

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE SOUTHLANDS METROPOLITAN DISTRICT NO. 1 HELD MARCH 5, 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 5th day of March, 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:

Jose Inclan
Jeff Nemeč

Also In Attendance Were:

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

Clint Waldron, Esq.; White, Bear & Ankele P.C.

Jason Carroll; CliftonLarsonAllen LLP

Joyce Rocha-Brown, Kevin McGlynn and Robin Boileau; Board Member Candidates

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 Waldron that Directors Inclan and Nemeč's Disclosure Statements had been filed.

ADMINISTRATIVE MATTERS

Acting President and Acting Secretary: The Board discussed the need for an Acting President and Acting Secretary for each Board meeting.

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Following discussion, Director Nemec was appointed Acting President and Director Inclan was appointed Acting Secretary for this meeting only.

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 Inclan, seconded by Director Nemec and, upon vote, unanimously carried, the Agenda was approved, as amended.

Resolution No. 2013-03-01 regarding 24-hour Posting Place: The Board considered Resolution No. 2013-03-01 designating the place at which notice will be posted at least 24 hours prior to each meeting.

Following review, upon motion duly made by Director Inclan, seconded by Director Nemec and, upon vote, unanimously carried, the Board adopted Resolution No. 2013-03-01, as presented. A copy of the Resolution is attached hereto, and incorporated herein, by this reference.

Minutes: The Board reviewed the Minutes of the December 11, 2012 special meeting.

Following discussion, upon motion duly made by Director Inclan, seconded by Director Nemec and, upon vote, unanimously carried, the Minutes of the December 11, 2012 special meeting were approved.

Distribution of Meeting Packet: The Board entered into discussion regarding the distribution of the meeting packet via a portfolio style pdf ("e-packet") or U.S. Mail.

Following discussion, the Board authorized staff to create a Dropbox account for the District and to transmit the meeting packets in e-packet format to Directors McGlynn and Rocha-Brown via Dropbox for use on their iPads and to Directors Boileau, Inclan and Nemec via e-mail.

Procedure for and Resolution Authorizing Approval of Work Authorizations between Board Meetings: The Board entered into discussion regarding a Resolution concerning Authorization for Approval of Contracts and Payment of Claims. Per the Resolution, the Board President and one Board Officer are authorized to review and approve agreements, work authorizations and payments, as necessary, for an amount not to exceed \$10,000 in between Board meetings, verifying with the District Accountant prior to execution or payment. All approvals or payments would require ratification at the next Board meeting.

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Following discussion, upon motion duly made by Director Nemec, seconded by Director Inclan and, upon vote, unanimously carried, the Board approved the Resolution concerning Authorization for Approval of Contracts and Payment of Claims, which is attached hereto and incorporated herein by this reference.

CONSENT AGENDA: The Board considered the following actions:

- Ratify approval of proposal from Western Proscapes, Inc. concerning 2013 drought strategy in the amount of \$1,250.

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

Website Creation: The Board entered into discussion regarding website creation for the District. Ms. Finn discussed with the Board the Statewide Internet Portal Authority (“SIPA”) and the website hosting services they offer. Following discussion, the Board deferred action on this matter until the next meeting.

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 December 17, 2012, totaling \$147,241.62, January 22, 2013, totaling \$128,057.92 and February 19, 2013, totaling \$114,450.79.

Following review and discussion, upon motion duly made by Director Nemec, seconded by Director Inclan and, upon vote, the Board ratified approval of the payment of claims for the periods ending December 17, 2012, totaling \$147,241.62, January 22, 2013, totaling \$128,057.92 and February 19, 2013, totaling \$114,450.79.

Checking Account Signers: The Board entered into discussion regarding authorizing signers on the checking account.

Following discussion, the Board determined to have Directors Nemec, Inclan and Boileau as authorized signers on the checking account.

Financial Statements: Mr. Carroll reviewed with the Board the unaudited financial statements for the period ending December 31, 2012, cash position statement dated February 25, 2013 and reconciliation of the operations fees.

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Following review and discussion, upon motion duly made by Director Nemeč, seconded by Director Inclan and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending December 31, 2012, cash position statement dated February 25, 2013 and reconciliation of the operations fees, as presented.

