

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF
INSPIRATION METROPOLITAN DISTRICT

Held: Tuesday, November 8, 2022, at 5:30 p.m. via video conference

Attendance

The Regular meeting of the Board of Directors of the Inspiration Metropolitan District was called and held as shown above and in accordance with the applicable statutes of the State of Colorado. The following directors, having confirmed their qualification to serve on the Board, were in attendance:

Holly Svetz
Maurice Smith
Dennis Colwell
Aaron Curtiss
Rick Forsman

Also present were:

Heather Hartung, White Bear Ankele Tanaka & Waldron, Attorneys at Law; AJ Beckman, District Manager, Kate Innes, Resident Relations Manager, Sarah Warner, Landscape and Facilities Superintendent, Geol Scheirman, District Manager, Noel Nail, Administrative Manager, Justin Janca, Landscape and Facilities Manager, Public Alliance, LLC; Sharon Sulzle, Advanced Management (“AMI”), Anastasia Urban, Janelle Kelley, Brookfield Residential; Shawn Wissel, Contour Services; and Dawn Jones, CliftonLarsonAllen, LLP.

The following members of the public were in attendance: Courtney Thomas, Carla Baglione, Dave Svetz, David Bourcier, Debbie Hardesty, Debra Hessler, Denise Dittman, Diane Coston, Doug MacCarthy, Eileen and David Brown, Jaci Gentile, Jenn and Don Gould, Joe Ducey, Jon Doyle, Kathy Forsman, Kevin Buehner, Mark Berkstresser, Mike Borman, Renato Barteleto, Rick Coldsnow, Robert Moore, Russ Paper, Sandra Budden, Sharon Macway, Tracy Nichols, William Thomas, Yolanda Treviso, and Karen Chambers.

Call to Order

It was noted that a quorum of the Board was present, and the meeting was called to order at 5:30 p.m.

**Conflict of Interest
Disclosures**

Ms. Hartung advised the Board that pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. Ms. Hartung reported that disclosures for those directors that provided White Bear Ankele Tanaka & Waldron with notice of potential or existing conflicts of interest were filed with the Secretary of State’s Office and the Board at least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged by the Board. Ms. Hartung

inquired into whether members of the Board had any additional disclosures of potential or existing conflicts of interest with regard to any matters scheduled for discussion at the meeting. No additional disclosures were noted. The participation of the members present was necessary to obtain a quorum or to otherwise enable the Board to act.

Approval of Agenda

Director Curtiss presented the agenda to the Board for consideration. Following discussion, and upon a motion duly made by Director Forsman and seconded by Director Smith, the Board unanimously approved the agenda as amended to strike the October 20, 2022 Special Meeting Minutes from the Consent Agenda, remove Tract A Phase 1 of Filing 15 from consideration, and add approval of winter watering proposals from BrightView Landscaping Services, Inc. (“BrightView”), approval of concrete pads for bench locations, and approval of a statement of work from CliftonLarsonAllen, LLP.

Public Comment

None.

Consent Agenda

The following items on the consent agenda were considered routine or administrative. Following a summary by Director Curtiss, and upon motion duly made by Director Svetz, seconded by Director Smith, and upon vote unanimously carried, the Board took the following actions:

- Approved the October 6, 2022 Special Meeting Minutes, and October 11, 2022 Regular Meeting Minutes.
 - Approved the Common Area Committee Minutes from September 20, 2022.
 - Approved the Residential Improvement Committee Minutes from September 21, 2022.
 - Approved the Social Committee Minutes from October 27, 2022.
 - Approved the Services Center Committee Minutes from October 5, 2022.
 - Ratified the Resolution to Appoint Member to Finance Committee.
 - Ratified the Independent Contractor Agreement with Front Range Recreation, Inc. for 2023 Swimming Pool Management.
 - Ratified the Short Form Independent Contractor Agreement with CTL Thompson for Geotechnical Investigation.
 - Ratified the Third Addendum to Independent Contractor Agreement with Public Alliance, LLC (“Public Alliance”) for additional field technician services in 2022
 - Ratified the Independent Contractor Agreement with A-1 Chipseal, Co. for repairs to Rockinghorse Private Road
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- Ratified the Eleventh Addendum to Independent Contractor Agreement with BrightView for Deep Root Tree Watering.
- Ratified Requisition 6 to the Subordinate Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds Series 2021B in the amount of \$40,567.54.
- Ratified the First Addendum to the Independent Contractor Agreement with Masterful Masonry, Inc. for Fire Pit Stone Top Installation.

