcel, and that it may be appropriate for the District to seek reimbursement from Oakwood Homes for the delinquent taxes. **Upon motion by Director Noble, seconded by Director Schumer, the Board unanimously approved payment of the delinquent taxes in order to prevent inclusion in the tax sale rolls.**

Any Other
Matters

There were no other matters that came before the Board.

Adjournment

Upon motion duly made and seconded the meeting was adjourned at 8:05 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 21st day of January, 2008.

Respectfully submitted,

/s/ Mary Schumer

Mary Schumer, Secretary