LEGAL MATTERS

Resolution concerning Parking Enforcement and Towing of Vehicles on District Owned Property: Attorney Waldron reviewed with the Board the Resolution concerning Parking Enforcement and Towing of Vehicles on District Owned Property.

Following discussion, upon motion duly made by Director Inclan, seconded by Director Nemeč and, upon vote, unanimously carried, the Board approved the Resolution concerning Parking Enforcement and Towing of Vehicles on District Owned Property which is attached hereto and incorporated herein by this reference.

Request from Wal-Mart and Sam's Club regarding Default of Agreements with Southlands Colorado, LLC: Attorney Waldron discussed with the Board a letter received from Wal-Mart and Sam's Club which advised that Southlands Colorado, LLC is in default under certain reimbursement agreements between Southlands Colorado, LLC and Wal-Mart and Sam's Club and requested the District begin making payments to Wal-Mart and Sam's Club pursuant to the agreements. Attorney Waldron reviewed the District's response which noted that not only is the District prohibited from expending any money in excess of appropriated amounts, but the District is not a party to either of the reimbursement agreements and is not bound by their terms. He noted that that no response from Wal-Mart or Sam's Club has been received to date.

OPERATIONS

Maintenance Report from Northwood Retail LLC ("Northwood"):

Installation of Playground Equipment in the Plaza Area: Director Nemeč reported to the Board that Northwood would like to install artificial turf and playground structures in the plaza area. Director Nemeč noted that the installation would be complete by May of 2013.

There were no objections from the Board concerning the installation of artificial turf or playground structures in the plaza.

Policy regarding Marijuana Shops in the Shopping Center: Director Nemeč reported to the Board that the Declarant has adopted a policy not to allow marijuana shops in the shopping center. There were no objections from the Board.

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Holiday Banner Removal: Director Inclan noted the need to remove holiday banners in certain areas. Director Nemec noted that the banners would be removed in the immediate future.

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

Bids for Street Drainage Project and Award of Contract: The Board entered into discussion regarding the bids for the Street Drainage Project.

Following discussion, upon motion duly made by Director Inclan, seconded by Director Nemec and, upon vote, unanimously carried, the Board appointed Directors Inclan and Nemec to a committee to review the bids and award the contract.

Drainage Improvement Project for Retaining Wall 14-D: The Board entered into discussion regarding awarding a contract for the Drainage Improvement Project for Retaining Wall 14-D.

Following discussion, upon motion duly made by Director Inclan, seconded by Director Nemec and, upon vote, unanimously carried, the Board awarded the contract for the Drainage Improvement Project for Retaining Wall 14-D to Slaton Bros., Inc. and authorized Directors Nemec and Inclan to execute the contract. Attorney Waldron noted that he had some revisions that needed to be made to the contract prior to execution.

Independent Contractor Agreement for Replacement of Stop Signs between the District and Gordon Signs: The Board entered into discussion regarding an Independent Contractor Agreement for Replacement of Stop Signs between the District and Gordon Signs for an amount not to exceed \$15,000.

Following discussion, upon motion duly made by Director Nemec, seconded by Director Inclan and, upon vote, unanimously carried, the Board approved the Independent Contractor Agreement for Replacement of Stop Signs between the District and Gordon Signs for an amount not to exceed \$15,000.

Independent Contractor Agreement for Street Light Painting between the District and MR/Westco, Inc.: The Board entered into discussion regarding an Independent Contractor Agreement for Street Light Painting between the District and MR/Westco, Inc. for an amount not to exceed \$10,000.

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Following discussion, upon motion duly made by Director Nemeč, seconded by Director Inclan and, upon vote, unanimously carried, the Board approved the Independent Contractor Agreement for Street Light Painting between the District and MR/Westco, Inc. for an amount not to exceed \$10,000.

Street Striping Work: The Board entered into discussion regarding authorizing the Property Manager to bid street striping work and authorizing the Board President to award the contract for an amount not to exceed \$10,000.

Following discussion, upon motion duly made by Director Inclan, seconded by Director Nemeč and, upon vote, unanimously carried, the Board authorized the Property Manager to bid street striping work and authorized the Board President to award the contract for an amount not to exceed \$10,000.

