

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE SOUTHLANDS METROPOLITAN DISTRICT NO. 1 HELD JUNE 4, 2013

A regular meeting of the Board of Directors (referred to hereafter as "Board") of the Southlands Metropolitan District No. 1 (referred to hereafter as "District") was convened on Tuesday, the 4th day of June, 2013, at 9:00 A.M., at the offices of Southlands Shopping Center, Management Office, 6155 S. Main Street, #260, Aurora, CO 80016. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Jeff Nemec
Kevin McGlynn
Robin Boileau
Joyce Rocha-Brown

Following discussion, upon motion duly made by Director Rocha-Brown, seconded by Director Nemec and, upon vote, unanimously carried, the absence of Jose Inclan was excused and Director Rocha-Brown was appointed Acting Secretary for this meeting only.

Also In Attendance Were:

Ann E. Finn; Special District Management Services, Inc.

Kristen Bear, Esq.; White, Bear & Ankele P.C.

Jason Carroll; CliftonLarsonAllen LLP

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 to the Board of Directors and to the Secretary of State.

Ms. Finn noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. It was noted by Attorney Bear that Directors Nemec, McGlynn, Boileau and Rocha-Brown's Disclosure Statements had been filed.

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ADMINISTRATIVE MATTERS

Agenda: Ms. Finn 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 McGlynn, seconded by Director Boileau and, upon vote, unanimously carried, the Agenda was approved, as amended.

Minutes: The Board reviewed the Minutes of the March 5, 2013 regular meeting.

Following discussion, upon motion duly made by Director Rocha-Brown, seconded by Director McGlynn and, upon vote, unanimously carried, the Minutes of the March 5, 2013 regular meeting were approved.

Website Creation, Grants and Eligible Governmental Entity Agreement between the District and the Statewide Internet Portal Authority ("SIPA"):

The Board entered into discussion regarding website creation for the District. Ms. Finn noted that SIPA designs, builds, hosts and trains the District's staff at no cost but migration services range from \$2,000 to \$4,000. She also noted that grants are available to pay for these services. It was noted that grant applications are due in the fall of 2013 and in January of 2014 the grant recipients will be announced.

Ms. Finn reviewed with the Board the Eligible Governmental Entity Agreement between the District and SIPA. She explained that following the approval and execution of the agreement, staff will complete a Project Request Form in order to be added to SIPA's queue to begin the website creation.

Following discussion, upon motion duly made by Director McGlynn, seconded by Director Nemecek and, upon vote, unanimously carried, the Board approved the Eligible Governmental Entity Agreement between the District and SIPA and directed staff to complete and submit the grant application.

Public Officials' Liability Insurance: The Board deferred discussion regarding options for increasing Public Officials' Liability Insurance coverage.

CONSENT AGENDA: The Board considered the following actions:

- Ratify Contactor Agreement for Street Drainage Project between the District and L& M Enterprises Inc.
- Ratify Contractor Agreement for Drainage Improvement Project for Retaining Wall 14-D between the District and Slaton Bros, Inc.
 - Ratify approval of Change Order No. 1 for fence relocation in the amount of \$3,100.00.

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- Ratify Independent Contractor Agreement for Replacement of Stop Signs between the District and Gordon Sign in the amount of \$10,616.
- Ratify Proposal for Street Light Painting from M/R Westco Inc. in the amount of \$2,326.00.
- Ratify Proposal from Orkin, LLC in the amount of \$1,225.00, for pest control services.

Following discussion, upon motion duly made by Director Nemec, seconded by Director Boileau and, upon vote, unanimously carried, the Board approved and/or ratified approval of, as appropriate, the above actions.

Public Comments: There were no public comments.

FINANCIAL MATTERS

Claims: The Board considered ratifying the approval of the payment of claims through the periods ending March 20, 2013, totaling \$114,087.50, April 19, 2013, totaling \$306,990.36 and May 16, 2013, totaling \$197,939.92.

Following review and discussion, upon motion duly made by Director Boileau, seconded by Director Rocha-Brown and, upon vote, the Board ratified approval of the payment of claims for the periods ending March 20, 2013, totaling \$114,087.50, April 19, 2013, totaling \$306,990.36 and May 16, 2013, totaling \$197,939.92.

Financial Statements: Mr. Carroll reviewed with the Board the unaudited financial statements for the period ending March 31, 2013, cash position statement dated May 20, 2013 and reconciliation of the operations fees.

Following review and discussion, upon motion duly made by Director Nemec, seconded by Director McGlynn and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending March 31, 2013, cash position statement dated May 20, 2013 and reconciliation of the operations fees, as presented.

2012 Audit: Mr. Carroll reviewed the 2012 draft Audited Financial Statements with the Board.

Following review and discussion, upon motion duly made by Director Rocha-Brown, seconded by Director Boileau and, upon vote, unanimously carried, the Board approved the 2012 Audited Financial Statements, subject to revisions noted and final review by legal counsel, and authorized execution of the Representations Letter.

