

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF

GVR METROPOLITAN DISTRICT

Held: Wednesday, July 15, 2009 at 6:30 p.m., at the GVR Metropolitan District Office, 18650 East 45th Avenue, Denver, Colorado

Attendance

A regular meeting of the Board of Directors of GVR Metropolitan District, Denver, Colorado, was called to order at 6:30 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 (excused for cause)
Joanne True, Director
Charles Britton, Director (excused for cause)

Also present were:

Andrew Pimental, District Manager; Evan D. Ela, legal counsel; Micaela Duffy, Accountant (arrived at 8:00); Andy Fisher, special counsel (arrived at 8:00); Laverne Palmer; Marcus Young; Eric Gravenston; John Man; Nick & Linda Streno; Mark Marx; James Wallis; Amy Bennett; Shane and Danielle Pitman; Ashlie Keown; Rachel Barros-Anderson; Herlinda Nander; Sandra Duarte; Vaniz Wolverson and MyLinh Nguyen; Edward Anvin; Mary Maes; Jim and Fenna Tanner; G. Rink; Dave and JoAnn Burton; Lavada Lyons and Thomas Peterson; Charlie Foster; Joe Green; Julie Cunningham; Charles Spratt; Elaine Smith; Dennis and Bev Bailey; Anna Yezubenia

1. Call to Order and Establish a Quorum

Chairman Brown called the meeting to order and established that a quorum was present. **Chairman Brown offered a motion to excuse Director Britton's absence from the meeting, and the Board unanimously excused the absence by voice vote.** Chairman Brown requested that the Board excuse Director Perry's absence. Director Noble suggested that she be excused if she is absent due to the illness of a relative, as was his understanding. **The Board, by voice vote, unanimously excused Director Perry.**

2. Approve Agenda

The Board reviewed the published Agenda and upon motion by Director Schumer, seconded by Director George, the Board unanimously approved the Agenda without revision.

3. Approve
Minutes from
Prior Meeting

June 17, 2009 Regular Board Meeting

The Board reviewed and discussed the draft minutes provided for the June 17, 2009 regular Board Meeting. **Upon motion by Director George, seconded by Director True, the Board unanimously approved the minutes without revision.**

July 1, 2009 Special Board Meeting

The Board acknowledged that no draft of the July 1, 2009 minutes had yet been provided by Secretary Schumer, and the Board, by consensus, postponed approval of those minutes until a later meeting.

4. Conflicts of
Interest
Disclosures

Director True stated that she is employed as the Manager for the Master Association for Green Valley Ranch, but that she is no longer a Board member of that organization.

5. Comment
Period

a. Master Homeowners Association Representative

Director True informed the meeting that the next HOA Board meeting will be held on July 22nd at 6:30 p.m. Chairman Brown reported to Director True that residents living north of 48th Avenue had received letters from the HOA although none of those residents reside within the boundaries of the Master HOA. Director True informed the meeting that she would look into the matter.

b. Citizens Advisory Board Representative

Ms. Elaine Smith stated that nominations are needed for membership on the Citizens Advisory Board. She informed the meeting that TJ Stone is no longer a member of the Citizens Advisory Board.

c. Public

Chairman Brown reviewed the meeting signup sheet to determine anyone present seeking to speak. Public comments were made as follows:

- Charlie Foster informed the Board that the landscaping improvements to Piccadilly Road will be completed within the upcoming couple of months, and work will start in approximately two weeks.
- Ms. Laverne Palmer asked the Board if the District intends to issue a tax refund as has been suggested by a letter sent to residents by the Master HOA.
- Mr. Marcus Young requested a copy of the litigation settlement agreement between the District and the Master HOA. He also stated

his belief that outside legal or accounting reviews should be obtained of the settlement agreement. Prompted by these comments, the Board entered into a long discussion with the public concerning the possibility of a tax refund as suggested by the Master HOA, and the methods to accomplish such a refund.

- Mr. Charles Spratt stated that he is a member of a group challenging the special assessment of \$174 being requested by the Master HOA. He requested that the District Board donate toward the legal costs of that challenge. The Board took his request under advisement, but it was noted by legal counsel that such expenditure is outside the stated purposes of the District and the expenditure of its funds.

