

## RECORD OF PROCEEDINGS

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

### GVR METROPOLITAN DISTRICT

Held: Wednesday, June 17, 2009 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 to order at 6:34 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  
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, legal counsel; Andy Fisher, special litigation counsel (arrived at 8:00 p.m.); Mary Ann McGeady, special litigation counsel (arrived at 8:00 p.m.); Charlie Foster, Oakwood Homes; Eric Gravenson; Paul Gilberto; and Elaine Smith.

1. Call to Order and Establish a Quorum Chairman Brown established the presence of a quorum.
2. Approve Agenda The Board reviewed the published Agenda and discussed the addition of Item 9(d), a discussion of a procedure for making certain portions of the Board meeting packets available to members of the public. **Upon motion by Director George, seconded by Director Perry, the Board unanimously approved the Agenda with the described revision.**
3. Approve Minutes from Prior Meeting
  - a. **May 20, 2009 Regular Board Meeting**

The Board reviewed and discussed minor revisions necessary to the draft minutes provided at the meeting. **Upon motion by Director George, seconded by Director Perry, the Board approved the minutes as revised during discussion by a vote of six in favor and one (Director Britton) opposed.**

**b. June 2, 2009 Special Board Meeting**

The Board reviewed and discussed minor revisions necessary to the draft minutes provided at the meeting. **Upon motion by Director Schumer, seconded by Director Perry, the Board approved the minutes without revision by a vote of five in favor with one opposed (Director Britton) and one abstention (Director True).**

4. Conflicts of Interest Disclosures

Director True disclosed the fact of her employment by the Master HOA for Green Valley Ranch, a party currently in litigation with the District.

5. Comment Period

**a. Master Homeowners Association Representative**

Director True informed the meeting that the Master HOA Board is awaiting an opinion from its attorney concerning the validity of proxies submitted for the June 18 Master HOA Board election. She said the outcome of the election won't be known until after the opinion on proxies can be factored into the vote count.

Mr. Gravenson questioned the Board on who would be the most appropriate person to provide a report on the Master HOA at District meetings. Director True stated that she would ask of the Master HOA Board who they would prefer to give such reports at the District meetings.

**b. Citizens Advisory Board Representative**

Ms. Elaine Smith reported that the regular meeting of the CAB had been postponed to a later date. She mentioned that a groundbreaking ceremony for the new High School will be held at 9:30 a.m. on June 25, 2009. She also mentioned that the Economics Committee of CAB is working to improve the community image and to encourage new positive commercial development. The Board then briefly discussed the proposed construction of a racetrack in the Green Valley Ranch vicinity to host NASCAR events.

**c. Public (limited to 3 minutes per person unless arranged with the Chair well in advance of the meeting date; public comment period limited to 20 minutes in total.)**

Mr. Paul Gilberto thanked the Board for allowing some of the graffiti abatement materials money to be used by his crew of community service participants in recent weeks. He stated that the crew was very effective in painting over nearly all of the graffiti within the District, also by picking up trash and other debris.

6. Legal Report

a. Litigation Update

Mr. Ela informed the meeting that negotiations continue with the Master HOA for complete settlement of the litigation against the District by the Master HOA.

b. Other Matters

Mr. Ela informed the meeting that the Board will be receiving a memorandum from his firm in the upcoming days describing changes to the Special District laws made by the Colorado Legislature during the 2009 legislative session. He informed the District that it will have heightened obligations for publicizing the existence of the District, the principal individuals involved, the upcoming elections, and the process for becoming a candidate for Board membership.

Director Britton commented that he believed that the hired special litigation attorneys to defend the District through the ongoing litigation with the Master HOA should not have been hired, or had been hired without his knowledge.

7. Director Items

None.

