

RECORD OF PROCEEDINGS

MINUTES OF THE CONSOLIDATED REGULAR MEETING OF THE BOARDS OF DIRECTORS OF THE GREENSPIRE METROPOLITAN DISTRICT NOS. 1, 2, AND 3

Held: Tuesday, March 10, 2020 at 9:30 a.m., at 301
Centennial Drive, Milliken, Colorado

Attendance

A consolidated regular meeting of the Boards of Directors of the Greenspire Metropolitan District Nos. 1, 2, and 3 was held in accordance with the statutes of the State of Colorado. The following Directors, having confirmed their continued qualification to serve on the Boards, were in attendance:

Bret Hall
George Hall

Absent: None

Also present were Colin B. Mielke, Seter & Vander Wall, P.C.; Ann Eldridge, Eldridge CPA; Nikolas Wagner, Centennial Consulting Group; and several members of the public.

Call to Order and Declaration of Quorum

Director Bret Hall opened the meeting, noted that a quorum of each of the Boards was present and called the consolidated regular meeting of the Boards of Directors of the Greenspire Metropolitan District Nos. 1, 2, and 3 to order.

Disclosure Matters

The Boards had been previously advised that pursuant to Colorado law, certain disclosures by the Board members might be required prior to taking official action at the meeting. The Boards then reviewed the agenda for the meeting, following which each Board member affirmed their conflicts of interest, which had been disclosed and filed with the Colorado Secretary of State, stating the fact and summary nature of any matters, as required under Colorado law, to permit official action to be taken at the meeting. The Boards determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the Boards to act.

Director Bret Hall reported that he is a party to a contract to purchase property within the Districts under which he has an obligation to pay taxes on real property. He is employed by and

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is the Chief Operating Officer of Hall Irwin Corporation, President of Bestway Concrete Company, manager of Lot Holding Investments, LLC, and has business interests with Traders Junction LLC. He is the son of Mr. George Hall. This disclosure is associated with the approval of items on the agenda which might affect his interests.

Director George Hall reported that he is a party to a contract to purchase property within the Districts under which he has an obligation to pay taxes on real property. He is president of Hall Irwin Corporation and has an interest in Lot Holding Investments, LLC. This disclosure is associated with the approval of items on the agenda which might affect his interests.

Approval of Minutes

The Boards reviewed and considered approving the minutes of the December 10, 2019 consolidated regular meeting, including correspondence from Mr. Philip Myers that Mr. Myers requested be attached to the minutes. Upon motion, seconded and unanimously carried, the Boards approved the minutes as presented.

Public Comment

Director Bret Hall opened the meeting for public comment.

Mr. Fry presented a copy of written questions to the Board, which the Board addressed, including noting that the bond refinance was placed on hold until the options to refinance become more cost-effective. The Board also asked Mr. Mielke to further research Mr. Fry's fence ownership question with regard to fencing along Veronica Drive and recently installed fencing by the developer.

There being no further public comment, Director Bret Hall closed the public comment period.

Annual Administrative Matters (2020)

Mr. Mielke discussed a number of administrative matters with the Boards, which are generally addressed at the Boards' first meeting of the year, in accordance with Colorado law.

Mr. Mielke asked the Directors to complete an affidavit, which he distributed to each Director, confirming each Director's qualification to serve on the Boards.

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He asked the Directors to review the information provided to each Director describing how to identify a conflict of interest, and the requirements under Colorado law for disclosure of such conflicts of interest by each Director. Mr. Mielke asked each Director to review the contents of the letter, to identify all existing and potential conflicts of interest each Director may have in connection with serving as a member of the Boards of the Districts, and to complete the enclosed disclosure forms to be returned to his office.

Following discussion, the Boards determined to re-elect the officers of the Boards as follows:

President/Chair – Bret Hall
Secretary/Treasurer – George Hall

The Boards reviewed and determined to continue to use its existing newspaper designated for publication of legal notices, identified as the *Greeley Tribune*.

The Boards did not identify the 24-hour posting places for meeting notices at this time.

The Boards determined to hold regular meetings at 9:30 a.m. on the second Tuesday of each month at 301 Centennial Drive in Milliken, Colorado.

