

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE DANCING WILLOWS METROPOLITAN DISTRICT HELD NOVEMBER 13, 2013

A regular meeting of the Board of Directors (referred to hereafter as the "Board") of the Dancing Willows Metropolitan District (referred to hereafter as the "District") was convened on Wednesday, the 13th day of November, 2013, at 6:30 P.M., at the Community Clubhouse, 11893 W. Long Circle, Littleton, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

William A. Anderson
Bobby Thomas
William A. Bristol
Robert "Lee" Jennings
Thom Nolan

Also In Attendance Were:

Lisa A. Johnson and George Turtle; Special District Management Services, Inc.

MaryAnn McGeady, Esq.; McGeady Sisneros, P.C.

See attached sign-in sheet for additional attendees.

INTRODUCTION

Introduction: Director Anderson introduced the Board members, consultants and read the District's Mission Statement to the members of the public in attendance.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State.

It was noted that a quorum was present and members of the Board were asked to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and such disclosures will be incorporated for the record along with those applicable disclosures made by the Board members prior to this meeting in accordance with the statute.

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Director Jennings disclosed his position as a board member on the Dancing Willows Patio Homes Homeowners Association.

ADMINISTRATIVE MATTERS

Agenda: Ms. Johnson distributed for the Board's review and approval a proposed Agenda for the District's regular meeting.

Following discussion, upon motion duly made by Director Bristol, seconded by Director Nolan and, upon vote, unanimously carried, the Agenda was approved, as amended.

Public Comments: Director Anderson addressed the members of the community and requested that anyone who was attending this meeting to speak to the Board on items not otherwise listed on the Agenda to address the Board at this public comment time.

Jo Wessels addressed the Board on four topics:

1. Facilities: She suggested that 2014 would be a good time to circulate a needs survey through the District to receive feedback and have a better understanding of the current needs of the community.
2. Notices: She expressed aggravation at finding a flyer requesting her attendance at this meeting taped to her garage door where it could have been pulled into the door opening mechanism and caused damage.
3. Communication: She noted her frustration that the people who signed the flyer did so by reference to an entity as opposed to their individual names.
4. Behavior: She communicated humiliation for everybody in the room for having such bad behavior, which she mentioned saddens her deeply.

Bill Kaseman addressed the group regarding the following:

- He claimed responsibility for attaching the notices to community members' garage doors and noted that he is a member of a group of homeowners who decided something needed to be done.
- He explained that the notices were posted on garage doors because most people do not enter their homes through their front doors, but rather through their garage doors.
- He apologized for causing aggravation and/or humiliation.
- He also noted that the group's goal was to let people in the community know there was a meeting and that important topics were under discussion which would affect the community.

Gloria Kennedy then spoke to the community. She noted that she lives in the townhomes in the District. She stated that she is also a member of the group of residents that posted the notices and apologized for the same. She expressed concern

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for the District and wanted people to know that a long term Board member who had volunteered and served the community for many years had resigned, the management company had resigned and the District's attorney had resigned. She voiced concern about the behavior of Board members who have violated the law. She wanted everyone to know that there is an election coming up in May (of 2014) and also wanted people to know that a decision was going to be made at this meeting regarding the selection of a new management company.

Chuck Danford then spoke, noting that he is responsible for drafting and updating of the community directory. He said that there were copies of the directory available in the front of the room for people to take with them. He mentioned that the directory had been compiled and published about a year ago and would be updated one more time after the sale of the last newly constructed units. He also stated that he felt the distribution of the flyer in the community was very appropriate considering what has been happening at the Board level and that it is time to address these issues.

Letters of Appreciation: Director Anderson then presented letters of appreciation for the work of volunteers in the community and the Board extended their gratitude to the following individuals:

- Carol Swomley – Landscape Committee
- Rita McCall – Landscape Committee
- Sharon and Robert Vaninger - Clubhouse Management & Reservations
- Renee Faiks – Communication Committee
- Chuck Danford – Monument and Fence Committee
- Jim Wilson – Management Company Search Committee
- Susan Root – Budget Committee
- Bill Chlor – Parking Area Striping
- Jan Walker – Clubhouse and Pool Committee
- Don Walker – Board Member

Minutes: The Board reviewed the Minutes of the June 3, 2013 special meeting and the October 3, 2013 special meeting/work session.

Following discussion, upon motion duly made by Director Nolan, seconded by Director Thomas and, upon vote, unanimously carried, the Board approved the Minutes of the June 3, 2013 special meeting and the October 3, 2013 special meeting/work session.

