

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE STONEGATE VILLAGE METROPOLITAN DISTRICT HELD JULY 20, 2016

A regular meeting of the Board of Directors of the Stonegate Village Metropolitan District was held on Wednesday, July 20, 2016, at the Stonegate Community Center, 10252 Stonegate Parkway in Parker, Colorado at 5:30 p.m.

ATTENDANCE:

Present were Directors:

Greg Sanford
Roger Husbands
Steve Olson

Absent were Directors Lisa Hyvonen and Mary Sanner, whose absence were excused.

Also in attendance were:

Matthew R. Dalton, Esq.; Spencer Fane
Bill Goetz; TST Engineering
Ron Lambert, Mulhern MRE
Matt Mundy; MPM
Ger Whelen; CWS – Lead Operator in Responsible Charge
Charles Wenger; Colorado Landscape Services & Facilities Manager
Steve Williams, iSpark Communications
John Simmons, CPA; Simmons & Wheeler; P.C.
John Wright, CPA; Raftelis Financial Consultants, Inc.
Sarah Sjobakken, SVMD Office/Billing Manager
Sean Chambers, SVMD General Manager
Bob Cole, Esq.; Special Counsel, Collins Cockrel & Cole

**CALL TO
ORDER:**

The meeting was called to order at 5:35 p.m. by Director Sanford.

**DISCLOSURE OF
POTENTIAL
CONFLICTS OF
INTEREST:**

Directors Sanford, Husbands and Olson declared that they have no conflicts of interest and District General Counsel stated that the required disclosure statements have been filed.

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APPROVAL OF AGENDA:

Director Husbands moved that the agenda be approved as with the addition of a rate study project review by Mr. John Wright and with the delay in executive session to a later point in the agenda after special legal counsel, Mr. Bob Cole's arrival to the meeting. Upon motion duly made, seconded by Director Olson, and unanimously carried, the agenda was approved as amended.

PUBLIC COMMENT:

Director Sanford opened the floor for public comment(s):

Mr. Steve Willaims, of Santotian Ct. addressed the Board as a resident and thanked Director Husbands for his leadership and tireless work on the in-house / in community management transition and office start up. Noting that Director husbands had many more hours invested than most would realize and his hard work and drive for results was key to getting on-site management organized and up and running.

Hearing no further interest from the general public, public comments was closed

NEW BUSINESS:

Minutes: Approval of the June 15, 2016 minutes. A motion was made by Director Olson to approve the minutes as submitted. Upon a second by Director Husbands, a vote was taken and the motion carried unanimously.

Answer-All Service Agreement: Director Sanford requested additional staff explanation, and Mr. Chambers informed the Board that Answer-all has long handled after hours emergency calls for the District, but that an account needed to be set up in the District's proper name since prior answering service agreements had been organized under the contract management company's corporate names. Mr. Chambers further commented that the same situation held true for the proposed agreement between the District and Point & Pay, a 3rd party secure payment vender who processes online bill payment transactions for the District. Mr. Chambers noted that the legal review of point & pay terms was ongoing with legal counsel.

A Motion was made by Director Sanford to approve the two agreements pending full review and appropriate revisions by the District's general legal counsel. Upon a second by Director Husbands, a vote was taken and the motion carried unanimously.

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STAFF AND CONSULTANT REPORTS:

Director Sanford with support of the other directors moved an info briefing by Mr. John Wright of Raftelis Financial Consultants presented the Directors and public an overview of the proposed rate review and analysis study scope of work and project budget. Mr. Wright covered his firms experience, the methodology they would use in the rate study analysis, and further explained their efforts to work with Mr. Simmons to limit the costs to the District.

Mr. Simmons and the Directors discussed the pending need for a long overdue water rate increase to cover inflationary costs of treatment and to ensure debt service coverage for the WISE project bonds and other key water infrastructure and reuse projects.

The Directors discussed the sense of urgency to get the scope of work finalized and get moving in advance of the budget season and 2017 rate setting discussions that need to take place in late fall.

EXECUTIVE SESSION PER CRS SEC. 402(4) (b) and (e)

Director Olson moved that the Board enter into Executive Session with special counsel, Mr. Cole, to discuss confidential contract negotiations, strategies, and receive focused legal advice regarding the proposed agreement with Compark Business Campus Metro District (CPBCMD) per CRS Sec. 402(4)(b) and (e). Upon motion duly made, seconded by Director Husbands, a vote was taken and the motion carried unanimously.

Mr. Bob Cole, Esq. led the discussion regarding the Regional Water & Wastewater Service Agreement proposed to replace and update the Regional Facilities Agreement by and between Stonegate Village Metro District and Compark Business Campus Metro District

Upon Conclusion of the Executive Session discussion, Director Olson moved that the Board exit executive session. Upon a second by Director Sanford, a vote was taken and the motion carried unanimously.

STAFF AND CONSULTANT REPORTS (CONTINUED):

Manager's Report: Mr. Chambers presented the manager's report along with some additional items for Board information and consideration.

Mr. Chambers noted that billing and all of its sub tasks are a lot of work, and with the IT set up challenges that staff has been working though over the past 20 days,

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we are not well positioned to process the aged or current accounts payable, nor does the District yet have an A/P paper and work flow system set up. Mr. Chambers disclosed that he doesn't yet know what the long range work load looks like, but that A/P and Quickbooks expertise would be helpful in getting a system organized and requested an A/P accounts temp to get things well organized.

Board discussion about staffing followed and Director Olson made a motion to support a short term start-up focused temporary use of an account temp. Upon second by Director Sanford, the motion carried unanimously.

