

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF

GVR METROPOLITAN DISTRICT

Held: Wednesday, August 5, 2009 at 6:30 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 6:34 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 (excused for cause)
Joanne True, Director
Charles Britton, Director

Also present were:

Andrew Pimental, District Manager; Evan D. Ela, legal counsel; Dave Lucas, Sherman & Howard; Wes Bradish, RBC Capital; Andy Fisher, special legal counsel (arrived at 8:00); Joe Dickerson, FFS (arrived at 8:00); Carr Conway, FFS (arrived at 8:00); Eric Gravenson; Elaine Smith; Laverne Morris Palmer; Jim and Fenna Tanner; and Paul Gilberto.

1. Call to Order and Establish a Quorum

Chairman Brown called the meeting to order and established the presence of a quorum of Directors. **Upon motion by Director Schumer, seconded by Director George, the Board unanimously excused the absence of Director Perry from the meeting.**

2. Approve Agenda

The Board reviewed the published Agenda and determined to move consideration of the District Audit, Item 4a. to Item 6a. under discussion items. The Board also determined to allow a public comment section as Item 5. Upon motion by Director George, seconded by Director Schumer, the Board unanimously approved the Agenda as revised.

3. Conflicts of Interest Disclosures

Director Britton stated that he did not understand what a conflict of interest is. After discussion with the Board and an explanation made by the Chairman and legal counsel, Director Britton declared that he had no conflict of interest.

4. Action Items

a. Presentation by representatives from RBC Capital Markets (bond underwriting firm) and Sherman & Howard (bond counsel firm) on bond refunding proposal

Mr. Wes Bradish, of RBC Capital Markets, explained the basics of the refunding bond proposal to the Board and the public in attendance. He stated that the Board would consider a parameters resolution at this meeting which would call for payment of \$4.1 million in cash to affect early payment of existing bonds and to refinance the roughly \$4.4 million in remaining bonds at more favorable interest rates. He explained that the parameter resolution will allow the refinancing of up to \$5 million, and at current bond market rates, a 6% savings is expected, which he described as being two times greater than the 3% savings threshold recommended for doing a refunding. Directors Schumer and True asked questions concerning the \$500,000 in total savings, and Mr. Bradish confirmed that it will work out to approximately \$50,000 of savings per year in the refinancing of \$4.4 million of bonded indebtedness. Mr. Bradish stated that early repayment of the refinanced bonds can be effected at five years (2014) without penalty. Additional questions were raised by the public concerning whether early repayment could occur prior to 2014, the costs of issuance and the role of the paying agent. Mr. Bradish responded that the costs of issuance are now estimated at approximately \$117,000, and early repayment would not be allowed prior to December 1, 2014, and that the paying agent is the company responsible for making the District's timely payments of interest and principal.

Mr. David Lucas, of Sherman & Howard, the District's bond counsel, described the language in the bond parameters resolution, and the need for selecting a registrar, paying agent and an escrow bank as part of the transaction. He explained that approval of the resolution would include approval of a contract with RBC Capital Markets as the bond underwriter, an escrow agreement with the escrow bank, an agreement with the selected registrar and the Preliminary Official Statement (POS). Mr. Lucas also reiterated the parameters outlined in the resolution. Director Britton inquired if use of the District's entire cash reserve, approximately \$7.7 million, had been considered for early repayment of the existing bonds. Director Noble explained that several scenarios had been reviewed by his committee and the committee recommended using no more than \$4.1 million of the District's cash reserve for early repayment of the existing bonds. He also explained that the Board, as a whole, had considered and endorsed repayment with \$4.1 million in cash at a prior meeting.

- i. Consider selection of escrow verification firm for engagement by District in connection with the proposed District bond refunding.

Mr. Lucas explained that he had obtained bids of \$750 from JW Simmons and Company and \$1,150 from the firm of Clifton Gunderson to serve the

District as the escrow verification firm. He recommended selecting the least cost bid. **Upon motion by Director George, seconded by Director Noble, the Board selected and approved JW Simmons as the escrow verification firm by a vote of five in favor and one (Director Britton) opposed.**

- ii. Consider selection of paying agent for engagement by District in connection with the proposed District bond refunding.

Mr. Lucas explained that he had received bids from several banks proposing to serve as the District's paying agent in the bond refunding transaction. He provided a table comparing the costs of each proposal and recommended selecting the least cost proposal as presented by Zions National Bank. **Upon motion by Director Noble, seconded by Director George, the Board selected Zions National Bank as the paying agent for the District by a vote of five in favor, and one (Director Britton) opposed.**

- iii. Consider Preliminary Official Statement that will be issued by the District in connection with the proposed District bond refunding.