District Website: The Board entered into discussion regarding the status of the District's website, noting the District was number 11 in line to have its website established through the Statewide Internet Portal Authority of Colorado (SIPA). The

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Board noted that Jan Walker has continued to volunteer to create and update the website once it is established.

2014 Meeting Dates: Ms. Johnson reviewed the business to be conducted in 2014 to meet the statutory compliance requirements.

Following discussion, upon motion duly made by Director Thomas, seconded by Director Jennings and, upon vote, unanimously carried, the Board determined to meet on March 12, June 11, September 10 and November 12, 2014 at 6:30 p.m. at the Community Clubhouse, 11893 W. Long Circle, Littleton, Colorado. The Board also directed staff to confirm a time for a study session on the District's proposed 2015 Budget in late September or early October of 2014 to discuss the 2015 draft Budget with the community. The Board also noted special meetings can be held from time to time as called by the Board.

Online Shared Calendar for Clubhouse Reservations: The Board entered into discussion regarding the establishment of an online calendar for scheduling events and reservations at the Community Clubhouse. The Board noted when the website is established, the website would be an appropriate place to post the reservations. The need for privacy for those who made the reservations was discussed and it was noted the name of the parties reserving would not be posted, just the fact that the space was reserved. It was noted a survey was being conducted to compile information on the rates and conditions for facility reservations among other districts and homeowners' associations in the vicinity of the District as a part of an effort to re-evaluate the rates and conditions of rental of the facility. The Board noted the facility was available at no charge to community groups that reserved the facility for events open to anyone in the community to attend. The Board noted that it would make available the status of reservations and availability in the facility and would have the information updated at regular intervals so the information would be available. The facility committee would update and route to Board members and anyone who requested the information. The Board noted the information could be circulated by forwarding to the Fun Committee who could distribute to its e-mail list, if the Fun Committee determined this type of informational distribution was within the context of the consent they have from residents who have provided them with their e-mail addresses.

OPERATIONS AND MAINTENANCE

Change Order No. 2 to the Service Agreement for Pool and Spa Maintenance between the District and Apollo Aquatics, Inc. ("Apollo"): The Board entered into discussion regarding Change Order No. 2 to the Service Agreement for Pool and Spa Maintenance between the District and Apollo for the purchase and installation of a pool cover and spa cover in the amount of \$6,880.

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Director Anderson noted Apollo had advised a delay in ordering and installing a pool cover would increase the District's costs for maintenance of the pool in the long run as the chemicals used to clean the pool would damage the surfaces and the re-plastering costs would exceed \$24,000. The District would also be required to make additional improvements to the pool in the future when it is re-plastered to comply with ADA requirements that would also be costly. Director Jennings noted the purchasing and installing of the pool cover was in the budget for 2015. Director Nolan noted the preliminary cost estimate for the pool cover was \$8,000 and so the bid received was less than the estimate. Director Anderson noted the pool cover was ordered and would be installed in the immediate future. Director Thomas noted he had the proposal from Apollo, but not at this meeting and he would forward to the District Manager. Director Bristol noted he had no problem with the pool cover being ordered and presented for ratification but he felt that this was an action that was similar to actions taken by he and Director Jennings when they joined a third Board member to meet regarding District business without posting a meeting notice and opening the meeting up to the public for public input. Director Anderson and Director Thomas objected to that comparison noting the ordering of the pool cover had been discussed at several Board meetings and the Board had determined to move forward with the purchase and installation to avoid further damage to the pool. Director Anderson noted proper measurements were taken for the pool cover before ordering.

Following discussion, upon motion duly made by Director Nolan, seconded by Director Thomas and, upon vote, carried with Directors Nolan, Thomas and Anderson voting "Yes" and Directors Bristol and Jennings voting "No", the Board ratified approval of Change Order No. 2 to the Service Agreement for Pool and Spa Maintenance between the District and Apollo for the purchase and installation of a pool cover and spa cover in the amount of \$6,880.

Change Order No. 2 to the Service Agreement for Landscape Maintenance Services between the District and Keesen Landscape Management, Inc. ("Keesen") for Replacement Plants: The Board entered into discussion regarding Change Order No. 2 to the Service Agreement for Landscape Maintenance Services between the District and Keesen for replacement plants, in the amount of \$2,679. The Board noted these replacement plants were identified and recommended as being warranted by the Landscape Committee.