The Discussion turned to the rate study and timeline for setting 2017 rates, and Mr. Chambers said that he would need to review the scope of work with Mr. Simmons and any interested directors prior to getting started with Board authorization; and noted that tap fee analysis should be part of the scope of work. The Board concurred that time is of the essence, Director Sanford requested that a second qualified vender be contacted, and Mr. Chambers committed to look into all of the above items.

Mr. Chambers requested the Board set an open house to make sure they were offering the public a less formal opportunity to get informed on District business, requested that key staff and engineering consultants attend and proposed the date of Tue. 8/16/2016.

Further, Mr. Chambers requested that the Board consider an appropriate time this fall for an engineering and Board business retreat to get re-informed on historic well field operations and maintenance recommendations by Bishop Brogden, Water Supply Master Planning by Mulhern MRE, Infrastructure Master Plan by TST, and Water ReUse planning by Providence Engineering, and to discuss outstanding items with Landscape Contract and Planning for 2017.

Mr. Chambers discussed the customer service aspects of work over the past 20 days since the office had been open within the community and the overwhelmingly positive response from customers who could drop in and ask questions and get their issues addressed or in process for addressing. Staff has implemented a work order system for landscape and other District issues that need attention, and welcomes Board and customer feedback.

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The Paterick and Jennifer McGraw customer letter stating concerns was reviewed by staff and the Board, as well as other customer inquiries into proposed fence installation, turf and bed care, tree replacement plans, fence staining/painting, water treatment with chloramines, and activity center utilization.

Mr. Chambers informed the Board on the District's need for more organized and effective IT vender support, and said he would seek a couple of proposals for limited scope work to compare before any decisions would be made.

Lastly, at the recommendation of CWS, Mr. Chambers presented the need to define and approve a small scope of work with the WWTP engineering firm of Burs and Mconnel Engineering to provide operator assistance in the evaluation of filter performance and operational efficiencies over the first year of WWTP operations. Mr. Chambers said that WWTP staff and Project One's budget manager were comfortable with the not to exceed \$5,000 scope of work limitation, and that CWS would work with Burns and Mac to develop and refine the scope of work and coordinate contract language with legal counsel prior to requesting Board signature.

Director Olson made a motion to move forward with the added Burns and McDonnell WWTP performance evaluation scope of work not to exceed \$5,000 contingent upon legal and management review and approval. Upon second by Director Sanford, a vote was taken and the motion unanimously approved.

Colorado Water Systems Report: A written report and graphs were included in the Board packet. Ger Whelen, ORC, reported on the Chloramines conversion project and timeline, noting that late August would be when implementation takes place. Discussion about the public outreach effort and any additional notice concluded that the District has gone beyond a best effort to keep customers informed on the disinfection conversion project and how it complies with the requirements to participate in WISE and its compliance under the Safe Drinking Water Act.

It was noted that the WWTP remains permit compliant and that operations are getting back to normal now that construction is largely complete on the plant upgrades.

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Mulhern MRE District Engineering Report: A written report was included in the Board packet. Ron Lambert was present and briefly discussed the report and his role as District engineer.

TST Infrastructure Engineering Report: A written report was included in the Board Packet and Bill Goetz discussed the WISE connection pipeline project, construction in Keystone and timeline before school starts along with subjects on the Infrastructure Master Plan and WWTP capacities.

MPM Pool: Mr. Mundy addressed the Board and presented a written monthly report with brief discussion on operations and end of season timeline.

Landscape Operations: Mr. Wenger updated the Board on the cottonwood tree removal, ongoing projects, fence painting, turf care aspects of Keesen agreement and irrigation repairs. He further noted that there has been a lot of spray paint vandalism within the community, especially on the trail underpasses, and its costly to clean up. Update on stolen irrigation controller was provided to the Board and the bees reported in playground sand was discussed and the need to replace the sand with mulch in 2017 is the most reasonable long-range solution.

FINANCIAL ITEMS:

Claims for Payment: Mr. Simmons reviewed the claims presented for payment. Director Husbands moved that the Board approve the claims for payment as presented. Upon second by Director Olson, vote was taken and motion carried unanimously.

Financial Statements: Mr. Simmons noted that there were some significant invoices still in processing due to the management and office location transition, and that the financials don't present a clear picture of June. The financial and cash position statements for the period ending June 30, 2016 were presented by Mr. Simmons. Director Olson moved that the financial statements be accepted and approved as presented. Upon second by Director Husbands, a vote was taken and the motion carried unanimously.

OLD BUSINESS:

District Communications: Mr. Williams addressed the Board with his monthly report, noting that more needs to be done to inform the general customers and

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residents on the business logic and efficiencies in operating with a full time on-site management and customer service team.

Mr Williams discussed the constant contact or mail chimp service opportunities to have a more direct communication presence with customers and what that would cost in terms of time investment and budget.

ATTORNEY'S ITEMS:

Report on General Counsel items was presented by Mr. Dalton.

BOARD UPDATES AND DISCUSSION:

None presented.

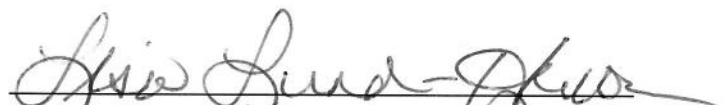
ADJOURNMENT:

There being no further business for the Board's consideration, Director Olson moved that the Board adjourn the meeting at 8:42 p.m. Upon second by Director Sanford, a vote was taken and motion carried unanimously.

Respectfully submitted,


Secretary for the Meeting

Director of the Board


By: Lisa Hyvonen, President