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2014 Budget Preparation: The Board discussed the preparation of the 2014 Budget.

Following discussion, upon motion duly made by Director Nemec, seconded by Director McGlynn and, upon vote, unanimously carried, the Board appointed the District Accountant to prepare the 2014 Budget. The Board determined to hold the public hearing to consider adoption of the 2014 Budget on Tuesday, December 3, 2013 at 9:00 a.m. at the regular meeting location.

LEGAL MATTERS

Ethical Conduct and Accountability by Board of Directors: Attorney Bear discussed a memorandum on ethical conduct and accountability with the Board of Directors. No action was required by the Board.

2013 Legislative Review: Attorney Bear discussed with the Board the 2013 legislative review, including governmental immunity and election laws. No action was required by the Board.

November 2013 Election: Attorney Bear addressed the Board regarding the necessity for an election in November. Following discussion, the Board determined there was no need to conduct an election in November of 2013.

OPERATIONS

Special Events Permit for 2013: Director Nemec reviewed with the Board the Special Events Permit from Northwood Retail LLC, including the calendar of events for 2013.

Following review and discussion, upon motion duly made by Director McGlynn, seconded by Director Boileau and, upon vote, unanimously carried, the Board approved the Special Events Permit from Northwood Retail LLC for 2013.

Maintenance Report from Northwood Retail LLC (“Northwood”):

Installation of Artificial Turf and Playground Equipment in the Plaza Area: Director Nemec reported to the Board that the artificial turf and playground structures are currently being installed in the plaza area, with an expected completion date of June 17, 2013.

Fountains: Director Nemec reported to the Board that the fountains are working properly at this time.

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Property Management Report from Special District Management Services, Inc. ("SDMS"):

Drainage Improvement Project for Retaining Wall 14-D: The Board entered into discussion regarding the Drainage Improvement Project for Retaining Wall 14-D. Ms. Finn noted for the Board that the project was complete and that the total cost for the project was \$36,139, only \$139.00 over budget.

Street Drainage Project: The Board entered into discussion regarding the Street Drainage Project with L & M Enterprises Inc. ("L & M"). Ms. Finn reported that work on the project began on May 28, 2013 and is currently under way. She discussed with the Board Change Order No. 1 for the removal and replacement of additional asphalt materials in the amount of \$3,245.70 and for traffic control during the weekends.

Following discussion, upon motion duly made by Director Nemeec, seconded by Director Rocha-Brown and, upon vote, unanimously carried, the Board approved Change Order No. 1 from L & M for the removal and replacement of additional asphalt materials in the amount of \$3,245.70.

Independent Contractor Agreement for Striping Services between the District and Integrated Resource Systems, Inc.: The Board entered into discussion regarding an Independent Contractor Agreement for Striping Services between the District and Integrated Resource Systems, Inc. in the amount of \$8,276.25. Ms. Finn noted that the cost is approximately the same as it was in 2012.

Following discussion, upon motion duly made by Director Rocha-Brown, seconded by Director Nemeec and, upon vote, unanimously carried, the Board approved the Independent Contractor Agreement for Striping Services between the District and Integrated Resource Systems, Inc. in the amount of \$8,276.25.

Soil Fertility Program: The Board reviewed the Soil Fertility Program Compilation and determined to defer action at this time.

Proposal from Irrigation Analysis for Irrigation System Evaluation and Water Use Analysis: The Board entered into discussion regarding a proposal from Smith Irrigation Design LLC doing business as Irrigation Analysis for irrigation system evaluation and water use analysis. Ms. Finn noted that the total cost for the project is \$14,797, which includes retail and District irrigation. It was noted that the District will need to develop a cost sharing plan with Northwood Retail LLC. The Board also discussed leaks in the irrigation system that were detected during the irrigation start-up.

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Following discussion, upon motion duly made by Director Nemec, seconded by Director McGlynn and, upon vote, unanimously carried, the Board approved Stage 1 and Stage 2 of the proposal from Smith Irrigation Design LLC doing business as Irrigation Analysis for irrigation system evaluation and water use analysis.

Proposal from Empire Management Inc. for an Asphalt and Hard Surface Evaluation: The Board entered into discussion regarding a proposal from Empire Management Inc. for an asphalt and hard surface evaluation between the amounts of \$3,712 - 4,250.

Following discussion, upon motion duly made by Director McGlynn, seconded by Director Rocha-Brown and, upon vote, unanimously carried, the Board approved the proposal from Empire Management Inc. for an asphalt and hard surface evaluation between the amounts of \$3,712 - 4,250.

Proposal from Critter Gitterz, Inc. for Pest Control: The Board entered into discussion regarding a proposal from Critter Gitterz, Inc. for pest control in the amount of \$3,530, per year.

Following discussion, upon motion duly made by Director McGlynn, seconded by Director Rocha-Brown and, upon vote, unanimously carried, the Board approved the proposal from Critter Gitterz, Inc. for pest control services in the amount of \$3,530, per year.

