

RECORD OF PROCEEDINGS

**MINUTES OF A SPECIAL MEETING
PLANNING WORKSHOP
OF THE BOARD OF DIRECTORS OF THE
PARKER JORDAN METROPOLITAN DISTRICT
HELD
March 4, 2013**

A special meeting planning workshop of the Board of Directors (the "Board") of the Parker Jordan Metropolitan District (the "District") was held on March 4, 2013 at 11:30 a.m. at CliftonLarsonAllen LLP, located at 8390 E. Crescent Parkway, Suite 500, Greenwood Village, CO 80111.

Attendance

In attendance were Directors:

Norman A. Sheldon
Bill Lamberton
Clint Waldron
Cal Lennon
Mike Cornelsen

Also in attendance were:

Bob Blodgett, Mat Mendisco and Kevin Collins; CliftonLarsonAllen LLP
Rick Kron; Spencer Fane & Grimshaw LLP
Cynthia Kiyotake; Arapahoe Library District
Ron Lambert and H. McNeish; Mulhern MRE
Brian Maass & Kevin Mattson; CBS Channel 4 News
Laura Hoepfner; City of Centennial

Call to Order

Director Sheldon called the meeting to order at 11:39 a.m.

Pledge of
Allegiance

Mr. Maass declined to lead the pledge of allegiance. Mr. Blodgett led the Board and audience in the pledge of allegiance.

Declaration of
Quorum/Director
Qualifications
Disclosure Matters

Director Lamberton reported he is a co-signer on an equipment loan for Emerald Isle Landscaping, LLC. Director Sheldon reported he is writing a letter adding his wife to his property ownership. Mr. Kron will revise the disclosures accordingly.

The Board was advised that pursuant to Colorado law, certain disclosures by the Board members may be required prior to taking official action at the meeting. The Board then reviewed the agenda for the meeting, following which each Board member confirmed the contents of any written disclosure previously made of record, stating the fact and summary

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nature of any matters, as required under Colorado law, to permit official action to be taken at the meeting. Additionally, the Board determined that the participation of members present was necessary to obtain a quorum or otherwise enable the Board to act.

Director Sheldon reported that he had disclosed his interest as an owner of property located in the District. His son, Dan Sheldon, owns a minority interest in South Creek Investors, LLC and Director Sheldon has no financial interest therein. As noted above, Director Sheldon is adding his wife as an owner of property in the District. These disclosures are in association with the consideration and/or approval of agenda items which may affect his interests. A written disclosure of his interests was filed with the Secretary of State prior to the meeting.

Director Lamberton reported that he had disclosed his interest as an owner of property located in the District. He is a director and owns a minority interest in Emerald Isle Landscaping, LLC, and family members have additional interests therein. Director Lamberton reported he is a co-signer on an equipment loan for Emerald Isle Landscaping, LLC. The disclosure is in association with the consideration and/or approval of agenda items which may affect his interests. A written disclosure of his interests was filed with the Secretary of State prior to the meeting.

Director Waldron reported that he had disclosed his interest as an owner of property located in the District. Director Waldron is also an associate attorney with White, Bear & Ankele, which serves as general counsel to Cornerstar Metropolitan District. The disclosure is in association with the consideration and/or approval of agenda items which may affect his interests. A written disclosure of his interests was filed with the Secretary of State prior to the meeting.

Director Cornelsen presented information on his disclosure as an owner of a home in the Southcreek Subdivision. He stated his home backs up to the 27-Acre Open Space. A written disclosure of his interests was filed with the Secretary of State prior to the meeting.

Director Lennon reported that he had disclosed his interest as the owner of a home on E. Phillips Drive within the District. A written disclosure of his interests was filed with the Secretary of State prior to the meeting.

Consideration of Agenda

For agenda consideration, Director Lennon noted he will discuss his request regarding future priorities for the District and related party transactions later in the agenda.

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Public Comment

After being advised of the customary three minute time limit, Mr. Maass asked the Board to comment on the fact [sic] that Director Sheldon's son has received hundreds of thousands of dollars of work from the District without a competitive bid process. Director Lamberton informed Mr. Maass that competitive proposals are not required for professional services. All the District's consultants other than construction contractors where the work is put out for bids work for the District based on their professional expertise and qualifications. They are all a part of the professional services team assisting the District Board. Director Sheldon's son was an important member of this team.

Director Cornelsen reported he will recommend that in the future all District professional services contracts be bid.

Directors Lennon and Waldron responded no comment. There were no additional public comments.

Options for Future Direction

Director Lennon noted his request for the Board to consider whether they wanted the District to continue developing the area with projects in the future or perform minimal activities and become a maintenance district. His second issue is to discuss how the Board should address related party agreements in the future, should there be a separate related party bid process or continue as we have in the past?