Following discussion, upon motion duly made by Director Jennings, seconded by Director Thomas and, upon vote, unanimously carried, the Board ratified approval of Change Order No. 2 to the Service Agreement for Landscape Maintenance Services between the District and Keesen for replacement plants, in the amount of \$2,679.

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Payment to Apollo Aquatics, Inc. for Additional Insurance Coverage: The Board entered into discussion regarding the need for Apollo to secure additional insurance and considered an increase in compensation to Apollo in the amount of \$325 for the additional premium for insurance requested by the Board.

Following discussion, upon motion duly made by Director Thomas, seconded by Director Nolan and, upon vote, carried with Directors Thomas, Nolan and Anderson voting "Yes" and Directors Bristol and Jennings voting "No", the Board ratified approval of payment to Apollo in the amount of \$325 for additional insurance coverage.

Construction Contract between the District and Colorado Asphalt Services for Street and Sidewalk Repairs: The Board entered into discussion regarding the Construction Contract between the District and Colorado Asphalt Services for street and sidewalk repairs in an amount to not exceed \$49,368.93. There was discussion regarding the need for Director Anderson and Director Thomas to get involved to work through conflict between Director Bristol and CTL/Thompson Materials Engineers Inc. ("CTL") in order to get the work under contract and performed in a timely way. Director Anderson noted that CTL was not willing to move forward after being treated very disrespectfully and with abusive and bullying behavior by Director Bristol.

Following discussion, upon motion duly made by Director Nolan, seconded by Director Jennings and, upon vote, unanimously carried, the Board ratified approval of the Construction Contract between the District and Colorado Asphalt Services for street and sidewalk repairs in an amount to not exceed \$49,368.93.

Change Order No. 1 to the Service Agreement for Pavement Evaluation Services between the District and CTL/Thompson Materials Engineers Inc. for Construction Management related to Street and Sidewalk Repairs: The Board entered into discussion regarding Change Order No. 1 to the Service Agreement for Pavement Evaluation Services between the District and CTL for construction management related to street and sidewalk repairs, in an amount not to exceed \$5,000. The Board discussed the role CTL is playing in overseeing the work performed by Colorado Asphalt Services and noted the Board would be relying on CTL to inspect and provide recommendations as to any corrective work prior to acceptance and approval of final payment to the contractor. Director Thomas noted the company he works for works with CTL and he has great respect for the quality of their work.

Following discussion, upon motion duly made by Director Jennings, seconded by Director Bristol and, upon vote, carried with Directors Jennings, Anderson, Nolan and Bristol voting "Yes" and Director Thomas abstaining, the Board ratified approval of

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Change Order No. 1 to the Service Agreement for Pavement Evaluation Services between the District and CTL for construction management related to street and sidewalk repairs, in an amount not to exceed \$5,000.

COMMITTEE REPORTS

Committee Reports:

Audit and Budget Committee: The Board received the Audit and Budget Committee report, noting the work of the Committee was reflected in the draft 2014 Budget.

Street, Sidewalk and Underdrain Committee: The Board received the Street, Sidewalk and Underdrain Committee report. Directors Nolan and Bristol were initial committee members; however, due to CTL's comments to Director Thomas stating they were reluctant to continue working with the District if Director Bristol continued to be involved, Directors Thomas and Anderson took over the project at this point.

Fence and Monument Committee: The Board received the Fence and Monument Committee report. Director Jennings provided his perspective on the three Board members meeting with the sign company and noted no action was taken at the meeting and so he has concluded that makes the meeting legal. Director Anderson noted that is not his understanding and when three Board members are together discussing District business that the Colorado statutes required that to be posted as a meeting.

Director Jennings noted the need to discuss bringing electricity to the east side of the monument and noted the obstruction under the pavement that made it costly to extend the electricity to that location. There was discussion of possibly working with a solar installation as a power source. Future discussion of this situation will be considered, but this item was not included in the draft 2014 Budget.

Pool and Clubhouse Committee: The Board received the Pool and Clubhouse Committee report. The Vaningers are researching reasonable costs to rent the clubhouse. They reported that they have gathered some information and will continue to compile additional data and will then provide a report to the Board with their findings and a recommendation. It was noted that additional chairs and tables are needed in the clubhouse area.

Insurance Committee: The Insurance Committee had nothing new to report, but mentioned that the new insurance rates would be available soon.