Project Area Lease: Attorney Waldron discussed with the Board the possibility of revising the terms of the Project Area Lease. No action was taken by the Board at this time.

Independent Contractor Agreement for Property Management: The Board deferred discussion regarding the status of bidding an Independent Contractor Agreement for Property Management Services.

OTHER BUSINESS

Resignation of Directors and Consideration of Board Appointment After Publication of Notice of Vacancy: The resignations of Directors Cudlip, Zezulak and Provost were acknowledged. It was noted that pursuant to Section 32-1-808(2)(a)(I), C.R.S., publication of a Notice of Vacancy was made on December 27, 2012 in the Aurora Sentinel. No Letters of Interest from qualified eligible electors were received within ten (10) days of the date of such publication.

As such, following discussion and upon motion duly made by Director Nemeč, seconded by Director Inclan, to nominate Joyce Rocha-Brown, Kevin McGlynn and Robin Boileau to fill the vacant Board terms and, upon vote, unanimously carried, the Board appointed Joyce Rocha-Brown, Kevin McGlynn and Robin Boileau to fill the vacancies created by the resignations of Peter Cudlip, Steve Zezulak and Donald Provost. The Oaths of Office were administered.

Appointment of Officers: Following discussion, upon motion duly made by Director Nemeč, seconded by Director Inclan and, upon vote, unanimously carried, the following slate of officers was appointed:

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President	Jeff Nemec
Vice President	Kevin McGlynn
Treasurer	Robin Boileau
Secretary	Jose Inclan
Assistant Secretary	Joyce Rocha-Brown

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,

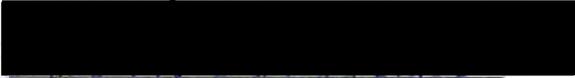
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Secretary for the Meeting

THESE MINUTES APPROVED AS THE OFFICIAL MARCH 5, 2013 MINUTES OF THE SOUTHLANDS METROPOLITAN DISTRICT NO. 1 BY THE BOARD OF DIRECTORS SIGNING BELOW:


Jeff Nemec


Kevin McGlynn


Robin Boileau


Jose Inclan


Joyce Rocha-Brown

RESOLUTION NO. 2013-03-01
RESOLUTION OF THE BOARD OF DIRECTORS
OF SOUTHLANDS METROPOLITAN DISTRICT NO. 1
REGARDING POSTING FOR MEETINGS

WHEREAS, Special Districts are required by Subsection 24-6-402(2)(c), C.R.S., to designate annually at the District Board's first regular meeting of each calendar year, the place at which notice will be posted at least 24 hours prior to each meeting.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SOUTHLANDS METROPOLITAN DISTRICT NO. 1 AS FOLLOWS:

1. Notices of meetings of the District Board required pursuant to Section 24-6-401, et seq., C.R.S., shall be posted within the boundaries of the District at least 24 hours prior to each meeting at the following location:

Northwest corner of Main Street and E. Smoky Hill Road

2. Notices of regular or special meetings required to be posted at three public places within the District and at the office of the County Clerk and Recorder at least 72 hours prior to said meeting shall continue to be made pursuant to Section 32-01-903(2), C.R.S.

ADOPTED this 5th day of March, 2013.

SOUTHLANDS METROPOLITAN DISTRICT NO. 1

Secretary

**RESOLUTION
OF THE BOARD OF DIRECTORS OF
SOUTHLANDS METROPOLITAN DISTRICT NO. 1**

**CONCERNING AUTHORIZATION FOR APPROVAL OF CONTRACTS
AND PAYMENT OF CLAIMS
(2013)**

WHEREAS, Southlands Metropolitan District No. 1 (the “District”) is a quasi-municipal corporation and political subdivision of the State of Colorado and a duly organized and existing special district pursuant to §§ 32-1-101, *et seq.*, C.R.S.; and

WHEREAS, pursuant to § 32-1-1001(1)(d), C.R.S., the Board of Directors (the “Board”) of the District is authorized to enter into contracts and agreements affecting the affairs of the District; and