Management Update
Manager's Report

Mr. Beckman and Ms. Innes reviewed the management report with the Board (attached hereto and incorporated herein by this reference).

Mr. Beckman reported that Shad Ortiz began work as the Field Services Tech for three days per week on October 24, 2022. He introduced Geol Scheirman as a District Manager with the Public Alliance team, and indicated that he would assist with work on Inspiration Metropolitan District at a lower billable rate than Mr. Beckman for District Management work.

Mr. Beckman announced that picnic tables were delivered and set up in the Hops Garden, and the old tables were donated. He reviewed the status of the swimming pool grant funding and noted that all grant funding proceeds were received, and the grant is now closed out. He then advised the Board that he received confirmation from Toll Brothers that the site where their office is located will soon be vacated and the District should decide if it would like to consider something other than returning the area to native.

Resident Relations

Ms. Innes reported that Public Alliance sent 5 eblasts and fielded 92 resident inquiries for the month.

She made the following landscaping and facilities updates:

- The East Rockinghorse private road repair is scheduled for this month.
 - With the swimming pool closed and winterized the sand volleyball court is available for use, weather permitting.
 - Fence staining is in progress in Filing 3, and Filing 8 is complete.
 - Demolition and replacement of the play structure and shade sail is scheduled for November 14, 2022, and it is expected to take approximately one week.
 - Winterizing of the irrigation system is in process. Thirty-two repairs were completed by maintenance techs in October.
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*BrightView 2023
Landscaping Services
Proposal*

Mr. Beckman then presented to and reviewed with the Board the proposal from BrightView for 2023 Landscaping Services, from April 1, 2023 through December 31, 2023, and will terminate at the end of the 2023 fiscal and calendar year.

Director Forsman inquired as to whether this proposal included the assumption that the District will accept tracts. Ms. Warner responded that this proposal includes current District property, as well as Tracts 15 and 17, but not Tract 14, or anything conditionally accepted.

Following discussion and review, upon a motion duly made by Director Smith, seconded by Director Curtiss and, upon vote unanimously carried, the Board approved the April-December 2023 Landscaping Services Proposal.

Tract Turnover

Mr. Beckman presented to and reviewed with the Board the Tract Turnover report, attached hereto and incorporated herein by this reference

*Filing 15, Tracts B, C, D
and E*

Discussion ensued regarding the condition of the tracts. Following discussion, and review, upon a motion duly made by Director Curtiss, seconded by Director Smith and, upon vote unanimously carried, the Board determined to consider acceptance of the tracts following confirmation of completion of all punch list items.

*Filing 16, Tracts A, B, C, D
and F*

Following review and discussion the Board determined to accept the maintenance responsibility associated with the Neighborhood Activity Center within Tract A. The remainder of Tract A and Tracts B, C, D and F will be considered following confirmation of outstanding punch list items.

Filing 18 Tracts B and C

Following discussion, the Board determined that the tracts are not ready for consideration.

*2022-2023 Monthly Winter
Watering Proposal*

Mr. Beckman reviewed the proposal with the Board. He explained that the contract would be an addendum to the 2022 BrightView Independent Contractor Agreement which terminates on March 31, 2023. He further explained that each of the five monthly waterings will be applied only if necessary, and watering as requested by BrightView will be a condition of maintaining the existing warranties.

Following discussion and review, upon a motion duly made by Director Svetz, seconded by Director Smith and, upon vote unanimously carried, the Board approved the 2022-2023 Monthly Winter Watering Proposal.

Services Center Updates

Committee Update

Mr. Coldsnow reported on the status of the site plan. He noted that that the recent survey confirmed that the footprint of the existing improvements is smaller than the plans on file with the City of Aurora (“the City”). He discussed the steps necessary to present a design package to the City, which he expects will take approximately 3-6 months. He reported that the geotechnical contract is in place, and the District will likely need to add parking spaces.

Quintessence Proposal

The Board discussed the proposal from Quintessence Design Group, LLC. Following discussion, the Board deferred approval until the December Board Meeting.

