

RECORD OF PROCEEDINGS
OF THE SPECIAL MEETING OF THE
VILLAS METROPOLITAN DISTRICT

HELD: Tuesday, July 13, 2021, at 12:00 p.m. via conference call.

ATTENDANCE:

A special meeting of the Board of Directors of Villas Metropolitan District was held via conference call in accordance with the applicable statutes of the State of Colorado, with the following directors present and acting:

Ken Grant (by videoconference/phone)
Rodney Elmore (by videoconference/phone)
Fred Blackmon (by videoconference/phone)
Sara Dieringer (by videoconference/phone)
Christopher Miller (by videoconference/phone)

Also, present: Lisa Mayers, District Counsel, Spencer Fane LLP (by videoconference/phone); Angela Elliott, District Manager, and Marlene Pappas, Teleos Management Group; (by videoconference/phone); Public was present at meeting (by videoconference/phone).

CALL TO ORDER:

On behalf of the Board, District Counsel Mayers noted that a quorum was present, and the meeting was called to order at 12:10 pm.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST:

The Board noted that disclosure statements had been filed on behalf of the members of the Board of Directors with the Office of the Colorado Secretary of State and with the Board of Directors of the District.

Director Blackmon stated his concern with the Cardel board members Conflicts of Interest filed with the Office of the Colorado Secretary of State.

Point of Order inserted here

Director Blackmon Point of Order:

Conflict of Interest – During the June 1, 2021, Board Meeting, I raised the concern and error that the Cardel Conflicts of Interest filed with the Office of the Colorado Secretary of State and on behalf of the Board of Directors of the District was agreed upon by the Board and that any potential conflicts, if any, have been disclosed. I stated, I hadn't seen the Cardel Conflicts of Interest and therefore unable to determine if there are any issues. Director Elmore stated he hadn't seen the Cardel Conflicts of Interest either. Director Grant remained silent and provided no feedback. As a follow up later that day on June 1st, District Counsel Mayers sent an email to the Board with a link to the Cardel Conflicts of Interest filed by Cardel.

After a detailed review of the two Cardel filed Conflicts of Interest, I believe Director Dieringer and Director Miller have a conflict with their fiduciary obligation to exercise the utmost good faith, business sense, and astuteness on behalf of the District as outlined in SDA Board Member Manual, section F1, Fiduciary Obligations, 24-18-109, C.R.S; since the agenda item before the Board could require Director Dieringer and Director Miller, without recusal, to vote on the District to assume responsibility of the split rail and privacy fences with funding from Cardel to the District per Diane Wheeler, Simmons & Wheeler. The payback by the District to Cardel is approximately 12% interest.

In accordance with, the SDA Board Member Manual, Chapter VII, Conflict of Interest, Director Dieringer and Director Miller, should disqualify themselves from voting or attempting to influence the decisions of other members of the Board on the fence homeowner vs District ownership and maintenance agenda item.

District Counsel Mayer stated we should hear the discussion and suggested we postpone any disqualification until later in meeting.

Upon motion duly made, seconded, and unanimously carried, the Board directed that said disclosures be incorporated herein.

DIRECTOR MATTERS:

A. Discussion and possible action on privacy and split rail perimeter fencing and determination of homeowner vs District ownership and maintenance.

Director Miller stated the purpose of meeting was to determine who is responsible for maintaining the fence, in particular lots 80 through 83 that Cardel installed. Should it be stained red to match DR Horton's fence and who should maintain the fence? Director Grant stated he has never seen a situation where the outside fence wasn't maintained by the District.

District Counsel Mayers noted the rules state owners are responsible for improvements on their lots. She noted that most documents are more explicit including who maintains it but does not see it in the documents. Is the district willing and able to maintain the fence on the property line is the main point? The stain issue is only in the guidelines.

Discussion of joint maintenance was suggested.

Director Dieringer clarified the fence is installed and paid for by Cardel and maintained by them and in proper order when installed. As of now Cardel is following the staining that is in the documents. It is done only when installed.

Director Blackmon asked about the guidelines on staining/clear coating and what are the costs from the installer. He does not support that the cost should be put on owners or potential owners. He said costs should fall on the builder until District receives sign off from Douglas County.

Manager Elliott noted another project in Castle Rock was approximately 7,800 lineal feet and fence stained and power washed for a cost of \$26,000. Lineal feet are not known for the fence being discussed.

District Counsel Mayer explained the developer does not have an interest in the property any longer and does not have access or control over the property. It is either the District or the homeowner. If it is the District, then the District owns the property that the fence is installed, or a homeowner does, and Cardel doesn't have a continuing ownership of the property. Also, she thought county signoff isn't relevant to the fence ownership or maintenance.

