

RECORD OF PROCEEDINGS

MINUTES OF THE CONSOLIDATED SPECIAL MEETING OF THE
BOARDS OF DIRECTORS OF THE BUCKHORN VALLEY
METROPOLITAN DISTRICTS NOS. 1 & 2

Held: Friday, December 11, 2020 at 1:00 P.M., at
[https://us02web.zoom.us/j/83938860668?pwd=YW5CaSttRDdVdHg
vMU5CK3Q5MW9GZz09](https://us02web.zoom.us/j/83938860668?pwd=YW5CaSttRDdVdHg vMU5CK3Q5MW9GZz09)

Meeting ID: 839 3886 0668, Passcode: 649324

Or

Dial-In Number: + 1 (669) 900-9128

Meeting ID: 839 3886 0668, Passcode: 649324

Attendance:

The consolidated special meeting of the Boards of Directors of Buckhorn Valley Metropolitan Districts Nos. 1 & 2 (the “Boards of Directors” or “Boards”) was called and held as shown in accordance with the statutes of the State of Colorado. All participation was via the Zoom meeting location in order to preserve the health, safety, and welfare of the public in light of the imminent threat caused by the COVID-19 Pandemic and due to the State of Emergency declared by Governor Polis, as amended and extended, corresponding Executive Orders and Public Health Orders, as amended and extended, and CDC recommendations against gathering in large groups in order to mitigate the spread of the COVID-19 virus.

The following Directors were present:

John Hill, President (*via video/telephone conference*)

Scott Green, Assistant Secretary (*via video/telephone conference*)

Anna Maria Ray, Assistant Secretary (*via video/telephone conference*)

David Garton, Assistant Secretary (*via video/telephone conference*)

Also present were: Jennifer L. Ivey, Attorney for the Districts, Icenogle Seaver Pogue, P.C. (*via video/telephone conference*); AJ Beckman, District Manager, Public Alliance, LLC (*via video/telephone conference*); Kate Innes, Public Alliance, LLC (*via video/telephone conference*); Debra Sedgely, District Accountant, CliftonLarsonAllen, LLP (*via video/telephone conference*); and the following members of the public: Megan McGee Bonta, Tiffany Dougherty, Nicholas Richards, Karen Carthy, Maxine Hepner, Christiane Hepner, Craig and Eliana Walker, Mary Gorski, Ashley and Casey Wilson, Beverly Fiore, Kendra Powell, Nicholas Richards,

Mary Gorski, Nick Viau, and Jeff Roberts (*all via video/telephone conference*).

**Call to
Order/Declaration of
Quorum:**

Director Hill called to order the consolidated special meeting of the Boards of Directors of the Buckhorn Valley Metropolitan Districts Nos. 1 & 2, at which time it was noted that the notice of this meeting was properly posted within the Districts. Director Hill noted that a quorum of each of the Boards were present, and he turned the meeting over to Mr. Beckman and Ms. Ivey. Ms. Ivey noted that the November 17, 2020 consolidated special meeting of the Boards of Directors had been continued to December 11, 2020, however, on December 11, 2020 there was not a quorum of the Boards represent to reconvene the meetings. As such, after discussion, the Boards adjourned the November 17, 2020 meeting. Mr. Beckman explained that in order to accommodate public comment and allow for the orderly conduct of the meeting, each speaker would be recognized individually and afforded the opportunity to comment on each agenda item, with a maximum of three minutes per person per agenda item.

Disclosure Matters:

The Boards of Directors reviewed the agenda for the meeting, following which each Board member confirmed the contents of written disclosures previously made, stating the fact and summary nature of any matters, as required under Colorado law, to permit official action to be taken at the meeting.

Director John Hill disclosed that he is a party to a contract to purchase taxable property located within the boundaries of the Districts and a beneficiary of a potential profits interest from entities which own taxable property located within the boundaries of the Districts. He also disclosed that he may perform consulting services for Colorado Land Management, LLC, a role in which he carries out the execution of management and project development duties performed for the Districts by Colorado Land Management, LLC in its management contract with the Districts. He is employed on an at-will verbal consulting agreement, compensation for which varies from time to time and may be greater than \$100,000, and, in part, is derived from compensation for management services by and between Colorado Land Management, LLC and the Districts. In the performance of his duties, Director Hill may, from time to time, perform consulting services for parties which are investigating possible purchases, are purchasing or have purchased lands within the Districts. Such work is generally, but not always, performed on an at-will consulting basis, with compensation on a lump-sum, fixed fee or hourly basis, or may be based on a combination of these or some other basis as of yet undetermined. This disclosure is associated with approval of items on the agenda that may affect his interests.