Social Uses Survey

Mr. Coldsnow reviewed the draft survey with the Board. Director Svetz suggested adding additional activities for children and to make the survey more family friendly. Director Curtiss suggested that the questions should be open ended and not a required field to be inclusive of those without young children.

Directors Svetz and Curtiss thanked the Committee for their work and noted that they cut costs by 60%, as well as provided for less negative impact on fewer people.

Residential Improvement Updates

Residential Improvement Committee Update

Mr. Schubert presented his update to the Board. He noted that the Committee has less than twenty-five open design approval requests at this time.

AMI Report

Ms. Sulzle reviewed her report with the Board. She reported that there are 161 open violations. There were inspections on October 13, 2022, November 4, 2022, and a night inspection on October 27, 2022, and a large share of violations were resolved during inspections

Revisions to the Guidelines

Mr. Schubert presented proposed revisions to the residential improvement guidelines for lots. He noted that they clarify the authority of the District and the City and provide a limit to parking Recreational Vehicles in driveways to eight occasions per thirty day period. Discussion ensued regarding the definition of an occasion.

Following discussion and review, upon a motion duly made by Director Svetz, seconded by Director Curtiss and, upon vote unanimously carried, the Board approved the proposed changes subject to inclusion of definition of the term “occasion” as discussed.

Committee Application

Director Svetz presented to the Board an application for appointment to the Committee and informed the board of the resignation from Terry Davis.

Following discussion and review, upon a motion duly made by Director Colwell, seconded by Director Curtiss and, upon vote unanimously carried, the Board approved the application of Rachel Lynch.

Proposed Changes to the Covenants and Restrictions

Ms. Hartung presented proposed changes to Covenants and Restrictions to the Board and explained that her office worked together with Directors Curtiss and Svetz on drafting the document. The draft will go to the Committees and Special Counsel for review.

Director Svetz explained that the document is the District's primary enforcement document, but is generally out of date and identifies the District and amenities with incorrect names. In addition, the document does not address issues such as short-term rentals.

Social Updates

Social Committee Update

Ms. Innes presented the Committee update with the Board. She reported that the main event season is finished, with only the Holly Jolly Jamboree remaining in 2022. There will be a parade for anyone that would like to join, and the event will include hot chocolate and cider trucks, as well as a visit from Santa.

Committee Application

Ms. Innes presented to the Board an application for appointment to the Committee.

Following discussion and review, upon a motion duly made by Director Curtiss, seconded by Director Colwell and, upon vote unanimously carried, the Board approved the application for Joy Williams.

Common Area and Landscaping Updates

Common Area Committee Update

Mr. Berkstresser reported that Ms. Innes distributed a survey to the community for renaming various areas and trails in the District.

East Rockinghorse Parkway and East Rockytop Avenue Seal Coat Proposal

Mr. Berkstresser presented to and reviewed with the Board a proposal from A-One Chipseal for two applications of polymer modified sealcoat on East Rockinghorse Parkway and East Rockytop Avenue (private roads).

Director Svetz asked about the condition of East Rockinghorse where repairs are being made under a separate scope of work. Mr.

Berkstresser explained that two separate contractors that bid on the project were concerned that something was wrong with the subgrade, as the road failure did not appear to be normal wear and tear. He opined that it could be a utility issue, or could be caused by the underdrain system, and explained that once the repairs are underway will know more.

Following discussion and review, upon a motion duly made by Director Curtiss, seconded by Director Colwell and, upon vote unanimously carried, the Board approved the proposal detailed as option No. 2 of the September 14, 2022 proposal from A-One Chipseal to apply two coats of polymer modified coating for an amount not to exceed \$9,000.

Committee Applications

Director Smith presented two applications for appointment to the Committee.

Following discussion and review, upon a motion duly made by Director Colwell, seconded by Director Curtiss and, upon vote unanimously carried, the Board approved the applications for Angela Seitz and Robert Ellixson.

Shade Sail Placement Update

Mr. Janca presented to the Board a diagram of the play structure and proposed placement of the shade sail. He explained that the original design for placement is not possible due to the height of the structure, and a proposed movement to the south will allow for the sail to fit as well as provide shade to more of the structure.

Concrete Pads for Trailside Benches

Ms. Warner presented to the Board a proposal for installation of two concrete pads on the trail between Inspiration Club and Inspiration Lane, for bench placement in the future, funded by the Adopt A Bench program.