Mr. Lucas explained the process of developing a Preliminary Official Statement (POS) which contains a great deal of information about the economic setting as a District and the greater Denver Metropolitan Area. He explained this document will be read and used by the bond market investors to gauge the risk and investment worthiness of the District's Bonds. There was a long discussion involving the public and the Board concerning the various components of information within the POS. Director True inquired about what amount of interest will be earned by the bond proceeds sitting in an escrow account between bond issuance in September and bond early repayment in early December. Mr. Bradish responded that the interest earned would be at typical savings account interest rates. Mr. Lucas explained that minor edits to the POS were still possible prior to the final OS that would be signed by the Board President at Closing in early September. He stated that the POS approved as part of the bond resolution will be sent to rating agencies in the bond market so that such agencies can determine the investment worthiness of the District's bonds.

- iv. Consider a Bond Resolution setting out the parameters by which District officers are authorized to execute contracts to issue bonds for the purpose of refunding portions of existing District bonded indebtedness and to use cash reserves to redeem portions of existing District bonds.

In light of the long discussion of aspects of the bond refunding and the timeframe for accomplishing the same, the Chairman entertained a motion to approve the bond resolution as presented by Sherman & Howard, the District's bond counsel. **Upon motion by Director Noble, seconded by**

Director George, the Board approved the bond resolution by a vote of five in favor, with one (Director Britton) opposed, and specifically stating that all minor revisions should be made to the bond resolution as necessary to fill in the names of the registrar, paying agent, and escrow bank selected by earlier action of the Board.

5. Public
Comment

Mr. Eric Gravenson urged the Board to continue publishing the “Metro” District newsletter in paper format and mailing it to residents. He believed that converting it to completely electronic distribution starting with only the fourth issue would be a disservice to the community and would greatly limit the distribution to all residents. Ms. Elaine Smith agreed with that comment and urged the Board to continue paper publication. Ms. Laverne Palmer stated that the District would continue to provide paper to all those who prefer it and that anyone seeking paper should let the District know. Mr. Gravenson argued that many new residents would not be informed about requesting paper or e-mail versions of the newsletter and be more likely to see the information if it arrived in their mailbox. Mr. Pimental informed the meeting that approximately 45 people have requested e-mail distribution of the “Metro” newsletter and approximately 60 have requested paper distribution. He stated that continued paper publication of a bi-monthly newspaper will cost the District approximately \$18,000 per year. There ensued a long discussion among the public and the Board of the pros and cons of continued distribution of the newspaper.

6. Discussion
Items

a. Presentation to the public on District budget preparations for 2010. Obtain community input for budgeting priorities and district levels of services.

District Manager Pimental presented a Power Point display to the meeting concerning the process and the factors involved in developing the District budget for 2010. His presentation included a comparison of year-to-date budget and actual revenues and expenditures, an explanation of the total taxes paid within the GVR Metropolitan District, and an explanation of the property tax assessment process employed by the City and County of Denver and an explanation of the tools that the staff will use in estimating the 2010 budget.

7. Executive
Session

Chairman Brown entertained a motion from the Board concerning entering into an executive session (as needed to discuss specialized details of security arrangements or investigations in connection with the forensic auditing, accounting and investigation services of Financial Forensic Services, LLC per § 24-6-402(4)(d), C.R.S.). **Upon motion by Director Schumer, seconded by Director Noble, the Board voted four in favor and two (Directors True and Britton) opposed to enter Executive Session.**

Prior to entering Executive Session, Chairman Brown addressed the Board with the expectation of confidentiality of information discussed within the

Executive Session and asked any members of the District Board who felt they would be unable to comply with the confidentiality requirement to please not participate in the Executive Session. Director Britton challenged the basis for Chairman Brown's request for confidentiality and stated his belief that Executive Sessions should not be secret.

The Board entered Executive Session at 8:50 p.m. after members of the public had been excused from the meeting, as had Director True.

The Board reconvened its regular meeting at 11:03 p.m.

8. Other Matters

a. Attorney Selection Process

The Board and Manager Pimental discussed the selection process for District general counsel. Mr. Pimental explained that he had received four responses to the District's solicitation for bid proposals and directed the Board's attention to those proposals. The Board discussed and determined to provide any comments on each Board Member's preferences for interview of the bidding firms, including a ranking by each Board Member of the firms, to Mr. Pimental prior to August 19th. The Board requested that the selection process be put onto the Agenda for the August 19th Regular Board Meeting so that the dates and times for interviews and formal selection can be determined at that point.

b. Forensic Investigation

The Board discussed the fact that the forensic investigators had determined that a payment for the purchase of structural steel for the Community Center building had been made to Pirnack & Walters, the District's Community Center construction contractor, and that such steel had never been purchased. **Upon motion by Director George, seconded by Director Noble, the Board unanimously directed Mr. Pimental to draft and transmit a letter to Mr. Pirnack requesting immediate return of the entire amount of the deposit provided to Mr. Pirnack for the purchase of steel.**

9. Adjournment

Upon motion duly made and seconded the meeting was adjourned at 11:22 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 19th day of August, 2009.
Respectfully submitted,

/s/ Mary Schumer
Mary Schumer, Secretary