Director Lamberton stated he is in favor of the District moving to the "maintenance district" model in the future.

Director Sheldon asked if landscaping the 14 acre vacant tract in the Cherry Creek Business Center would be consistent with that model. Director Lamberton indicated that basic infrastructure projects were a part of the future maintenance district in his view. Director Waldron noted that a cost benefit analysis should be conducted to determine the best usage of property taxes for all the District's residents. The District does not yet have a good view of what the ongoing maintenance district costs are yet since the District has been completing ongoing projects for the past several years, and they have just now finished.

Director Cornelsen noted the two basic options are: a) shut down, or b) continue funding projects. He stated it is important to reevaluate costs versus services being received by property owners. What are the District's ongoing maintenance and administrative costs? Legal, management, accounting and all professional services should be re-bid to ensure the District is getting the best value for the tax payer. If the District can give back savings with reduced mill levies and spend as little as possible, this

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may be an option. The District's legacy has been established. The other option is building new projects in the future.

Director Waldron noted an Option C is for the District to continue with some projects but let another funding partner such as Dove Valley, Arapahoe County or the City of Centennial administer the projects so that the District's role is minimized to simply a funding partner.

Director Lamberton noted the District's ongoing efforts in the past years to continually reduce the mill levy each year. Director Waldron noted the need to fine tune the use of the available funds the District has retained. Director Lamberton further noted concerns with remaining competitive with overlapping districts in the vicinity. This has been a concern of Mayor Noon and the City of Centennial. Director Cornelsen noted one option is reducing the O & M mill levy as much as possible and meeting only once or twice a year to pay debt only. He also noted one option is moving forward in a maintenance mode without any project funds or having specific projects to explain and justify the uses of the funds the District does retain. Director Waldron noted that parks and open space and trails funding is provided for in the District's Service Plan. Completing the Cherry Creek Regional Trail is a worthy objective. Director Cornelsen noted Option C would include shutting down the District to a maintenance mode and setting aside some funds so there is flexibility for future projects or developer reimbursements for new development within the District.

Mr. Collins noted that if the District could reduce its mill levy to approximately 1 mill, it would raise about \$63,000 a year for General Fund expenses. It was noted that the District would also have to retain funds for its existing maintenance contracts totaling about \$50,000-\$60,000 annually. This could mean an operating mill levy of 2 mills versus the current 7 mills.

Director Lennon volunteered to work with Mr. Collins to develop a "base budget" model for the District with minimal projects and the existing operating and maintenance responsibilities, and then build on that base for future potential projects.

Director Sheldon noted the need to build a business case for future infrastructure projects or developer reimbursements beyond the base budget with existing maintenance responsibilities of the District.

The Board decided to next discuss the related party issues at this time. How should this be addressed going forward?

Director Cornelsen noted he has recommended additional disclosures in the audited financial statements regarding related parties that were not included in prior statements. He also recommended additional conflicts of

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interest disclosures which the attorney is now providing based on Board input for related party transactions.

Director Cornelsen stated the Board should also consider requiring a third signature on related party checks so that a quorum of the Board signs these checks rather than just two Board members. He also recommended that the Board consider limiting Board member meals and technology expenses to \$1,000 annually similar to the \$1,000 annual limit on Board member travel from out of state to attend a Board meeting. These limits would be subject to further Board review and approval once the \$1,000 amount is reached annually.

Director Cornelsen further stated that as an auditor, you look for actions that are illegal, immoral or unethical, and that can lead to fraud or abuse and waste. He wants to ensure the District continues to avoid any of these issues in the future.

Director Cornelsen asked how work for related parties should be competed in the future. Director Waldron noted that the District's statutory guidelines relate to the lowest responsive and responsible bidder. The related party may have better pricing and service for the Board to consider. The Board should have the opportunity to ask questions about the related party as a part of the whole bidding process and reviewing the best consultant for the specific service.

Director Waldron noted that if a conflict of interest has been reported by a Board member, they should excuse themselves from the future discussion of that issue, and not interject any information to influence other Board members and not vote on the matter. The other Board members can discuss and decide if the related party should be hired or not based on their qualifications. Director Waldron noted that what is important is the disclosure is made and the conflict reported before the contract is let. The Board then can review pricing and evaluate costs and all circumstances related to hiring the potential consultant.