Following discussion and review, upon a motion duly made by Director Colwell, seconded by Director Forsman and, upon vote unanimously carried, the Board approved the proposal for an amount not to exceed \$600 per concrete pad.

Finance Updates

Finance Committee Update

Mr. Paper presented the Committee's Report to the Board. He informed the Board that the Committee is working on project succession planning as several members are term limited. He reported that minor adjustments were provided for the budget, and that the Committee recommends approval.

Unaudited Financial Statements

Director Colwell reviewed the unaudited financial statements for the period ending September 30, 2022 with the Board.

Following discussion and review, upon a motion duly made by Director Curtiss, seconded by Director Svetz and, upon vote unanimously carried, the Board accepted the unaudited financial statements as presented.

Payment of Claims

Director Colwell reviewed the claims list with the Board.

Following discussion and review, upon a motion duly made by Director Curtiss, seconded by Director Svetz and, upon vote unanimously carried, the Board approved the payment of claims as presented.

2022 Budget Amendment Hearing

Mr. Beckman noted that notice of a Public Hearing was published in a paper that is circulated in the District prior to the meeting and there was no comment from the public prior to the meeting.

Director Curtiss opened the public hearing. There being no comment from the public, Director Curtiss closed the public hearing.

Ms. Jones presented the 2022 Amended Budget to the Board. She explained that total expenditures will exceed budgeted amounts in the debt service and capital projects funds.

Director Svetz explained that amending a budget is common and is required due to statutory requirements.

Upon motion duly made by Director Colwell, seconded by Director Smith and, upon vote unanimously carried, the Board approved the 2022 Budget Amendment as presented.

2023 Budget Hearing

Ms. Jones presented the 2023 Draft Budget to the Board. She pointed out that the budget includes a reduction in total mill levy of close to 14 mills, and that quarterly assessments will remain static, with no increase in fees. She reported that the 2023 budget funds the reserve according to the recommended amount in the reserve study.

Mr. Beckman noted that notice of a Public Hearing was published in a paper that is circulated in the District prior to the meeting and there was no comment from the public prior to the meeting.

Director Curtiss opened the public hearing.

Mr. Paper pointed out that the Finance Committee's recommendation to reduce the mill levy will still allow for significant fund balances at the end of 2023.

There being no further comments from the public, Director Curtiss closed the public hearing.

Director Svetz read a statement for the Board, attached hereto and incorporated herein by this reference.

Discussion ensued regarding fees versus assessments. Directors Svetz and Curtiss would like to add the discussion of a property tax increase to eliminate the quarterly fee to the next Board meeting.

Ms. Hartung presented to and reviewed with the Board the Resolution Adopting the Budget, Imposing Mill Levy, and Appropriating funds therefor (Proposed as General Fund of 8.000, Debt Service Fund of 45.000, and Contractual Obligation Expenses Fund of 1.112).

Following discussion and review, upon a motion duly made by Director Colwell, seconded by Director Curtiss and, upon vote unanimously carried, the Board approved the 2023 Budget and Resolution as presented.

*CliftonLarsonAllen,
Statement of Work for 2023*

Ms. Jones presented a Statement of Work for 2023 by CliftonLarsonAllen, LLP. She explained that this reflects a “time and materials” rather than a “flat rate” billing structure for the billing component. The Statement of Work also includes a rate increase of approximately 12 to 15 percent.

The Board discussed approving with a “not to exceed” amount for billing services that would not exceed the flat rate that was agreed to in prior years.

Following discussion and review, upon a motion duly made by Director Curtiss, seconded by Director Svetz and, upon vote unanimously carried, the Board approved the Statement of Work subject to final revision to the imposition of an annual billing cost not to exceed \$65,527.20.

Following completion of this portion of the meeting, Ms. Jones excused herself.

Legal Updates

Annual Administrative Resolution

Ms. Hartung presented to the Board a 2023 Annual Administration Resolution.

Following discussion and review, upon a motion duly made by Director Forsman, seconded by Director Colwell and, upon vote unanimously carried, the Board approved the Resolution.

Election Resolution

Ms. Hartung presented to the Board a Resolution Calling the May 2023 Election.

The Board discussed education and packets for ballot initiatives.

Following discussion and review, upon a motion duly made by Director Curtiss, seconded by Director Smith and, upon vote unanimously carried, the Board approved the Resolution.

