

RECORD OF PROCEEDINGS

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

Held: Monday, December 7, 2020 at 6:00 P.M., at
<https://us02web.zoom.us/j/82091861281?pwd=aTBRZXZmckpFSEdGVmFpb0xFTmtmdz09>

Meeting ID: 820 9186 1281, Passcode: 863788, Or

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

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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*)

The following Directors were absent:

Anna Maria Ray, Assistant Secretary

David Garton, Assistant Secretary

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:

Betsy Barney, Becca Hooper, Craig Walker, Brandi Schoenthaler, David Fiore, Christiane Hepner, Nick Viau, Laura Hughes, Jeff

Roberts, Nicholas Richards, Erin Gallimore, Allison Viau, Katie Botkins, Sue Throckmorton, Ashley Wilson, Kendra Powell, Mary Gorski, Jodi Doney, Beverly Fiore, Liz Foster, Eric Bonte, Jessica Martinez (*all via video/telephone conference*).

Call to Order/
Declaration of
Quorum:

Director Hill noted that a quorum of Directors was not present for the consolidated special meeting of the Boards of Directors of the Buckhorn Valley Metropolitan Districts Nos. 1 & 2. Following discussion, the Board determined to hear public comment. 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.

Public Comment for
Matters Not on the
Agenda:

Director Green asked if the District has a cost estimate for the pending recall election.

Attorney Ivey explained that the cost of a recall election could approach \$100,000. She explained that this is based on her experience with two prior recall elections, one of which was with Mr. Beckman's prior employer Special District Management Services, in which case the total cost with legal fees, election administration costs, and mailing cost, was approximately \$92,000 in 2017.

Ms. Sedgeley, the District's Accountant, commented that the District does not have the financial resources available to incur that magnitude of cost.

Attorney Ivey explained that the recall election is not an optional expense if a valid signed petition is submitted and therefore the budget would need to be adjusted to allow for this expense.

Becca Hooper asked via chat who is being recalled. AJ Beckman responded that the form of recall petition is for all four sitting Directors, and Ms. Ivey confirmed it is for all Directors of District NO. 2 including Directors Hill, Green, Garton, and Director Ray. Mr. Beckman explained that it would take more research to get a better idea of the cost of a recall election. Ms. Ivey added that it would partially depend on the number of electors, some of the costs are on a per-voter basis. The legal work alone could be \$50,000 depending on a number of variables and the basic work would not vary much based on the number of voters.

Mr. David Fiore asked whether public comments were being taken, Ms. Ivey noted that the meeting hasn't been called to order and that

public comment could be taken for matters not on the agenda in order to give everyone a chance to speak, with each speaker limited to three minutes each.

Becca Hooper asked where the recall election money would come from. Ms. Ivey stated that adjustments would need to be made to the budget.

Ms. Betsey Barney asked for introductory information on the representatives in the meeting, and whether Liz Jones is still involved. Mr. Beckman responded that Liz Jones is still managing the homeowner's associations and Ms. Ivey added that Liz Jones is still performing the billing functions for the District.

Mr. Fiore stated that he is aware of the recall committee that has filed the form of recall petition. He then stated that with regard to opportunities to save money, John Hill has increased his fixed fee from \$5,000 to \$13,000 per month since hiring Mr. Beckman as District Manager. With regard to the recall election, he said that from his reading and review of similar cases, there is precedent for a Designated Election Official to decline and allow the County Clerk to step in, which could save money. He then stated that legal fees should vary based on how many electors there are, since part of the process is verifying electors. He believes that the recall effort will be successful and there will be a new Board for District No. 2, and that everyone will need to work together on budget items.

Ms. Christiane Hepfer asked if fees would be increased if funds couldn't be redirected from other line items to pay for the recall election. Ms. Ivey responded that she would need to research whether additional fees could be implemented to cover services related to the election.

Mr. Nick Viau expressed disappointment that Directors Ray and Garton were not present and therefore District business could not be conducted.

Ms. Laura Hughes also expressed disappointment that the Directors as elected officials did not show up to the meeting.

Ms. Erin Gallimore said she is encouraged about the increased attendance from the public and appreciative that the meeting time was changed to a more convenient time for residents. She thanked Directors Hill and Green for their attendance and she also expressed disappointment that the meeting couldn't happen. She explained that she is a member of the recall committee and pointed out that the

District hasn't paid for a Board election in many years, therefore money has been saved by foregoing elections in the past. She then noted that concerns about transparency and fiscal management have led to the effort to put homeowners on the District No. 2 Board. Ms. Ivey then explained that election expenses are allocated in the budget for election years which occur every other year, and even if an election isn't held, there are still some minimal associated expenses that must be paid.