Director Scott Green disclosed that he is a party to a contract to purchase taxable property located within the boundaries of the Districts. He further disclosed that he is the owner of Scott Green Excavating, Inc., a contractor which currently has contract(s) with the Districts to construct a roadway and ancillary improvements. These improvements are being paid for, in part, by the Districts, with funds from District No. 2's 2010 bond issue. Director Green also disclosed that the compensation to be paid in accordance with the contract(s) is in excess of \$600,000, and that he does not expect his position of Director to enhance his position or the position of Scott Green Excavating, Inc. either competitively or financially. This disclosure is associated with approval of items on the agenda that may affect his interests.

Director Samantha Gale disclosed that she owns property within the Districts and is a party to a contract to purchase taxable property located within the boundaries of the Districts. She also disclosed that she is related to Dave Garton, to whom the District is indebted to. This disclosure is associated with approval of items on the agenda that may affect her interests.

Director David Garton disclosed that he is a party to a contract to purchase taxable property located within the boundaries of the Districts. He also disclosed that he is a member of the board of directors of the Buckhorn Valley Master Owners Association and a member of the board of directors of the Single Family Residences at Buckhorn Valley, Inc. This disclosure is associated with approval of items on the agenda that may affect his interests.

Director Anna Maria Ray reported that she had no conflicts of interest requiring disclosure.

Ms. Ivey advised that written disclosures of these interests were filed with the Secretary of State at least seventy-two hours prior to the meeting.

**Approval
of/Additions
to/Deletions from the
Agenda:**

After review and discussion and upon motion of Director Garton and second of Director Hill the Boards of Directors voted unanimously to approve the Agenda as presented.

**Public Comment for
Matters Not on the
Agenda:**

Megan McGee Bonta requested that the Board consider deferring any business except that which is time sensitive and must be completed at today's meeting.

Nick View expressed disappointment that some of the Directors were

not present at the prior meeting and requested that the Board vote only on pressing matters.

Ashley Wilson noted that she appreciates that the meeting was moved to this date and time and requested that the Board not make any decisions that deserve comment from a greater number of public participants.

Director Garton voiced his agreement with the public sentiment and asked the Board to delay any matters that could be delayed.

Director Green expressed his appreciation for the recent public interest in the District. He noted that he is troubled by the scrutiny observed toward the Board and discussed the District's service to the community over the years including the efforts by John Hill to acquire approximately 56 acres from Saddle Ridge for a future park area as well as the acquisition of nearly \$2,000,000 in grant funding for raw water system improvements. He then noted that everything the Developer is doing or has done to date is for the benefit of the community. He then noted that the remaining properties for future development are in the approved PUD and are owned by Christiane Hepner, and there is independent legal counsel, district management, and accounting.

Consent Agenda:

All the items on the Consent Agenda can be approved with a single motion. The Consent Agenda included:

- The Minutes from November 20, 2019 Regular Meeting, June 22, 2020 Special Meeting, June 29, 2020 Continued Special Meeting Minutes, and September 25, 2020 Special Meeting Minutes.
- Approval of RV Storage Lot Contract extension.
- Approval of Management Contract extension with Public Alliance, LLC.
- Approval of engagement of Fiscal Focus Partners, LLC for 2020 audit preparation.
- Ratify engagement of Element Engineering, LLC for review of raw
- water system.
- Approval of 2021 Annual Administrative Resolution.

Director Green suggested opening the consent agenda for public comment. Public comment was taken for all items on the consent agenda. No objections were presented by members of the public

Director Garton made the motion to approve, Director Ray seconded

the motion, and the consent Agenda was approved by unanimous vote of the Boards of Directors.