Proposal from Western Proscapes, Inc. for Tree Replacement: The Board entered into discussion regarding a proposal from Western Proscapes, Inc. for tree replacement for the amount of \$6,287.50.

Following discussion, upon motion duly made by Director McGlynn, seconded by Director Rocha-Brown and, upon vote, unanimously carried, the Board approved the proposal and authorized Director Nemec to decide on the location for the tree replacements.

Proposal from Gordon Sign for Repainting VD Signs: The Board reviewed a proposal from Gordon Sign for repainting the VD signs, noting the cost for one sign is \$2,251.57 and the cost for 17 signs is \$25,035.39 for a total of \$27,286.96.

Following discussion, upon motion duly made by Director McGlynn, seconded by Director Boileau and, upon vote, unanimously carried, the Board approved the proposal from Gordon Sign for repainting one only of the VD signs in the amount of \$2,251.57.

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Proposal from Custom Landscapes for Paver Repair: The Board entered into discussion regarding a proposal from Custom Landscapes to perform paver repair work at \$35.00 per hour for 40 hours for an amount of \$1,400.

Following discussion, upon motion duly made by Director Rocha-Brown, seconded by Director McGlynn and, upon vote, unanimously carried, the Board approved the proposal from Custom Landscapes to perform paver repair work for an amount of \$1,400, not to exceed \$5,000.

2014 Independent Contractor Agreements for Property Management Services, General Maintenance Services, Snow Removal Services, Street Sweeping Services, Security Services, Landscape Maintenance Services, Floral Program, Common Area Cleaning Services, Site Lighting Maintenance Services and Holiday Lighting Services: The Board entered into discussion regarding bidding for the following services for 2014.

- Property Management Services: The Board discussed the need to bid for property management services, currently provided by Special District Management Services, Inc., and upon vote, unanimously carried, the Board determined to bid the services if the District's attorney concludes that Director Inclan can bid for this work.
- General Maintenance Services: The Board discussed the need to bid for general maintenance services, currently provided by Northwood Retail LLC, upon motion duly made and seconded by Director McGlynn and, upon vote, carried with Director McGlynn voting "Yes" and Directors Nemeč, Boileau and Rocha-Brown abstaining, the Board determined not to bid the services, if the cost remains the same as 2013.
- Snow Removal Services: The Board discussed the need to bid for snow removal services, currently provided by JPL Cares, and upon vote, unanimously carried, the Board determined not to bid the services if the cost is the same as 2013.
- Street Sweeping Services: The Board discussed the need to bid for street sweeping services, currently provided by Common Area Maintenance Services, and upon vote, unanimously carried, the Board determined not to bid the services if the cost is the same as 2013.
- Landscape Maintenance Services: The Board discussed the need to bid for landscape maintenance services, currently provided by Western Proscapes, Inc., and upon vote, unanimously carried, the Board determined to bid the services. The Board directed Ms. Finn to request proposals from Western Proscapes, Inc. ValleyCrest Landscape Maintenance, Inc., Metco Landscape, Inc. and JPL Cares.

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- Floral Program: The Board discussed the need to bid the 2014 floral program, currently provided by Western Proscapes, Inc., and upon vote, unanimously carried, the Board determined not to bid the services if the cost is the same as last year.
- Common Area Cleaning Services: The Board discussed the need to bid for common area cleaning services, currently provided by Millard Mall Services, Inc., and upon vote, unanimously carried, the Board determined not to bid the services if the cost is the same as 2013.
- Site Lighting Maintenance Services: It was noted that the current independent contractor agreement for site lighting services between the District and Colorado Lighting, Inc. does not expire until December 31, 2014, so the contract will not be bid.
- Holiday Lighting Services: The Board discussed the need to bid for holiday lighting services, provided last year by Deck The Malls, Inc., and upon vote, unanimously carried, the Board determined to bid the holiday lighting services for 2013.
- Security Services: The Board discussed the need to bid for security services, currently provided by Securitas Security Services USA, Inc., and upon vote, carried with Director McGlynn abstaining, the Board determined not to bid the services for 2014.

OTHER BUSINESS

2013 SDA Conference: Ms. Finn discussed the 2013 SDA Conference in Keystone, Colorado on September 18, 19 and 20, 2013 and asked if any Board members were interested in attending the conference this year. Directors McGlynn and Boileau expressed their interest.

Following discussion, the Board authorized all interested Board members to attend the 2013 SDA Conference.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made Director Nemeč, seconded by Director McGlynn 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 JUNE 4, 2013 MINUTES OF THE SOUTHLANDS METROPOLITAN DISTRICT NO. 1 BY THE BOARD OF DIRECTORS SIGNING BELOW:

[REDACTED]

Jeff Neme~~c~~

[REDACTED]

Kevin McGly~~n~~

[REDACTED]

Robin Boreau/

[REDACTED]

Jose Inclan/

[REDACTED]

Joyce Rocha-Brown