6. Legal Report

a. **Litigation Update**

Mr. Ela reported that a litigation settlement agreement with the Master HOA had been concluded and that final transfer of property and other consideration had occurred the prior Friday.

b. **Tax Refund Requested by Property Owners**

Mr. Ela addressed the Board and the public by explaining the ways that a tax refund can be accomplished, and the relative costs of each method. The Board agreed to take under advisement the possibility of issuing a tax refund.

c. **Notice from City of Denver re: Maintenance Building Project**

Mr. Ela informed the Board that he had received an e-mail notice from the City of Denver questioning whether the District's maintenance building project was to continue. He explained that closing the file with the City of Denver at this time would create a forfeiture of all fees paid to the Planning Department to date and would require going through all of the Planning Department initiation procedures and reviews if the project were again attempted at a later date. After discussion, the Board directed Mr. Ela to inform the City of Denver that the maintenance building project has been terminated.

d. **Other Matters**

Mr. Ela informed the Board that Manager Pimental had confirmed that the District had obtained trademark protection for the use of the "spur" logo that is currently in use within the community by both the District and the Master HOA. The District had registered the trademark in a prior year. After discussion, the Board directed Mr. Pimental to send a letter to the Master HOA requesting that they cease using the trademarked logo in their correspondence and on other informational materials.

7. Director Items None stated.

8. Board Reports **a. Financials**
 Agenda i. Financials

Director Noble presented the monthly financial reports and directed the Board's attention to the financial statements in the packets. **Upon motion by Director George, seconded by Director True, the Board unanimously approved the financial reports.**

ii. Check Detail, Payroll and Vouchers Payable

Director Noble directed the Board's attention to the check detail contained in the Board packets plus final severance payments made to District employees that have been laid off due to termination of the Services Agreement with the Master HOA. Chairman Brown explained the layoff of three staff members, the HOA Observer, the HOA Representative and the HOA Manager positions, and the choice made by each of those employees to accept the layoff rather than re-assignment. An audience member asked for an analysis of District finances associated with the termination of the Services Agreement. Director Noble responded that the bond refinancing is moving forward and that the budget preparation for the 2010 District budget will include a lot of public involvement and include the effect of the terminated Services Agreement. Director True asked whether the new credit or gas cards are being used by the District. Mr. Pimental reported that the final approval of those cards had not yet occurred and so they are not being used at this time. **Upon motion by Director George, seconded by Director Schumer, the Board voted four in favor of approving the check detail and vouchers payable with one (Director True) opposed.**

b. District Manager Report

i. Manager Pimental directed the Board's attention to his written Manager's Report and reported that the medians are being rehabilitated in accordance with the City of Denver. He stated a walk-through with Denver was being scheduled as soon as possible, and that the second phase of work will begin after that.

ii. Manager Pimental reported that the newsletter would be distributed within a couple of days, but that the District is actively seeking e-mail addresses from residents so that the cost of publishing the paper newsletter can be reduced.

9. Discussion
Items –
Unfinished
Business

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

Mr. Ela directed the Board's attention to a draft Resolution that had been revised from the version considered by the Board at the prior month's meeting and described the revisions made at the Board's request. Chairman Brown read important aspects of the Resolution, including the criteria that would govern the duty of Board members to disclose any changed circumstances within their respective lives that would cause them to be disqualified or interfere with their ability to serve as Board members. **Upon motion by Director Schumer, seconded by Director George, the Board unanimously approved Resolution No. 7-15-09.**

b. **Consider Proposed Operational Policies**

The Board members recognized that they had not provided individual comments on the Operational Policies as drafted by the Committee and determined that additional time was necessary for review. Mr. Ela pointed out that a Resolution approving the policies should be considered by the Board to approve such policies. **Upon motion by Director George, seconded by Director Noble, the Board unanimously approved tabling further consideration of the proposed Operational Policies until the August Regular Board Meeting, with Mr. Ela to provide a draft Resolution for the Board's consideration and Mr. Pimental to circulate the draft of policies to all Board members.**

c. **General Counsel Selection Process**

Mr. Pimental stated that he had received comments from Director George concerning a change in the solicitation to request that submitting law firms provide the names of any clients located within a 10-mile radius of the GVR Metropolitan District, rather than a 5-mile radius as currently drafted. Director George also suggested that the solicitation state that the general counsel contract would be awarded within 60 days of selection of a firm. Mr. Ela informed the Board that Amendment 54 had been enjoined by the Denver District Court, and therefore the bidding process may not be necessary for selecting general counsel. The Board discussed this and concluded that they would proceed with the bid solicitation as had been drafted assuming that Amendment 54 was binding. **Upon motion by Director Noble, seconded by Director George, the Board directed Mr. Pimental to publish the solicitation for general counsel services with the revisions noted in the discussion above, and the motion passed unanimously.**

d. District Bond Refunding

i. Review of Preliminary Official Statement

Director Noble presented a packet of preliminary documents received from the bond counsel firm of Sherman & Howard. Director Noble described each of the documents and explained the District's criteria for the refinancing, those criteria being a savings totaling at least \$500,000 from the refunding and an early repayment using \$4.1 million of the District's cash reserve.

ii. Special Meeting for Consideration of Bond Refunding Resolutions

Mr. Ela explained that because the Preliminary Official Statement (POS) that would accompany the bond offer when it was presented to the bond markets had not yet been completed, a special meeting in early August was needed to approve the Preliminary Official Statement as well as the bond resolution approving the bond refunding plan. The Board discussed the various times available and concluded that a special meeting would be held on August 5, 2009 at 6:30 p.m. for those purposes, among others.