FUTURE DIRECTION OPTIONS

1. Reserve Capital Funds for future developer infrastructure reimbursements

Director Cornelsen asked what the precedent has been on prior developer infrastructure reimbursements. Mr. Blodgett noted that the District has repaid basically 100% of prior reimbursements. The developer of River Run accepted a discounted amount so as to receive the funds sooner rather than later when the Creekview Project was completed. Director Cornelsen stated that his Option A could include a shut down of the District in maintenance mode and setting aside funds for future anticipated developer

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infrastructure reimbursements. Director Waldron noted that facility fees paid in conjunction with development also help pay for the reimbursements in addition to future assessed value. The Board discussed potential reimbursements relating to the 14 acre tract within Cherry Creek Business Center, the 5 acre tract at the northeast corner of Broncos Parkway and Jordan Road, the 2 acre tract at the northwest corner of Cherokee Trail and Broncos Parkway, and the Vermilion Creek Project.

Mr. Blodgett reported that Mr. Goldberg of Southcreek Investors, developer of the 5 acre tract, has requested a tentative reimbursement of \$179,000 for infrastructure required by Arapahoe County to develop this property. He has been sent the developer infrastructure reimbursement policy. Mr. Lambert will work with his team and his engineer regarding eligibility of these costs. No objections were voiced regarding this potential future reimbursement.

After discussion, the Board asked CliftonLarsonAllen (CLA) to obtain additional information on projected development within the 14 acre tract and potential future infrastructure reimbursements as well as the 2 acre tract. It was noted that because Vermilion Creek has its own district, it will likely pay for its infrastructure within their district.

2. Use Capital Funds for additional District infrastructure projects

- a. Landscape and/or maintain right-of-way on east side of Jordan Road (Arapahoe Road to Arapahoe/Douglas County line)

Director Sheldon noted the scope of work would be for 3-4 locations within the commercial area only. The 14 acre tract is not yet developed and would not be included. After discussion, the Board decided this was a "maybe."

- b. Modified Community Center/Pool Project

Deferred for discussion at a future meeting.

- c. 27 acre PJCOS construction, if the Planning Grant determines a feasible project

The Board asked how much of the grant had been spent to date. Mr. Collins indicated \$8,300 has been spent. The Board noted that there is not a consensus yet related to what kind of projects, if any, should be developed. There was discussion about a social trail that has developed in the Open Space. The Board decided this was a "maybe" at this time.

- d. Additional trails and amenities in PJCOS

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This item was deferred.

- e. Install street lights on the east side of Jordan Road (Arapahoe Road to Arapahoe/Douglas County line).

The Board determined that the street lights on the west side of Jordan Road are providing some light on the east side as well. The Board decided NOT to proceed with this project at this time.

- f. Plant trees on west side of Cherry Creek to replace dying trees

The Board decided to pursue this project. CLA will contact Mary Powell at ERO and others to determine what kind of trees are recommended and what permitting process, if any, is required. Director Waldron noted there is a strip of ground where trees were removed during the construction of the channel improvements which also need new trees planted.

- g. Add additional trash containers and trash bags on west side of Cherry Creek

The Board concurred with this recommendation from Director Sheldon to add two more stations. CLA will coordinate with Emerald Isle Landscaping.

- h. Add a crusher fine trail adjacent to Cherry Creek Regional Trail in remainder of District

Director Sheldon noted this trail is very popular from the Broncos Parkway Trailhead tract to the 17-mile house property. He recommended it be included within the remainder of the District. After discussion, the Board authorized Mr. Lambert to obtain cost estimates to install the crusher fine trail throughout the remainder of the District. The Board noted this project probably would qualify for an Arapahoe County Open Space grant.

- i. Construction of other amenities (park, playgrounds, etc.) in the District

Director Sheldon noted that South Creek homeowners have denied this request in the past, as they did not want to provide a public easement for the parks or playgrounds in their neighborhood. Further discussion was tabled.

- j. Other

None at this time.

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At this point, the Board decided to continue discussion at the March 19th regular meeting of Items 3 through 12 remaining on the Future Direction Options list.

After discussion, the Board directed Mr. Collins to work with Director Lennon regarding a base financial model budget for the Board. Director Cornelsen will meet with Mr. Collins and Mr. Blodgett regarding additional internal controls recommended for the District for related party transactions and conflicts of interest. The Board also decided the auditor would attend the April Board meeting to provide a status on the 2012 audit.

Financial

- a. Review and Consider Approval of Claims Totaling \$8,699.82 Represented by Check Numbers 1619 Through 1624 and Director Fees Totaling \$461.75 Represented by Check Numbers 1625 Through 1629

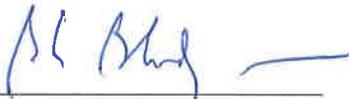
Following discussion, on a motion duly made, seconded and unanimously approved, the Board approved the claims totaling \$8,699.82 represented by check numbers 1619 through 1624 and Director fees totaling \$461.75 represented by check numbers 1625 through 1629.

Other Business

No other business.

Adjournment

Upon a motion duly made, seconded and unanimously approved, the Board adjourned the meeting at 1:40 p.m.



Secretary for the Meeting