Proposals for Management and Accounting Services and Recommendations: The Board received the Management Search Committee's report. Directors Nolan, Jennings and resident Jim Wilson served on the Management Search Committee. Director Jennings reviewed with the Board the Committee's research and selection

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process, noting that the Committee started with a list of 13 companies and narrowed it down to three: Community Resource Services, LLC (“CRS”), Metropolitan District Management and CliftonLarsonAllen, LLP. The Committee recommended CRS with a bid of a flat rate of \$18,000 annually for management and accounting services and \$3,000 for election related services.

Following discussion, upon motion duly made by Director Jennings, seconded by Director Bristol and, upon vote, carried with Directors Jennings, Bristol, Nolan and Anderson voting “Yes” and Director Thomas voting “No”, the Board approved the engagement of CRS for management and accounting services beginning in 2014.

FINANCIAL MATTERS

Claims: The Board considered ratifying the approval of the payment of claims through the periods ending:

Fund	Period Ending June 19, 2013	Period Ending July 16, 2013	Period Ending Aug. 13, 2013
General	\$ 11,098.33	\$ 19,081.74	\$ 24,520.50
Debt Service	\$ -0-	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-
Total Claims:	\$ 11,098.33	\$ 19,081.74	\$ 24,520.50

Fund	Period Ending Sept. 16, 2013	Period Ending Oct. 16, 2013
General	\$ 9,736.29	\$ 10,059.54
Debt Service	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-
Total Claims:	\$ 9,736.29	\$ 10,059.54

Following discussion, upon motion duly made by Director Thomas, seconded by Director Bristol and, upon vote, unanimously carried, the Board ratified approval of the payment of claims, as presented.

The Board then considered approval of the payment of claims for the period ending November 12, 2013, totaling \$8,424.28.

Following review and discussion, upon motion duly made by Director Nolan, seconded by Director Thomas and, upon vote, unanimously carried, the Board approved the payment of claims for the period ending November 12, 2013.

Financial Statements: Mr. Turtle presented to the Board the unaudited financial statements of the District setting forth the cash deposits, investments, budget analysis, and accounts payable vouchers and the schedule of cash position for the period ending September 30, 2013.

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Following review, upon motion duly made by Director Thomas, seconded by Director Nolan and, upon vote, unanimously carried, the unaudited financial statements and the schedule of cash position for the period ending September 30, 2013 were accepted.

2013 Audit: The Board reviewed the engagement letter from Simmons & Wheeler, P.C. to perform the 2013 Audit.

Following discussion, the Board determined to defer this matter until the new management company takes over operations.

2013 Budget Amendment Hearing: The President opened the public hearing to consider the Resolution to Amend the 2013 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of a Resolution to Amend the 2013 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing. No public comments were received and the public hearing was closed.

Following review and discussion, Director Jennings moved to adopt the Resolution to Amend 2013 Budget, Director Nolan seconded the motion and, upon vote, unanimously carried, the Board adopted the Resolution to Amend the 2013 Budget. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

Resident Linda Stearns asked the Board if the pool cover caused the budget overage and Director Bristol answered that it did.

2014 Budget Hearing: The President opened the public hearing to consider the proposed 2014 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2014 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing.

No public comments were received and the public hearing was closed.

Mr. Turtle reviewed the estimated 2013 expenditures and the proposed 2014 expenditures.

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Following discussion, the Board considered the adoption of the Resolutions to Adopt the 2014 Budget and Appropriate Sums of Money and Set Mill Levies (for the General Fund at 35.000 mills and the Debt Service Fund at 40.000 mills, for a total mill levy of 75.000 mills). Upon motion duly made by Director Bristol, seconded by Director Jennings and, upon vote, unanimously carried, the Resolutions were adopted, as discussed, and execution of the Certification of Budget and Certification of Mill Levies was authorized, subject to receipt of final Certification of Assessed Valuation from the County on or before December 10, 2013. Ms. Johnson was authorized to transmit the Certification of Mill Levies to the Board of County Commissioners of Jefferson County and the Division of Local Government, not later than December 15, 2013. The District Manager was also authorized to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2014. Copies of the adopted Resolutions are attached to these Minutes and incorporated herein by this reference.

DLG-70 Mill Levy Certification Form: The Board considered authorizing the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

Following discussion, upon motion duly made by Director Nolan, seconded by Director Jennings and, upon vote, unanimously carried, the Board authorized the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

Closing the Wells Fargo Operating Account: The Board discussed the need to close the Wells Fargo Operating Account.