Financial Matters:

Consider Approval of 2021 budgets, appropriate sums of money and certify mill levies:

Ms. Sedgeley reviewed the 2021 Budget for District No. 2. She explained that District No. 2 has two different mill levies collected via property tax. The District No. 2 imposes 6.811 mills to fund offset general expenses in District No. 1. She further explained that the mill levy has adjusted over time in accordance with the Gallagher Amendment, from 5 mills originally. She noted that the debt service mill levy is at the maximum that can be levied. She explained that property taxes are remitted to the District No. 2 by the Eagle County, as the taxes are collected. She then explained that the debt service payments on the bonds is higher than the maximum debt service levy provides, however the District No. 2 is meeting its obligations to the bond holder(s) by imposing the maximum mill levy. She then explained that District No. 2 has two funds, the general fund where revenue from property taxes comes in and is transferred to District 1, less Treasurer's fees. She then explained that the other fund is the debt service fund, where property taxes pledged to the repayment of debt are accounted for. She explained that there are three series of bonds, two of them are senior, meaning they get paid first. She further explained that the junior bond from 2008 will not get paid unless the District's overall assessed value from the overall tax base increases significantly. With the money collected in 2021, the District No. 2 will be able to pay \$182,000 of interest on the 2003 bonds and \$522,000 of interest on the 2010 bonds. She then explained that District No. 1 does not levy property taxes.

Ms. Sedgeley reviewed the general fund budget line items for 2021 noting that \$75,000 has been added to the budgeted expenses for a future recall election. She explained that the sum will have to be transferred from the general fund. The capital projects fund and enterprise fund budgets were also reviewed. Director Hill asked how future repairs to the pond liner can be paid for if \$75,000 is spent on a recall election, Ms. Sedgeley responded that there is no money available in the budget to pay for the repairs without a special assessment. Public comment on the proposed 2021 budget was taken at this time.

Karen Carthy: Asked what fees are dedicated to paying for water rights are used for. Ms. Ivey responded that there are a number of legal filings that have to be made to keep the water rights active. Director Hill added that augmentation rights have to be paid to the river district to maintain access to water in reservoirs, in case of drought, ensuring

water is always available to the Districts. He further explained that the augmentation rights were set up in 2000 at a fixed rate paid annually which was locked in at a much lower rate than what could be obtained at the present time. He then noted that water courts require annual reports about the Districts' water use.

Megan McGee Bonta asked whether funds from the capital projects budget could be used for pond liner repairs. Ms. Ivey verified that this is possible if funds are available.

Nick Viau noted that here are budget items totaling \$75,000 for management, field operations, engineering, and other items that weren't spent in 2019. He asked why they weren't needed in 2019 but were in 2020. Ms. Sedgeley replied that they were previously in the water operations and maintenance budget but are now broken out into more descriptive line items.

Ashley Wilson noted that the budget items are difficult to read the way they're presented. Ms. Ivey responded that many Boards struggle to classify and present budget line items. Ms. Wilson asked whether the billing charge is paid to Liz Jones and Ms. Sedgeley verified that it is.

Tiffany Dougherty asked where the playground and parks are located that are owned by the Town of Gypsum, Director Hill stated the District owns the sixty acres that were acquired from Saddle Ridge Development without charge to the District. He explained that there are some pocket parks and there are three detention bases that need to be maintained that fall under this category. He will send a map of the pocket parks to Mr. Beckman to post on the website.

Director Green noted that he recently compared the operating costs for Cotton Ranch and Chatfield Corners, two comparable Districts, and found that the District's expenses for operation of the raw water system are comparable.

Following discussion, upon motion duly made by Director Hill, seconded by Director Ray, and upon vote unanimously carried the Board approved the 2021 Budget as presented.

Ms. Ivey then asked for a motion to appropriate the budgeted sums of money and certify the mill levy.

Following discussion, upon motion duly made by Director Hill, seconded by Director Ray, and upon vote unanimously carried the Board adopted the resolutions approving the budgets, and appropriated the sums of money and certified the mill levies as

presented.

Ms. Sedgley noted that the information contained in the September 30, 2020 financials was presented in the budget therefore further review is not necessary.

Financial Reports /
Payment of Claims:

Ms. Sedgley then reviewed the list of checks totaling \$126,281.24 for the period ending November 11, 2020 with the Boards. Mr. Beckman explained that the expenditures have already been made and that the amounts are being ratified and added to the public record. Ms. Sedgley explained that there is an existing approval process for invoices in which they are reviewed by the District's Accountant, the President, and the District Manager before payments are authorized.