WHEREAS, pursuant to § 32-1-1001(1)(h) C.R.S., the Board of the District shall have the management, control and supervision of all the business and affairs of the District; and

WHEREAS, in order to implement the services, programs, and facilities of the District in a timely, efficient, and effective manner, it is necessary for certain contracts and agreements to be entered into, and claims to be paid, between the regularly scheduled meetings of the Board; and

WHEREAS, the Board desires to authorize the Authorized Directors (as defined below) to review, approve and authorize, from time to time, agreements and contracts affecting the affairs of the District, and make payment of claims due and owing by the District; and

WHEREAS, all actions taken by the Authorized Directors pursuant to this Resolution shall be ratified at a regular or special meeting of the District held in accordance with Colorado law.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DISTRICT AS FOLLOWS:

1. Authorization to Enter into Contracts. The Board hereby authorizes the president of the District (the “President”) and one additional officer of the District (the “Authorized Officer,” and together with the President, the “Authorized Directors”) to review, approve, execute, enter into, and make payment on agreements, work orders and contracts (collectively, “Contracts”) affecting the affairs of the District, in an amount not to exceed \$10,000.00 per Contract, so long as any payment required to be made under such Contract does not exceed the amounts appropriated for such Contract as set forth in the District’s approved budgets.

2. Payments for Services. The Board hereby authorizes the Authorized Directors to make payment for services rendered to the District so long as any payment made does not exceed the amounts appropriated for said services as set forth in the District's approved budgets.

3. Appropriation Required. Prior to executing any Contract or making payment for services rendered, the Authorized Directors shall verify with the District's accountant that sufficient funds are available within the District's accounts and are budgeted appropriately to pay such sums. All Contracts approved pursuant to this Resolution are subject to appropriation and budget requirements in accordance with Colorado law.

4. Ratification of Action. At the next regular or special meeting of the District, any Contracts entered into or claims paid pursuant to this Resolution that have not otherwise been presented to the full Board shall be so presented for discussion and ratification.

5. Term. This Resolution shall terminate on December 31, 2013, unless renewed by the Board for subsequent terms.

Signature page follows

APPROVED AND ADOPTED THIS 5TH DAY OF MARCH, 2013.

SOUTHLANDS METROPOLITAN DISTRICT
NO. 1, a quasi-municipal corporation and political
subdivision of the State of Colorado



President

ATTEST:



Secretary or Officer

APPROVED AS TO FORM:

WHITE, BEAR & ANKELE,
Professional Corporation



General Counsel to the District

Signature page to Resolution Concerning Authorization for Approval of Contracts and Payment of Claims.

**RESOLUTION OF
THE BOARD OF DIRECTORS OF
SOUTHLANDS METROPOLITAN DISTRICT NO. 1**

**CONCERNING PARKING ENFORCEMENT AND TOWING
OF VEHICLES ON DISTRICT OWNED PROPERTY**

WHEREAS, Southlands Metropolitan District No. 1 (the "District") is a quasi-municipal corporation and political subdivision of the State of Colorado and a duly organized and existing special district pursuant to §§ 32-1-101, *et seq.*, C.R.S.; and

WHEREAS, the District was organized to provide those services and to exercise powers as are more specifically set forth in the Service Plan for the District (the "Service Plan"), approved by the City of Aurora on September 9, 2002, as subsequently amended; and

WHEREAS, among the power granted to the District, pursuant to the Service Plan was the authority to provide certain "Streets" and "Traffic and Safety Control" services within the Southlands commercial development (the "Project"); and

WHEREAS, pursuant to § 32-1-1001(1)(d), C.R.S., the Board of Directors (the "Board") of the District is authorized to enter into contracts and agreements affecting the affairs of the District; and

WHEREAS, ~~NWSL Town Center LLC, a Delaware limited liability company (the "Landlord") owns, operates and maintains certain privately owned portions of the Project; and~~

WHEREAS, pursuant to rules and regulations, contractual terms and other lease covenants between it and lessees (collectively, "Leases"), the Landlord provides certain parking enforcement and towing services for parking facilities located on the privately owned portions of the Project; and

WHEREAS, the District acknowledges the importance of providing retail and office tenants, employees and customers sufficient ground level parking within reasonable distance of their destination; and