Following discussion, upon motion duly made by Director Jennings, seconded by Director Bristol and, upon vote, unanimously carried, the Board approved the closing of the Wells Fargo Operating Account.

PUBLIC COMMENTS

Public Comments: Comments from the public were made and recorded earlier in the meeting and are noted under that previous section of these Minutes.

OPERATIONS AND MAINTENANCE CONTINUED

Road Repairs: Director Thomas discussed the status of the road repairs with the Board. He noted that road and sidewalk repairs are included in the 2013 scope of work, are in process and should be completed soon.

Service Agreement for 2014 Pool and Spa Maintenance: The Board determined to defer discussion on 2014 pool and spa maintenance, noting that the new management company will solicit proposals for this work.

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LEGAL MATTERS

Repairs by Remington Homes Co. ("Remington") and Release and Waiver for Completed Work: The Board entered into discussion regarding the status of repairs by Remington and considered approval of the Release and Waiver for completed work. They discussed the need for inspection and identification of corrective work, if any, prior to acceptance and release of Remington of further responsibility for the work to be completed under the Settlement Agreement. Attorney McGeady suggested the Board request a proposal from CTL to inspect the repairs completed by Remington Homes Co. ("Remington") once they are complete.

Following discussion, upon motion duly made by Director Nolan, seconded by Director Jennings and, upon vote, unanimously carried, the Board approved the engagement of CTL to perform the inspection of the work to be done by Remington and authorized Director Thomas to secure an agreement with CTL for these services.

First Amendment to Promissory Note between the District and Remington: Discussion ensued regarding the work to be done to replace the monument at the entrance at West Bowles Avenue and South Union Street and the concurrence of Remington to reduce the \$50,000 Promissory Note by \$10,000 to \$40,000 if the work to replace the monument is completed on or before December 31, 2015 and documentation evidencing the cost to the District equaled or exceeded \$37,172 is delivered to Remington on or before March 1, 2016. If all terms and conditions are met, the principal reduction on the Promissory Note would be effective as of the date of execution of the First Amendment to the Promissory Note and interest on the principal reduction would also no longer accrue from that date.

Following discussion, upon motion duly made by Director Bristol, seconded by Director Jennings and, upon vote, unanimously carried, the Board approved the First Amendment to the Promissory Note between the District and Remington.

May 6, 2014 Election: The Board discussed the May 6, 2014 election process and deferred adoption of a resolution calling the election.

House Bill 2013-1041 regarding the Colorado Open Records Act and Resolution No. 2013-11- , Resolution Regarding Colorado Open Records Act Requests: The Board determined to defer this matter until the new management company takes over operations.

House Bill 2013-1186 regarding Special District Public Disclosure Documents: The Board determined to defer this matter until the new management company takes over operations.

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Legal Services: The Board discussed the transition of legal services. Attorney McGeady reviewed with the Board the resignation of McGeady Sisneros at the last District meeting, noting it was to be effective as of December 31, 2013; however, understanding the District has not initiated the selection process for a new attorney and the November and December holidays, legal staff would continue to work with the District into the new year until selection of new counsel is made with an outside date of the end of February, 2014.

OTHER BUSINESS

§32-1-809, C.R.S. Reporting Requirements, Mode of Eligible Elector Notification for 2014: The Board determined to defer this matter until the new management company takes over operations.

Resignation of Secretary: Ms. Johnson resigned her position as the Secretary to the Board and thanked the Board for the opportunity to serve them.

Public Comments: Additional comments were made by community members, including the following statements:

- Bill Kaseman made a statement to Directors Bristol and Jennings regarding their behavior towards the community.
- Gloria Kennedy asked Directors Bristol and Jennings to resign their positions.
- Debbie Patterson noted that she did not agree with Ms. Kennedy and thanked the Board for their service. She stressed the need for unity in the community.
- Carol Swomley commented that she thinks rather than attacking a person, the focus should be on the problem. The Board and community should focus on this.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made, seconded, and upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By _____
Secretary for the Meeting

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THESE MINUTES APPROVED AS THE OFFICIAL NOVEMBER 13, 2013
MINUTES OF THE DANCING WILLOWS METROPOLITAN DISTRICT BY THE
BOARD OF DIRECTORS SIGNING BELOW:

Bobby Thomas

William A. Anderson

William A. Bristol

Robert Lee Jennings

Thom Nolan