10. Discussion
Items – New
Business

a. Consideration of Strategic Plan

Manager Pimental explained that the Strategic Plan had been presented and discussed at the Board's Work Session on July 11, 2009, and that revisions made to the Plan had been circulated to the Board members. After discussion, the Board, by consensus, agreed to table further discussion of the Strategic Plan until the August Regular Board meeting.

b. Community Survey Concerning Community Center

Chairman Brown and Director Noble briefly discussed their efforts to develop a community survey to determine from the community whether a Community Center is desired by the community as well as the types and levels of services to be provided by the District. A discussion among the Board and the public ensued concerning these matters with the Board continuing its intention to provide the survey in the coming months. During the discussion, Mr. John Smith requested that the District Board initiate negotiations with the Master HOA on a new Services Agreement for the provision of covenant enforcement services so that tax revenues can continue to be utilized for that purpose. Chairman Brown agreed that the District would initiate a meeting with the Master HOA Board prior to the deadline specified in the litigation settlement agreement.

c. **GVR Days**

Director True explained to the meeting the planned annual GVR Days celebration and the long-standing tradition of a District donation to support the costs of the celebration. She requested that the District donate \$500 to the celebration in 2009. **Upon motion by Director Noble, seconded by Director Schumer, the Board voted three in favor of donating \$500 to the Master HOA for GVR Days, with one (Director George) opposed and one (Director True) abstaining.**

11. Executive Session

Chairman Brown requested a motion from the Board to enter Executive Session as needed to receive confidential legal advice on specific legal questions per § 24-6-402(4)(b), and to discuss specialized details of security arrangements or investigations (in connection with the engagement of forensic accounting and investigation services of Financial Services, LLC per § 24-6-402(4)(b), C.R.S.). **Upon motion by Director George seconded by Director Noble, the Board voted four in favor of entering Executive Session with one (Director True) opposed.** Director True voiced her objection to being excluded from the executive session discussions of the forensic audit investigation.

The Executive Session was commenced at 8:55 p.m. after the public has been excused from the meeting.

The Board reconvened its regular meeting from Executive Session at 10:39 p.m.

12. Other Matters

a. **Temporary Mill Levy Reduction to Effect a Tax Refund.**

The Board discussed the desire to compute the amount of tax money the District has received under the mill levy authorized by Ballot Measure 5A for provision of services per the Services Agreement with the Master HOA and a comparison to the amount not needed since termination of the Services Agreement. The Board directed staff to make that calculation and determine the level of mill levy reduction that could occur in 2010 to refund that amount to the residents. **Upon motion by Director George, seconded by Director Noble, the Board unanimously approved making a tax refund as described above, with Director Noble and the District Manager to work such calculations into the budget preparations for the 2010 budget.**

b. **Forensic Analysis**

Upon motion by Director George, seconded by Director Noble, the Board unanimously directed Financial Forensic Services, LLC to complete its current analysis and to provide a report to the District's special legal counsel, Andy Fisher.

c. **Public Relations Advisor**

The Board discussed the need to obtain assistance from a public relations firm to guide interactions with the media and the public in light of recent media coverage of taxes and HOA activities within the community.

Chairman Brown reported that she and the District Manager had met with two public relations firms to interview them and learn of their services.

Chairman Brown recommended that the District retain RDM. **Upon motion by Chairman Brown, seconded by Director George, the Board approved hiring the firm of RDM on an as-needed basis to assist with media responses and other public relations matters as needed. The motion passed by a vote of three in favor and one (Director Noble) opposed.**

d. **District Audit**

The Board discussed the fact that a draft District audit had not yet been presented to the Board for approval and the need to obtain an extension of the State of Colorado deadline for filing the District's audit. **Upon motion by Director George, seconded by Director Noble, the Board requested the District Manager to seek an audit filing deadline extension so that the audit can be approved at a Board meeting in August. The motion was approved unanimously.**

13. Adjournment **Upon motion duly made and seconded the meeting was adjourned at 11:18 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 19th day of August, 2009.

Respectfully submitted,

/s/ Mary Schumer

Mary Schumer, Secretary