Ms. Allison Viau thanked the group for moving the meeting time. She noted that she is grateful to see a lot of members of the public and thanked the Directors in attendance.

Ms. Katie Botkins reiterated disappointment that the meeting could not happen because of lack of Board member attendance.

Mr. Craig Walker asked about elections being cancelled. Ms. Ivey explained that statutes allow for elections to be cancelled if there are not more candidates running for the seat than there are open seats in order to avoid the cost of an election when there is no contest for a Board seat.

Ms. Sue Throckmorton noted that she is a member of the recall committee and a thirty-year resident of the Valley and is here to show support for the recall committee.

Ms. Ashley Wilson echoed gratitude to the Board for the new meeting time and disappointment that the full Board was not in attendance in order to have a constructive meeting. She reported that she is in support of the recall effort and mentioned that the requested increase in Mr. Hill's contract with Colorado Land Management from \$5,000 to \$13,750 per month would total \$165,000 per year, which would cover the cost of a \$100,000 recall election. She then explained that she hopes this can be a positive experience to move forward in the best interest of the homeowners who care about the neighborhood.

Ms. Jodi Doney expressed gratitude for the new meeting time and disappointment for some Board members not attending.

Ms. Beverly Fiore stated that in her opinion the recall effort would allow a way for homeowners to take control over expenditures and save the District money in the long run.

Ms. Jessica Martinez stated that she is appreciative of seeing meeting notices ahead of time.

Ms. Ivey commented that \$100,000 is a conservative estimate and the actual cost may be less. She then explained that due to the absence of a quorum at this meeting, a new meeting time will need to be found as the mill levy needs to be certified by December 15th in compliance with state law and the District's bond documents.

Director Green mentioned he believes that there is some misinformation being circulated and stated that the Board is trying to be transparent with the public and get information distributed. He explained that the District has done a significant amount of work with the wildlife park, and in the past has sought community support for the JPO Pipeline Project in order to get grant money and solidify the water rights that have been needed since the formation of the District. He then explained that the District is planning to bid the irrigation management/operations services contract, although additional expense will be incurred in the bid process. He then explained that he has compared the District's operating costs to what other communities such as Chatfield Corners and Cotton Ranch and has found the District's system operation costs to be very competitive. He asked Mr. Beckman to speak about the Citizens' Advisory Committee which will help bring more community involvement.

Mr. Beckman stated that he was authorized by the Board at the last Board meeting to organize a Citizens' Advisory Committee for the purpose of researching and advising the Board on the operations and maintenance of the raw water system. He explained that much of the concerned citizens interest in the District stemmed from the raw water irrigation system. He has reached out to homeowners David Fiore, Ashley Wilson, and Erin Gallimore by email and has not yet been able to organize a meeting with them but expects to do so in the near future. He noted that the Colorado Land Management fee was proposed to be revised to provide a fixed amount for budgeting certainty at a flat, all-inclusive rate, including two part time operators, plus the consulting work performed by John Hill, not as an increase to the total fees being paid. He then explained that if the services performed by Colorado Land Management are put out to bid, specifications for operation of the raw water system will have to include provisions for properly utilizing the District's water rights and for adequate skilled operators to perform the daily operations.


Mr. Beckman then explained that he believes it is important for residents to understand that the District's tax base has not grown as anticipated in the original financing plan for its bonds. As a result, the tax revenue is not sufficient to meet the annual debt requirements and the maximum mill levy must be imposed. When the tax base grows,

the tax burden can be spread across more taxpayers, and at some point, the mill levy could potentially be reduced.

Mr. Green commented that Director Samantha Gale resigned her seat on the Board a month ago to allow a qualified elector to fill the seat. Once some current items are handled this fall, Mr. Green will also resign and step aside to allow another eligible elector that is a resident to be brought onto the Board. He then explained that by attrition, and in the absence of a recall election, the goal of having more homeowner input on the Board could be met. With some concerned citizens becoming more educated and able to help direct and advise as Board members and deal with the challenging issues of budgeting and allocating resources, with an underdeveloped tax base.

Adjournment:

There being no further comment from Directors or members of the public the unofficial meeting was closed.

DocuSigned by:

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Secretary for the Districts