809 Transparency Notice

Ms. Hartung presented to the Board an 809 Transparency Notice, and explained that it is a statutory compliance item that must be filed every January.

Following discussion and review, upon a motion duly made by Director Svetz, seconded by Director Colwell and, upon vote unanimously carried, the Board approved the Notice.

Fee Resolution

Ms. Hartung presented to the Board an Amended and Restated Resolution Concerning the Imposition of an Operations Fee.

She explained to the Board that the District has been operating under a Fee Resolution from 2015, and the underlying fee structure has changed over the years. She explained that the fees remain the same for 2023, but the resolution contains revisions to the body of the original document and will take effect January 1, 2023.

Following discussion and review, upon a motion duly made by Director Svetz, seconded by Director Curtiss and, upon vote unanimously carried, the Board approved the Resolution.

Other Business

SDA Membership

The Board discussed renewal of the Special Districts Association of Colorado (“SDA”) Membership for 2023.

Following discussion and review, upon a motion duly made by Director Forsman, seconded by Director Colwell and, upon vote unanimously carried, the Board approved the SDA renewal.

Insurance Renewal

Following discussion, the Board deferred this item until the December Board Meeting.

Public Comment

There was no public comment.

Adjournment

Upon a motion duly made by Director Curtiss, seconded by Director Smith, and upon vote unanimously carried, the meeting was adjourned at 9:08 p.m.

The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.

DocuSigned by:

Holly Emrick Suetz

Secretary for the Meeting

Director Holly Svetz Concerns and Misgivings Regarding the Proposed 2023 Budget

I have two main points

- (1) Reduction in the General Fund mill levy rather than reduction in quarterly assessments
- (2) State of Inspiration Metro District's Finances in 2025

First, the reduction in the General Fund mill levy from 11, which is level at which it has been set since 2010 when taxes were first collected is contrary to the advice of all of our wise and experienced advisors. Our lawyers, accountants, and District manager all have advised that the most efficient and least problematic means of generating revenue is to eliminate quarterly assessments and have it all in property tax collection by Douglas County. In interacting with representatives from other metropolitan districts in South Aurora I have learned that our quarterly assessment is very unusual. I can only surmise that the developer was looking for increased cash flow. And, real estate agents polled by the Finance Committee unanimously said that elimination of quarterly assessments would make home sales in Inspiration more attractive.

I have heard some say that they think their house is more expensive than others and think they will pay significantly more with only property taxes. I won't go through the math here, but the difference is marginal. The important point here is that by continuing to maintain two separate streams of revenue and pay both Douglas County for property taxes and CLA for quarterly assessments to collect our monies and then pay our collection attorneys to collect quarterly assessments not duly paid, is that EVERY SINGLE Inspiration resident is paying more than they should.

I would rather see the quarterly assessment eliminated. By reducing the property taxes now, it will be a big shock in 2025 when they need to be increased and the Finance Committee's proposed approach recognizes the need for an increase in 2025. If we don't eliminate the quarterly assessment, I would prefer the General Fund mill levy return to its historic level of 11 mills to smooth out the impact in 2025.

Second, I appreciate the desire of my colleagues to give something back from the very wise and timely refinancing of our debt in December 2021 from around 6.5% to around 3.5% led by Dennis Colwell. I second chaired that refinancing with Dennis and saw every step that resulted in the best team of bankers, advisors, and consultants, and the best outcome. All that happened in December 2021, though. Inflation was less than 5% and we hadn't returned to many of the District projects that were on hold during the pandemic. Yes, there is excess money in the coffers now, largely due to the District not accepting tracts not yet meeting our standards under the agreement with the developer and because Rick Forsman led such a successful irrigation renovation project that reduced water costs. Those excesses will be all gone by 2025 under current projections.

We are not finished finding surprises. Last year right before we voted on the budget, we discovered one underdrain system and that many of our drainage ponds needed significant refurbishing. This year we found another underdrain system and two streets the District owns and must maintain.

I will vote to accept the Finance Committee's proposed 2023 budget. The Committee has performed significant work in understanding all of our contracts, costs, and the multi-fund budget of the District. It covers what we need for the next year.

But I want it on the record that I do not feel that the reduction in the General Fund mill levy is in the best interest of the residents of Inspiration either in the short term or in the long run.