

RECORD OF PROCEEDINGS

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1

Held: Wednesday, September 8, 2021 at 8:00 a.m. at

<https://us02web.zoom.us/j/7636703470>

Meeting ID: 763 670 3470, Or

Dial-In Number: 1 + (720) 707-2699

Meeting ID: 763 670 3470, Passcode: #

Attendance:

The meeting of the Board of Directors of Buckhorn Valley Metropolitan District No. 1 (the “Board of Directors” or “Board”) was called and held as shown in accordance with the statutes of the State of Colorado.

The following Directors were present:

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

Dave Garton, Treasurer (*via video/telephone conference*)

The following Directors were absent:

Anna Maria Ray, Assistant Secretary

Also present were: Jennifer L. Ivey, Attorney for the District, Icenogle Seaver Pogue, P.C. (*via video/telephone conference*); AJ Beckman, District Manager, and Noel Nail, Public Alliance, LLC (*via video/telephone conference*); Debra Sedgeley, District Accountant, CliftonLarsonAllen, LLP (*via video/telephone conference*); and the following Buckhorn Valley Metropolitan District No. 2 Board Members: Brandon McGlamery, Eliana Walker, David Fiore and Nick Viau, (all *via video/telephone conference*); and the following member of the public: Craig Walker (*via video/telephone conference*).

Call to Order/ Declaration of Quorum:

Director Hill called the special meeting of the Board of Directors of the Buckhorn Valley Metropolitan District No. 1 to order at 8:00 a.m. at which time it was noted that the notice of this meeting was properly posted within the District. Ms. Ivey reported that Director Green submitted his letter of resignation prior to today’s meeting. She explained that with Director Green’s resignation, Directors Hill and Garton comprise a quorum.

Mr. Beckman reviewed the District’s procedure for public comment. He explained that in order to accommodate public comment and allow for the orderly conduct of District business, members of the public wishing to speak during agenda items are required to use the “raise

hand” feature in Zoom and wait to be recognized by the host. Members of the public who joined by phone were asked at the time they connected to the Zoom platform to indicate which agenda items they were interested in speaking about. He noted that all public comment is limited to three minutes per person and explained that a warning would be provided when the speakers had 30 seconds remaining. Speakers were advised that at the expiration of the three minutes they would be muted.

**Director’s Matters/
Disclosure Matters -**

The 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.

**Acknowledge/Discuss
Board Vacancies:**

The Board discussed the vacancy created by the resignation of Director Green and directed Ms. Ivey to publish notice of the vacancy.

The Board then discussed the need to fill the office of Treasurer/Secretary. Upon motion duly made by Director Hill, seconded by Director Garton, and upon vote unanimously carried, Director Garton was appointed to serve as Treasurer/Secretary.

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

Following discussion and upon motion of Director Hill and second of Director Garton, the Board voted unanimously to approve the Agenda as amended and excused the absence of Director Ray.

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

Eliana Walker introduced herself and noted that as a new District No. 2 Board member she will focus on protecting the financial investments of residents within the District and preserving natural resources. She explained that she recently reviewed the Service Agreement between District Nos. 1 and 2, and she is of the opinion that the agreement is no longer in the best interest of the community and requested that District No. 1 be open to renegotiation and that the matter be discussed at a future joint meeting.

Brandon McGlamery introduced himself and explained that he has experience in water systems and controls and would like to meet with the District’s Operator. Mr. Beckman advised Mr. McGlamery that he would arrange a meeting with the District’s Operator.

Consent Agenda:

Mr. Beckman reviewed the consent agenda with the Board.

The Board Considered the following items:

- a. Approval of November 17, 2020, Joint Special Meeting Minutes
- b. Approval of March 31, 2021, Joint Special Meeting Minutes
- c. Approval of May 12, 2021, Joint Special Meeting Minutes

- d. Approval of July 19, 2021, Joint Special Meeting Minutes
- e. Approval of August 12, 2021, Joint Special Meeting Minutes
- f. Ratification of engagement of Bushong & Holleman, PC as Special Counsel for WaterRights and Related Matters
- g. Approval of Resolution Determining Not to Provide Workers' Compensation Insurance Coverage for Uncompensated Members of the Board of Directors
- h. Adoption of Resolution Designating an Official Custodian for the Colorado Open Records Act
- i. Approval of 2020 Audit and Audit and Management Representations Letter for District No. 1
- j. Consider Approval of Application of Service Cost Credits to Capital Costs pursuant to the First Amended and Restated District Facilities Construction and Service Agreement dated March 3, 2003

Director Hill welcomed the new Directors to the District No. 2 Board and explained that he invites open communication between the two Boards of Directors. He noted that Mr. Bushong is the Water Attorney working for the District and managing its water rights portfolio. He explained that Mr. Bushong's engagement letter is on the agenda because he recently went to a new firm. Director Hill underscored the importance of continuity with the District's Water Attorney given the importance of water rights for continued operations.

Ms. Sedgeley requested that item "j" on the Consent Agenda, "Application of Service Cost Credits to Capital Costs Letter," be removed from the Consent Agenda and discussed separately. The Board determined to move the matter to be discussed under Financial Matters.

Following review, upon motion duly made by Director Hill, seconded by Director Garton, and upon vote unanimously carried, the Board approved and/or ratified approval of the items listed above, on the amended Consent Agenda, with item j "Application of Service Cost Credits to Capital Costs Letter" to be considered separately under Financial Matters.