Director Dieringer clarified that staining is not permitted at this time. They are installing with a clear coat. Staining is the other Metro Districts requirement.

Discussion on primary issue of whether we allow certain fences that back into DR Horton be stained or clear coat. Director Dieringer said when stain is not a natural color the homeowner wants to know who is responsible to maintain it. Director Dieringer clarified it is lots in the second filing – lots 80 to 83 - the middle section only.

Following discussion, upon motion duly made by Director Elmore to allow the fence staining of Lots 80-83 red, seconded by Director Dieringer, and unanimously carried, the Board approved the red stain only on Lots 80-83 by Cardel.

Director Grant said another motion was needed about who will maintain the fence and Director Dieringer suggested the motion be for all fencing within the District.

Director Elmore does not think Phase I has any clear coating applied to the fence. Director Dieringer could not say for sure it was done.

Director Elmore permitted public comment requested before vote.

Kristin for Lynn Caruso – Homeowners are not allowed to build fences on their property. Therefore, she does not believe homeowners should be required to maintain the fence.

District Counsel Mayers reminded her that the declaration specifically states that homeowners maintain the improvements on their lots.

Director Blackmon said split rail fences installed should have clear coat and then the District will take maintenance of them after Cardel does the clear coating.

Director Dieringer said fences will be done per spec with the clear coat for Filings 4-6 (the west section) will be Cardel fencing with the clear coat. She will go back to see which fences were installed in Filing 1 and get back to board.

Director Blackmon was concerned also about the loose fence, debris, and dead bushes along North of Barrentine Loop near the mailboxes. District Counsel Mayer said that was

a separate direction for the maintenance to be performed. Manager Elliott said she would get some bids on the fence.

District Counsel Mayer clarified the motion pending before the Board was for the Metro District to maintain all perimeter boundary fencing and subject to Director Blackmon's amendment to fences being installed to have an initial clear stain and/or sealant by the builder (Cardel).

Manager Elliott asked if this was interior or exterior or both. Director Dieringer proposed that the District only be responsible for the exterior of the fence and homeowners be responsible for interior. Further discussion followed that it would be easier for the District to maintain both sides and was up for Board discussion. Directors Blackmon and Dieringer both supported that the District maintain all boundary fencing both interior and exterior after clear coat done by Cardel.

Following discussion, upon motion duly made, seconded, upon vote and unanimously carried the Board approved the District to be responsible of the boundary fencing (both interior and exterior) within the District after clear coat done by Cardel.

OTHER:

Director Blackmon had an issue on how this meeting came together. He stated, "Someone or members on our District Management team has made decisions for the Board, acted as the Board, and/or acted outside of Board meetings and determined this Special Meeting was necessary, urgent, and approved without Board discussion or feedback. Per Manager Angela's July 8th 6:54PM email, "We have a quorum." Who is "We", when and where was this subject discussed, and who was in attendance or included in those emails? Those emails should be shared with the entire Board, if necessary, sent individually to avoid any appearance of constituting a meeting. I am requesting those emails be shared with the entire Board. As a Board, we must address this at our regular meeting in November or create some By Laws to address Special Meetings."

District Counsel Mayer stated that there is legislation taking affect Sept 6, prior to the next meeting, where they don't constitute an open meeting which has been an ongoing issue throughout the state.

Director Blackmon was also concerned about the cost, urgency, or emergency to hold this Special Meeting that couldn't wait until our regular scheduled meeting in 4 months on Nov 2nd ?

Director Dieringer stated there was a resident complaint about the clear coat and/or red stain, Cardel has a pending offer for a home, and these issues need to be resolved.

Director Blackmon also discussed the sidewalk corrosion mentioned along Michaela Way that must be repaired or replaced. Further discussion was tabled for the November agenda. Manager Elliot said she would get some bids.

PUBLIC COMMENT:

Kristin Caruso for Lynn Caruso on lot 82 appreciated Director Blackmon's concern about homeowners paying for the staining/maintenance of fences they didn't install. She asks for documentation about the ownership and the snow stored by fences to be made in clear, timely communication.

ADJOURNMENT:

There being no further business to come before the Board of Directors at this time, upon motion duly made, seconded, and unanimously carried, the meeting was adjourned at 1:13 p.m.

The foregoing minutes constitutes a true and correct copy of the minutes of the special meeting held on July 13, 2021 and was approved by the Board of Directors of the Villas Metropolitan District.

Respectfully Submitted,

President

Secretary for the Meeting