Ashley Wilson commented that in her brief review of the expenditures some seemed high, but overall, they appeared to be in order.

Following discussion upon motion made by Director Green, seconded by Director Ray and upon vote, unanimously carried the payment of claims in the amount of \$126,281.24 was ratified as presented.

Citizens Advisory
Committee:

Mr. Beckman reported that a Zoom meeting is schedule with members of the community for Tuesday December 15th to discuss participation in and functions of the committee. He explained that the purpose of the committee is for residents to learn more about the District's water system and make recommendations to the Boards. The Boards then asked for public comment.

Ashley Wilson Stated that she really appreciates the chance to join the committee and submit feedback from the homeowner committee to the Boards.

Bid Process for
Property management
and Raw Water
System Operation:

Director Hill advised the Board that that Colorado Land Management, LLC ("CLM") has withdrawn its proposal for 2021. Mr. Beckman stated that having the system unmanned is not in the best interests of the Districts or its residents and recommended that CLM be retained on a month-to-month basis in the interim. Public comment was taken at this time.

Ashley Wilson noted that she prefers that the committee give input before decisions are made.

Nick Viau stated that he would still like to see a bid from CLM since they have experience and welcomes the opportunity for transparency going forward.

Beverly Fiore noted that she agrees with keeping CLM on a month-to-month interim basis.

Megan McGee Bonta noted that she agrees that leaving the system unmanned is not ideal and extending on a month-to-month basis is a good option for the time being. She then noted that community and committee input is important.

Mary Gorski stated that she agrees with month-to-month basis for the short term and encouraging community involvement.

Christiane Hepner stated that the increase of transparency is beneficial to everyone involved and recommended that bidders be required to meet pre-determined specifications. Mr. Beckman added that having clear specifications in the bid process will be important.

Karen Carthy addressed the Boards regarding safety concerns with sinkholes in the area and preservation of the underground lake. Director Hill gave information that at in the northeast corner of the District open space there is a large sinkhole. He reported that the Board could consider future safety fencing or other measures.

Director Green discussed the Element Engineering report as being a basis for the preparation of bid specifications. Mr. Beckman noted that whoever bids on the work should have experience with raw water systems and be located so they are available for emergencies.

Director Green said that in the past, Green Excavating was the only bidder for the contract. Outside of the contract, he has performed \$60,992 in emergency work. He noted that emergency repairs in 2018 were done to address runoff below the spillway at the dam. In addition, there was work to move the main pipeline that was not in an easement. In both instances, Green Excavating sub-contracted the work because due to the time-sensitive nature. He further explained that in such cases he does not see a conflict of interest, as the work has been provided below market rates. He then stated that on sixteen occasions, his team has excavated and repaired leaks at no cost to the District.

Director Hill stated that operation of the water system by CLM is not a big money-making venture but contributes greatly to the community and ensures the retention of water rights. He then noted that in prior years, residents were not participating in Board meetings or reviewing finances but now there is interest, and nothing has been intended to be secretive. He then explained that with regard to the pipeline project Trout Unlimited cited the project as the best project of that year because it was completed on time and on budget despite encountering

some difficulties. Green Excavating did not submit any change orders.

Following discussion, a motion was made by Director Garton to continue CLM's engagement under the prior contract on a month-to-month contract extension basis while a bid specifications are developed and put out to bid. Director Green seconded the motion. The motion carried with three directors voting in favor and Director Hill abstaining from the vote.

Engineering
Assessment and
Operating Plan for
Non-potable
Irrigation System:

Mr. Beckman reported that the Operating Plan created by Element Engineering has been submitted to the Town of Gypsum and is under review. Public comment was invited for this topic, however no public comment was made.

A motion to acknowledge the Engineering Assessment and Operating Plan prepared by Element Engineering was made by Director Hill, seconded by Director Garton, and unanimously passed by vote of the Board.

Other Business:

There was no other business

Legal Matters:

Ms. Ivey reported that acting in her role as court-appointed Designated Election Official (DEO) she sent out notices yesterday to the Recall Committees for the four directors of District No. 2 explaining that the form of recall petitions were disapproved due to errors and issues that need to be resolved.

Adjournment:

The meeting was adjourned at 2:45pm.

DocuSigned by:

John Hill

B95D868AD01F40A...

Secretary for the Districts