The Boards determined to appoint Danaly Howe of Centennial Consulting Group to serve as the Designated Election Official for the Districts for their election activities and Catherine T. Bright of the law firm of Seter & Vander Wall, P.C., to serve as the Deputy Designated Election Official for the Districts for their election activities.

The Boards reviewed the employment of their consultants for 2019 and determined to renew Seter & Vander Wall, P.C. as its legal counsel, Ann Eldridge, CPA as its accountant and Centennial Consulting Group, LLC as its manager.

Finally, the Boards reviewed the proposed form of resolution presented by Mr. Mielke that memorializes the above determinations in addition to certain other annual administrative

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actions providing direction from the Boards regarding actions to be taken by the Districts' consultants on the Boards' behalf.

Upon a motion by Director Bret Hall, seconded by Director George Hall and unanimously carried, the Board approved the administrative items and resolution as discussed.

Financial Matters

Ms. Eldridge presented the Boards with a list of the payment of claims for consideration and ratification. After review and discussion, and upon motion made, seconded and unanimously carried, the Boards approved the payment of claims. The Board confirmed that year-to-date financials will be posted on the District's website pursuant to a request from Mr. Fry.

Audit Exemption

Ms. Eldridge discussed with the Boards that the Districts will be authorized to file applications for exemptions from audit based on the limited revenues and expenditures of the Districts. Mr. Fry suggested the Districts perform audits. The Boards noted the expense related to performing audits and the Districts' qualification for audit exemption applications and directed Ms. Eldridge to proceed with the audit exemption applications.

Discussion regarding Non-Potable Water Fee Invoices for 2020

Mr. Mielke informed the Boards that delivery of 2020 non-potable water invoices had been delayed in order to calculate credits for some properties that made payments in 2017 and 2018. Credits are being implemented for properties that paid in 2017 and 2018. The Boards discussed the invoices and upon motion made, seconded and unanimously carried, the Boards approved extending the payment of the invoices to April 15, 2020.

Proposal by Centennial Consulting Group for Accounting Services

The Boards noted the receipt of a proposal from Centennial Consulting Group to provide accounting services to the Districts in addition to management services. The Boards stated that consideration of any proposal would be deferred until a future board meeting.

Update regarding May 5, 2020 Election Activities

Ms. Howe updated the Boards regarding election activities for May 5, 2020 and Mr. Mielke presented the Board for District No. 2 with a resolution regarding the May 5, 2020 elections. Ms. Howe stated that the elections for District Nos. 1 and 3 will be canceled because there were not more self-nomination forms

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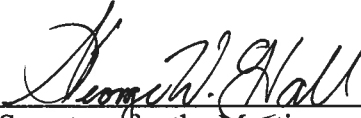
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received by the statutory deadline including affidavits to be a write-in candidate than seats available. Ms. Howe confirmed that for District No. 2 there were five candidates for four board seats. At this time, Director George Hall stated that he would withdraw his self-nomination for District No. 2 in order to avoid District No. 2 needing to hold an election and incur additional election costs. The Board for District No. 2 next reviewed the resolution regarding the May 5, 2020 election, and upon motion made, seconded and unanimously carried, approved the resolution with a modification to state that the Designated Election Official has the authority to cancel the election.

Adjournment

There being no other business to come before the Boards, the meeting was adjourned at approximately 10:25 a.m.


Secretary for the Meeting

Mr. Colin B. Mielke, Esq.
LEED Green Assoc.
Seter & Vander Wall, P.C.
7400 E. Orchard Road, Suite 3300
Greenwood Village, CO 80111

Dear Mr. Mielke:

I request that the Greenspire Metropolitan Districts take the following under consideration prior to sending invoices to Greenspire property owners for non-potable water to be consumed in the 2020 watering season.

The Districts' invoicing plan is for non-potable water that won't be needed until next April or May so there is time to consider a better way to invoice property owners ... a better way until the Districts realize that water meters can be utilized at a reasonable cost ... and until such time all property owners have water meters that can be read remotely.