Financial Matters -

Conduct Public Hearing on Proposed 2020 Budget Amendment:

Upon motion duly made by Director Garton, seconded by Director Hill, and upon vote unanimously carried, the Board of Directors opened a public hearing on the proposed 2020 budget amendment consistent with the published notice.

Ms. Walker asked for clarification on the need for a budget amendment. Ms. Sedgeley explained that the General Fund budget was \$120,000. When the 2020 budget was adopted the Board and staff failed to understand the accounting implications of the RV Lot

Agreement, wherein the revenues associated with the lot are paid to the RV Lot Manager. She explained that the 2020 Budget Amendment is necessary to show the revenues and associated expenses as budgeted items. Director Hill discussed the history of the RV Lot and the need to have an active manager on site to mitigate the associated nuisances.

Upon motion duly made by Director Garton, seconded by Director Hill, and upon vote unanimously carried, the Board of Directors closed the public hearing.

Consider Adoption of Resolution Amending the 2020 Budget and Appropriating Sums of Money:

Ms. Ivey presented to the Board of Directors a Resolution for approval and adoption of the 2020 amended budget and appropriating funds therefor. Following discussion, upon motion duly made by Director Garton, seconded by Director Hill, and upon vote unanimously carried, the Board adopted the resolution amending the 2020 budget and appropriating funds therefor.

Financial Reports/
Consider Approval of Payment of Claims:

Ms. Sedgeley reviewed with the Board the interim claims from the period April 1, 2021 through July 6, 2021 totaling \$105,778.44 and the current claims from the period July 7, 2021 through August 11, 2021 totaling \$21,233.87.

Ms. Walker asked if the approval could be delayed allowing more time for review. Ms. Sedgeley explained that the vendors were paid several months ago in some cases and the payments should be ratified. Director Hill suggested that if Directors have questions on the payables that they follow up with Ms. Sedgeley directly.

Mr. Fiore requested that the approval be delayed allowing for additional time to review the claims. He suggested that the Board be mindful of the public process. Ms. Sedgeley reviewed the monthly process for approving invoices through bill.com. Director Hill explained that all of the invoices are being processed under the terms of the underlying contracts. Director Hill discussed the need to pay vendors in a timely manner in order to avoid curtailment of services.

Mr. Viau addressed the Board. He explained that some of the invoices, such as CliftonLarsonAllen and Colorado Land Management, lack sufficient detail in his opinion. Director Hill explained that the Colorado Land Management invoice was for general services including rent on the District's office at 11 Bridger Drive. Ms. Ivey noted that the Management Services contract with Colorado Land Management was terminated and that the rental contract was entered into on April 15, 2021. Ms. Ivey directed him to the contract page for further description on all contracts in lieu of detailed invoices. Ms. Sedgeley explained that her contract is for a fixed monthly fee. She explained that the contract could be renegotiated to an hourly billing arrangement if so directed.

Ms. Walker inquired about paying both a bookkeeper and an accountant, and it was explained that the bookkeeper bills for and collected fees locally and provides them to the accountant.

Upon motion duly made by Director Garton, seconded by Director Hill, and upon vote unanimously carried, the Board ratified approval of the interim claims and approved the current claims, as presented.

Approve Unaudited
Financial Statements:

Ms. Walker addressed the Board to inquire what happens to the fund balance from one fiscal year to the next. Ms. Sedgeley explained that the fund balance rolls over to the next year.

Upon motion duly made by Director Garton, seconded by Director Hill, and upon vote unanimously carried, the Board accepted the unaudited financial statements for the period ending June 30, 2021 as presented.

Consider Approval of
Application of Service
Cost Credits to Capital
Costs pursuant to the
First Amended and
Restated District
Facilities Construction
and Service Agreement
dated March 3, 2003:

Ms. Sedgeley reviewed the Service Cost Credits Agreement with the Board. She explained that pursuant to the Service Agreement between District Nos. 1 and 2, District No. 2 is required to provide funding to District No. 1. Each year the obligation for the capital cost and the cost of services is reviewed and tracked. For the 2020 Audit the gross capital amount owed by District No. 2 will be shown on one line and there will be a second line showing the service cost credit partially offsetting the gross capital amount.

No action was required on this item.

Operations Matters -

Consider Health
Insurance Benefits
Package for District
Employee:

Mr. Beckman addressed the Board regarding the insurance proposal from Colorado Employer Benefit Trust and requested authorization to bind a health coverage plan for the District's Water Operator for an amount not to exceed \$700 per month.

Upon motion duly made by Director Hill, seconded by Director Garton, and upon vote unanimously carried, Mr. Beckman was so authorized.

Discuss Status of Water
Availability at Eagle
River Pump Station:

Mr. Beckman addressed the Board regarding the status of the water availability at the Eagle River Pump Station. He advised the Board that Eagle River is running low, making pumping difficult. He noted that the water operator is being careful to keep the pond full in case the level in the river becomes too low to continue pumping.

Legal Matters:

Ms. Ivey reported that Mr. Forbes, working as Special Counsel to the District, was engaged by District Nos. 1 and 2; however, his contract was terminated by District No. 2 at their Board meeting on Monday,

September 6, 2021. Ms. Ivey explained that Mr. Forbes is eager to complete the work that was started and she will provide a follow up report on the status of his work at a subsequent Board meeting.

Other Business:

Director Hill thanked the members of the Board of Directors from District No. 2 for coming and invited Ms. Walker to get in contact with Ms. Sedgeley if she had further questions regarding financial matters.

Adjournment:

Following discussion and upon motion duly made by Director Hill, seconded by Director Garton, and upon vote unanimously carried, the Board adjourned the meeting at 8:55 a.m.


Secretary