8. Board Reports  
Agenda

a. Financials

i. Financial Statements

Director Noble summarized the financial reports for the Board, noting the District's total liabilities and equity of \$24,171,444, of which \$8,770,000 remains as the balance owed on the District's bonded indebtedness. Questions from the Board concerned the capital cost for the irrigation system weather controller (approximately \$50,000) and professional services on behalf of the Master HOA (approximately \$79,800). **Upon motion by Director Schumer, seconded by Director George, the Board unanimously approved the financial statements.**

ii. Check Detail, Payroll and Vouchers Payable

Director Noble summarized the accounts payable listing for the Board and noted that the Master HOA had complied and provided a request to move budgeted funds from one budget category to another in order to cover budget overages for its legal fees. Director True inquired about District Newsletter costs. Chairman Brown suggested that a better system could be employed for tying specific checks to specific items on invoices that contain numerous items. Manager Pimental stated that he would work with the District's accountant and Director Noble to improve the tracking procedure for invoices and payments made on invoices. Director Britton commended the staff for eliminating the use of bottled water and instead

installing a large volume bottled water dispenser for District staff and public use. **Upon motion by Director Schumer, seconded by Director Perry, the Board approved payment of accounts payable by a vote of six in favor and one (Director True) opposed.**

**b. District Manager Report**

Manager Pimental directed the Board's attention to the Manager's Report provided in the Board packets. Specific items were discussed as follows:

- Manager Pimental reported that the rehabilitation of six street medians as identified in the first phase of the IGA with the City of Denver was under construction and should be completed within the coming weeks.
- He also reported that tree replacements for dead or dying trees were being performed.
- Director True inquired about how to witness the flag retirement ceremony for the District's flag. Director Pimental informed that the ceremony had not yet been scheduled, that it would be performed by the Boy Scouts, and he would provide notice to the Board.
- Director True asked that simple computer equipment replacements be performed by staff rather than outside consultants.
- Director True asked Manager Pimental for an accounting of all costs associated with developing the community garden at the 4000 Argonne property.
- Director True inquired about completion of the fence at the community garden. Manager Pimental replied that his staff is awaiting the material needed to make the fence rodent proof, *i.e.*, the installation of hardware cloth below ground and to a certain height above the ground surface. Chairman Brown suggested that the committee explore the use of vines or other vegetative cover to soften the appearance of the fence.
- Manager Pimental inquired whether the Board would support the involvement of his staff in assisting the City of Denver's mosquito control program. He stated that the City has only one employee to cover the entire city, and that the District staff could assist by providing manpower or supplies to insure that a mosquito abatement occurs in the District. The Board discussed many ideas for ways to control mosquitoes, and Manager Pimental stated he would provide costs and proposals to the Board in the future. Legal counsel stressed the need to work with the appropriate City of Denver departments so that if the District undertakes mosquito control functions, it can publish a 45-day notice of that fact in accordance with statutory requirements.

9. Discussion Items –  
Unfinished Business

**a. Consideration of Proposed Operational Policies**

Director Schumer provided drafts of several operational policies that her committee has developed for consideration by the Board. The Board suggested that it be given more time to review the drafts, and it was agreed by consensus that any revisions to the policy drafts should be provided to Director Schumer no later than July 7, 2009. Action on the policies was tabled until the July 15, 2009 regular Board meeting.

**b. Consider Resolution Adopting Annual Background Check Policy**

Legal counsel directed the Board's attention to the additional paragraph in the draft Background Check Policy that would impose a duty upon members of the Board to notify all other members any time that a change in circumstances would potentially disqualify that Board member from service on the Board. After discussion, several revisions were suggested and legal counsel was directed to circulate a new draft to the Board prior to the next meeting. Action on the Resolution was tabled until the July 15, 2009 regular Board meeting.

**c. General Counsel Selection Process**

Manager Pimental directed the Board's attention to the bid package that he had prepared for distribution to law firms interested in applying to become general counsel to the District. The Board requested additional time to review the bid package. The Board agreed by consensus to have any comments or revisions to the bid package to Manager Pimental no later than July 7, 2009.

**d. Public Dissemination of Board Packet Information**

Chairman Brown introduced this topic based on comments made at the last regular Board meeting at which a member of the public had in his possession a draft resolution that had been provided to the Board in its packets. The Board discussed the need to provide documents that are not otherwise privileged to the public prior to the Board meeting so that the public can provide meaningful input to the Board on such matters. Legal counsel briefly summarized the applicable privileges that would prevent certain materials from dissemination to the public such as the attorney-client, attorney work-product and governmental deliberative-process privileges. The Board discussed several methods for making appropriate documents public, such as posting on the web or providing copies five days prior to the meetings. The Board discussed its concern that Board meetings do not become uncontrolled public discussions on all issues, and that public comment on particular issues should be limited to the three-minute comment period as has been customarily used by the Board. **By consensus, the Board directed Manager Pimental to make available the following documents available on the District's website and with**