There is a simple and more fair way to invoice for non-potable water and still collect the same amount of funds recommended by CCG. This can be accomplished by allocating the cost more fairly amongst property owners. This is especially important when there is such a large disparity in the size of the lots in Greenspire. Currently, the largest lot connected to the non-potable water system is 2.6 times the size of the smallest lot. When fixed cost invoicing is utilized it makes it very unfair for property owners of smaller lots. Under the current Resolution approved by the Districts' board on December 10, 2019 there are several homeowners that would be required to pay significantly more for non-potable water than what it would cost for filtered drinking water from the Town of Windsor.

I believe that the following is a logical approach to arrive at the water consumption numbers CCG has utilized in their water study. The assumptions are as follows: (1) the average lot has 2,600 square feet of space not being irrigated, and (2) the average gallons to water each square foot is 15.95 gallons per watering season.

There are several combinations of these two key numbers that one could use to arrive at the same water consumption numbers suggested by CCG - adjust one of the two numbers and the other number changes.

When knowing the total size of each lot and these two numbers, it is easy to determine the number of gallons to use for invoicing purposes. Add the calculated water cost number to the \$93 cost that CCG recommended as "other fees" to arrive at the total amount to invoice property owners. Under this scenario the total amount collected by the District would be the same amount the board approved, but the homeowners with smaller lots would not be subsidizing those with larger lots.

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I previously provided compelling information that CCG's water consumption numbers were incorrect, CCG's water studies did not include details to support their recommendations, CCG did not provide direct comparisons of the two Districts in their sample to Greenspire, and CCG failed to identify why their numbers were more realistic than those of the Town of Windsor (CCG indicated water consumption at 80,000 gallons while the Town showed 41,000 gallons). This needs to be resolved, but that is not the intent of this request.

What I am asking for is a more fair "allocation method" to invoice homeowners. I have no doubt that many homeowners will still be overcharged for non-potable water but at least the allocation would be more fair. I hope homeowners with working water meters will read their own water meters and contest the amounts being invoiced ... but that can't happen until next fall. The Resolution calls for invoicing in advance vs arrears so a method of contesting the invoices at the end of the 2020 watering season seems appropriate.

It is important to start using water meters and this could be accomplished with limited cost to the Districts. Just reading meters for a sample of the properties in Greenspire would be a good start to arrive at more realistic water consumption numbers.

I have prepared a detailed spreadsheet that shows the suggested allocation method and would be happy to share it with the Districts if they are interested. It includes the actual calculations for each homeowner, and you can see the total amount collected would be the same as what CCG has recommended.

I believe the Resolution approved by the Districts' board of directors on December 10, 2019 needs revised since the implications may not be what was intended. The Resolution indicates that all properties connected to the non-potable water system will be invoiced. This does not exclude the church so it would imply they will be invoiced for \$325. Subsequent to the approval it has been brought to my attention that the church has never been charged for non-potable water. It is irresponsible to invoice homeowners and not invoice the church, especially since they use a significant amount of non-potable water to irrigate a property totaling 196,406 square feet. Should consideration be given to invoicing the church based on meter readings?

The Resolution does not address several areas that should be considered:

- as noted above the church was not excluded from the plan, and a reasonable alternate method of invoicing was not identified to adjust for the significant difference in lot size,
- it does not state how homeowners connected to the system during the watering season will be invoiced (a proration formula should be considered),
- it does not address invoicing homeowners when their property is not connected to the non-potable water system (even if not charged for water it seems they should still pay the "other fees" ... it should be determined how and when their property will be

connected to the non-potable water system),

- it does not provide for any waivers or adjustments that may have merit such as Certified/Verified water meter readings, model home parking lots with limited areas being watered, etc.

- it implies but does not specifically address the invoicing of homebuilders who own model homes,

- it implies but does not specifically address the invoicing for parking lots such as the one next to the model home on Turnberry Drive (the Resolution implies the owner would be invoiced for \$325 even though only a portion is watered by a drip system ...

UNLESS the parking lot area is being watered using a connection to the model home property ... and that would be another issue that needs addressed).

I hope the Districts realize there are more fair, and still inexpensive ways to handle invoicing for non-potable water, and act accordingly.

Sincerely,

Phil Myers

45 Veronica Drive

pmyers999@gmail.com