WHEREAS, in order to provide for consistent parking regulations and policies throughout the Project, the District desires to permit the Landlord to enforce the provisions of the Leases and provide parking enforcement and towing services on roadway and parking tracts owned by the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DISTRICT AS FOLLOWS:

1. District Property Subject to Enforcement. The Landlord shall have the authority to enter and provide parking enforcement, including but not limited to fining and towing of vehicles, on the following District-owned tracts that are dedicated for roadway and parking use (the "Property") consistent with the Leases:

- a. East Orchard Road (Southlands Subdivision Filing No. 1, Tract A)
- b. East Orchard Road (Southlands Subdivision Filing No. 5, Tract A)
- c. South Southlands Parkway (Southlands Subdivision Filing No. 4, Tract A)
- d. South Main Street (Southlands Subdivision Filing No. 4, Tract A)
- e. East Commons Avenue (Southlands Subdivision Filing No. 1, Tract A)
- f. South Central Street (Southlands Subdivision Filing No. 4, Tract A)
- g. South Central Street (Southlands Subdivision Filing No. 1, Tract A)
- h. Main Street (Southlands Subdivision Filing No. 16, Amendment No. 1, Tract A)

2. Authority. The Landlord shall have authority to patrol, ticket, fine, tow vehicles, or contract with third-parties to cause the same, as well as set parking policies, rules and regulations governing such activities (the "Services"), consistent with the terms of the Leases. The Landlord shall provide the Services in the same manner as it provides parking enforcement and related services for the portions of the Project not owned by the District. The Landlord shall provide the District with any policies, rules and regulations it promulgates related to the provision of the Services, and inform the District immediately of any material changes to its policies, rules and regulations.

3. Appeals. Any disputes arising out of the enforcement of the Landlord's policies, rules and regulations occurring on the Property shall be referred to the District Manager. The District Manager shall have the authority and discretion to make any final dispositions related to disputes relating to parking enforcement arising on the Property, and may defer to the Landlord's determination in its discretion.

4. Payment for Services. No compensation or reimbursement shall be provided by the District to the Landlord for its provision of the Services. The Landlord agrees that the benefit to its retail and office tenants, employees and customers is sufficient consideration for providing the Services. The Landlord shall be entitled to retain any fines or other revenues it collects through its provision of the Services; provided, however, that it shall maintain an accounting of fines and other revenues collected and provide the same to the District upon request.

5. Indemnification. As a condition of the authority provided by this Resolution, the Landlord shall agree to indemnify, defend, and hold harmless the District, its officers, agents, and employees, from and against all claims, damages, liabilities, and court awards, including expenses, and reasonable attorneys' fees, to the extent caused by the negligence or any wrongful act, error, or omission of the Landlord, its respective officers, agents, and employees arising out of or in connection with Landlord's provision of the Services. The Landlord shall provide the District with prompt notice of any claim for which the District may be liable. Nothing herein is intended to be or shall be construed to be a waiver of the District's governmental immunity under Section 24-10-101, et seq, C.R.S., as amended.

6. Term. This Resolution and Landlord's authorization to provide the Services shall remain in effect until terminated by the Board.

Signature page follows.

RESOLVED AND ADOPTED this 5th day of March, 2013.

**SOUTHLANDS METROPOLITAN
DISTRICT NO. 1**, a quasi-municipal corporation
and political subdivision of the State of Colorado

[Redacted Signature]

President

ATTEST:

[Redacted Signature]

Secretary

ACKNOWLEDGEMENT:

NWSL Town Center LLC acknowledges the rights, duties, and obligations, and agrees to follow, comply with, and be bound by, the provisions as set forth in this Resolution, and acknowledges and agrees to indemnify the District as set forth in Section 5 above.

By: [Redacted Signature]

Name: Michael O'Shaughnessy
Its: Managing Director

APPROVED AS TO FORM:
WHITE, BEAR & ANKELE,
Professional Corporation

[Redacted Signature]

General Counsel to the District

*Signature Page to Resolution of the Board of Directors of Southlands Metropolitan District No.1
Concerning Parking Enforcement and Towing of Vehicles on District Owned Property*