**handout copies: summarized financial statements, the operational policies (on next meeting's agenda), other non-privileged documents relating to unfinished business items shown on the agenda for the meeting and any information publicly available from other sources that is also included in the Board packets.**

10. Discussion Items –  
New Business

**a. Bond – Refunding**

i. Preferred Scenario

Director Noble explained that he had been in further contact with RBC Commercial Markets, concerning a bond refunding issue by the District in the Fall of 2009. He directed the Board's attention to a timeline prepared by the bond underwriting firm which indicated an approximate two-month time horizon for completing all of the offering documents and preparing the official statement for a closing in September. Legal counsel summarized for the Board the necessity of preparing an official statement, which describes the District's finances, tax base, purpose, and other facts relevant to a bond purchaser's review of the bond issue. He stated that a bond counsel firm hired by the District would be the primary preparer of the official statement. Director Noble stated that the preferred bond refunding will include early repayment of \$4.1 million toward the outstanding bonds and a refunding of the balance owed under a 10-year repayment schedule.

ii. Engagement Letter from Sherman and Howard

Director Noble directed the Board's attention to an engagement letter provided by the law firm of Sherman and Howard by which that firm would be hired as the District's bond counsel for the refunding. Legal counsel explained the purpose of having bond counsel, and the District's past use of the Sherman and Howard firm. The Board engaged in a long discussion of the costs associated with issuing the bonds and whether competitive bids should be sought from other bond counsel. After deliberation, the Board determined that Sherman and Howard's historical knowledge of the District and the reasonableness of its fee made additional bids unnecessary. **Upon motion by Director George, seconded by Director Perry, the Board unanimously approved the engagement letter as submitted by Sherman and Howard.** Legal counsel informed the Board that a draft of the official statement should be available for the Board's review at its July 15, 2009 regular Board meeting.

**b. Ownership, Users and Maintenance of Community Events Sign**

Manager Pimental informed the Board that the Master HOA does indeed own the community events sign, but the sign is located on District property adjacent to the District office building. He stated that the Citizens Advisory Board wanted access to the sign to publicize its meetings and

events. After discussion, the Board delegated this issue to the District Manager and the Master HOA Manager to work out the details of allowing use of the sign by CAB and coordination of the posting of District and HOA events on the sign.

**c. Schedule Board “Visioning” Work Session**

Chairman Brown reminded the Board of its discussion at its special meeting on June 2, 2009 concerning the need to conduct a work session to discuss among the Board members their vision for future functions and activities of the District. After discussion the Board agreed to schedule a visioning work session for July 11, 2009, from 10:00 a.m. to 12:00 p.m. Manager Pimental was asked to provide a copy of the current Board strategic plan to all Board members, and the Board agreed to provide any revisions or comments on that plan to Manager Pimental no later than July 7, 2009. Manager Pimental was requested to provide the strategic plan in Word format so that redline changes can be made and shown by the Board members who have computer access.

11. Executive Session

**Executive Session** *(as needed to receive confidential legal advice on specific legal questions per § 24-6-402(4)(b), C.R.S., to determine positions relative to matters that may be subject to negotiations, develop strategy for negotiations and instructing negotiators per § 24-6-402(4)(e), C.R.S., all in connection with ongoing litigation filed against the District by the Master HOA, and to discuss specialized details of security arrangements or investigations (in connection with the engagement of forensic auditing, accounting and investigation services of Financial Forensic Services, LLC per § 24-6-402(d), C.R.S.)).*

**Upon motion by Director George, seconded by Director Perry, the Board voted to enter Executive Session at 9:20 p.m. to discuss the matters noted on the posted Agenda by a vote of five in favor and two (Directors True and Britton) opposed.**

The Board reconvened its regular meeting from Executive Session at 10:12 p.m.

12. Other Matters

No other matters were discussed.

13. Adjournment

**Upon motion duly made and seconded the meeting was adjourned at 10:13 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 15<sup>th</sup> day of July, 2009.

Respectfully submitted,

/s/ Mary Schumer

Mary Schumer, Secretary