

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
STONEGATE VILLAGE METROPOLITAN DISTRICT
HELD
April 16, 2008

A regular meeting of the Board of Directors of the Stonegate Village Metropolitan District was held on Thursday, April 16, 2008, at the District offices, 2 Inverness Drive East, Suite 200, Englewood, Colorado at 5:00 p.m.

Attendance: In Attendance were Directors:

Stephen Connelly
Paula Frederickson
Jon Rich
Mike Sjobakken

Also in attendance were:

Pat Mulhern, Mitch Chambers and Niki Bussey; Mulhern MRE, Inc.
Jim Hunsaker; Grimshaw & Haring, P.C.
Diane Wheeler; Simmons and Wheeler, P.C.
Conner Shepherd, Circuit Rider of Colorado, LLC
Gary Atkin, Arapahoe County Water and Wastewater Authority
Charlie Krogh, Pinery Water and Wastewater

Call to Order: The meeting was called to order by Director Sjobakken.

Minutes: The Board reviewed the minutes of the March 27, 2008 meeting. Upon motion made by Director Sjobakken, seconded by Director Connelly and, upon vote, unanimously carried, the minutes were approved with several minor changes.

Recognition of
Charlie Krogh and
Gary Atkin

The Board recognized the assistance Charlie Krogh, Pinery Water and Wastewater, and Gary Atkin, Arapahoe County Water and Wastewater, have provided to the Stonegate Village Metropolitan District wastewater treatment plant over the past few months.

Financial Matters: Payment of Claims

After discussion, upon a motion duly made by Director Rich, seconded by Director Sjobakken and, upon vote, unanimously carried, the Board approved the February claims.

Review of Financial Statements

Ms. Wheeler reviewed the March Financials with the Board. The Board indicated that they would like to keep track of meter set costs. Ms. Wheeler also indicated that the Parker Fire Fines will be listed as a 2007 expense.

Legal Matters

Mr. Hunsaker gave a legal update.

Reuter-Hess Agreement

Mr. Hunsaker is getting close to a final agreement on the Reuter-Hess project. He plans to have an agreement for approval at the May 21, 2008 board meeting.

Bond Issue Money

Mr. Hunsaker informed the Board that \$3.7Million in bond proceeds is required to be spent by May 30, 2008. The Board indicated that they would like to spend this money on the Reuter-Hess project. Mr. Hunsaker indicated that if an agreement is not reached quickly, this money can be put into escrow for this project.

WWTP Update Mr. Chambers updated the Board on the status of the Wastewater Treatment Plant. Mr. Chambers met with Ginny Torrez, Colorado State Department of Health and Environment, on April 18 and a new order on the wastewater treatment plant will be issued soon.

Southwest Water Contract Mr. Chambers and Mr. Hunsaker are meeting with Southwest Water on Monday, April 21 to finalize contract. There are currently \$543,000 in outstanding invoices owed to Southwest Water. SWC has been erroneously billing from the 2006 appendix of charges, which is lower than what was approved for 2007, however, they have overcharged for other things. Mr. Chambers proposed a settlement of \$535,000 less \$10,000 as SWC's share of the Parker Fire fines with SWC. SWC is contesting their responsibility in the Parker Fire case, but this can be resolved at a later date.

RS Wells Liability Release RS Wells presented a Liability Release to Mr. Hunsaker. In the Release, RS Wells agrees to pay \$10,000 of the Parker Fire fines if the District will release them from any further perceived liability that may arise from the wastewater treatment plant. Mr. Hunsaker acknowledged the Board's concern that the risk in signing this is that there may be fines assessed in the NOV-CDO case and the Board may feel RS Wells has some liability in that case. The Board instructed Mr. Hunsaker to inform RS Wells that a general release will not be signed, but a release in any further responsibility in the Parker Fire Case will be granted. The Board also indicated that they will release the money owed to RS Wells, minus \$10,000 the Board feels is RS Wells share of the Parker Fire fines.

Personal Liability The Board asked Mr. Hunsaker what their personal liability was in any of the cases involving the wastewater treatment plant.

Mr. Hunsaker indicated that he believed none of the board members has any personal liability and he can draft a personal indemnification resolution for the board if they so desire.

Foam Removal
Contracts

Contracts with various contractors to remove the foam from the A Basins were discussed. A motion was made by Director Rich to approve these contracts in an amount not to exceed \$30,000.00. Director Sjobakken seconded this motion and, upon vote, it was unanimously approved.

TestAmerica

A contract with TestAmerica for influent Toxicity Testing was discussed. A motion was made by Director Rich to approve this contract in the amount of \$1,400.00. Director Sjobakken seconded this motion and, upon vote, it was unanimously approved.

Michael Richard
Wastewater
Microbiology, LLC

A contract with Michael Richard Wastewater Microbiology, LLC for Microscopic Examination was discussed. A motion was made by Director Rich to approve this contract in the amount of \$700.00. Director Sjobakken seconded this motion and, upon vote, it was unanimously approved.

Southwest Water
Foam Removal

A contract with Southwest Water Company for extra labor to help with foam removal was discussed. A motion was made by Director Rich to approve this extra labor in the amount of \$3,000.00. Director Sjobakken seconded this motion and, upon vote, it was unanimously approved.

Southwest Water
Outstanding Invoices

After discussion, Director Rich made a motion to pay Southwest Water Company \$535,000.00 as settlement of all outstanding past invoices. Of that amount \$10,000.00 is being withheld as Southwest Water Company's portion of the Parker Water fines. Director Sjobakken seconded this motion and, upon vote, it was unanimously approved.

Recreation Plus, Ltd.

Plans were presented for the removal of old playground equipment and installation of new equipment in the Stone Willow Park and the Stonegate North Park. After discussion, Director Frederickson made a motion to approve the renovation of these parks by Recreation Plus, Ltd in an amount not to exceed \$105,000. Director Sjobakken seconded this motion and, upon vote, it was unanimously approved.

Tennis Courts

Plans were presented to install fencing to enclose and lock the tennis courts to prevent unauthorized users from using the courts. Director Rich presented a motion for Split Rail Fence Company to install fencing in the amount of \$4,890.00 and locks to be installed by LOCKEY Systems in the amount of \$229.00 per lock plus installation. Director Sjobakken seconded the motion and, upon vote, the motion was carried in a three to one vote. Director Frederickson voted against the motion.

Tree Replacement

After discussion, Director Sjobakken made a motion to approve tree and shrub replacement by Brickman Landscaping in an amount not to exceed \$40,000.00. The plantings should be split two-thirds trees and one-third shrubbery. Director Rich seconded the motion and, upon vote, it was unanimously approved.

Flower Beds

After discussion, Director Sjobakken made a motion to approve planting of the flower beds by Brickman Landscaping in an amount not to exceed \$7,000.00. Director Frederickson seconded the motion and, upon vote, it was unanimously approved.

District Manager's Report

Mr. Chambers presented the District Manager's Report.

Wastewater Treatment Plant

Mr. Chambers is meeting weekly with Randy Jones, Terry Cunningham and Bill Veydovec to solve the issues at the plant. They are currently preparing a compliance schedule to be submitted to the State on Tuesday, April 22. It appears that the plant has passed the WET tests, but there is no official confirmation of that at this time.

Water Resources Report

A Water Resources Report was presented by Pat Mulhern

Adjournment

Upon a motion duly made and seconded, the Board voted unanimously to adjourn the meeting.

Respectfully submitted,

Secretary for the Meeting