

**HEATHER GARDENS METROPOLITAN DISTRICT
REGULAR MEETING
Thursday, September 17, 2020**

The regular meeting of the Board of Directors of the Heather Gardens Metropolitan District was held via Zoom/Telephone in the office of the District, 2888 S. Heather Gardens Way, Arapahoe County, Colorado, on Thursday, September 17, 2020 at 1:00 P.M.

CALL TO ORDER: President Funk called the meeting to order at approximately 1:01 P.M. on Thursday, September 17, 2020. A quorum was present.

BOARD MEMBERS PRESENT: President David Funk, Vice President Michael George, Treasurer and Secretary William Archambault, and Directors Rita Effler and Fran Clemens.

BOARD MEMBERS ABSENT: None.

STAFF PRESENT: General Manager Calvin White, Controller Jon Rapacki, Operations Manager Jon Rea, and Board Assistant Evelyn Ybarra.

GUESTS PRESENT: Jennifer Ivey, Icenogle Seaver Pogue, P.C., four members of the Heather Gardens Association Board, Lynn Donaldson, with Heather 'n Yon, and approximately 30 members of the public were present.

APPROVAL OF MINUTES: Motion made by Treasurer and Secretary Archambault and seconded by Vice President George and passed unanimously to approve the minutes of the August 20, 2020 Regular Meeting as corrected.

REPORTS OF DIRECTORS, COMMITTEES, AND PROFESSIONAL CONSULTANTS:

President Report: President Funk reported as follows as the Chair of the Property Policy Committee: Don O'Gorman in our Contractors Department is working on getting updated information from the City of Aurora regarding the crosswalk. At 13692 E Marina Dr., the parking area will be prioritized to paint the stripes, and the delineated area will be used for various projects.

General Manager's Report: General Manager White reported that one of his concerns is the company that is installing the crosswalk stated no warning indicators were being proposed at this time. He and Operations Manager Rea will work with Don O'Gorman to find out if the City would be having signage or potential warning lights north and south of the intersection that would give advance notice that the crosswalk is coming up. General Manager White will follow up with President Funk on any updated information regarding the crosswalk and the drawings.

The Board received a copy of the General Manager's Statement of Work (SOW) report. General Manager White plans to improve the SOW report structure to have all the departments be consistent. He welcomes any feedback from the Board for any improvements.

Treasurer and Secretary Archambault commented that the Golf Committee did not want a golf cart beverage that was listed on the SOW report under the restaurant. General Manager White commented he would remove it from the report.

Director Effler asked why the restaurant expense was over \$4000 this month based on the motion to have the restaurant open for five days a week that the wages and benefits would not exceed in revenue. General Manager White commented there was a calculation mistake on the part-time wages in the monthly operation analysis (MOA) this month that will be corrected in next month's MOA that will reduce the overage between \$2000/\$3000. The part-time staff is also being paid an hourly rate that includes HERO pay that ends in September, reducing overage between \$2000/\$3000. They are running consistently to the business and financial model that was set. He hopes to open for Sunday brunch which will help offset as they do not need to increase labor as they can with revenue.

Director Effler commented that people are misinformed, thinking we cannot charge a reasonable fee like the private industry because we are a non-profit corporation that is subsidized. We can make a profit in golf, restaurant, and the RV lot, and we do not have to run a deficient. General Manager White commented there is a difference between the Association and District, and what she described is how the Association is as it was created under the Non-Profit Act. The Association can make a profit, and the way it is handled is any surplus is put into future budgets. Attorney Ms. Ivey commented the District is a governmental entity that is different from corporate entities. It is not set up to make a profit and should be revenue-neutral. The District fees for the services/facilities it provides should be paying the reasonable cost for those services/facilities for which the fee is charged. For example, restaurant fees should not be used to subsidize the golf course operations. They are like separate buckets that are not commingled. General Manager White commented, which is different from the Association, it is one big bucket lumped together even though they are separated by fee structure. Some generally accepted accounting principles are followed, like the capital money and operations money is kept separately. The recreation fee collected by the HGA and which Ms. Ivey likens to an amenity fee, is for all District amenities and can therefore be used for any of the District's buckets; however, it is needed.

General Manager White will be working with Clubhouse Manager Aluise to roll out classes in the Clubhouse in mid-October, extend hours for the indoor pool, and open the coffee lounge with social distancing.

The Restaurant is going to be opening indoors starting the first week of October. First, five days open, and the next step is to open for a Sunday brunch. When the Committee

provides the Business Plan, it will be implemented, and in the meantime, will stay where it is today a five-day week schedule outdoors until it is moved to indoors.

The Golf has been more consistent and similar to normal business operations. Both the revenue and the play have been strong. General Manager White anticipates that Golf will continue to be a strong activity for the Aurora community.

Clubhouse/Restaurant Committee: Director Effler reported that the Board received a copy of the report and asked if there were any questions or comments.

President Funk asked if the Business Plan for the restaurant was ready. Director Effler stated that a Committee member, Ms. Alexander, was still working on it. There were no further questions or comments.

Foundation Committee: Director Clemens reported that the Board received a copy of the report. Two motions will be discussed: removing the Kiosk in the Clubhouse and purchasing heaters for the restaurant's patio. The Mask Warriors memorial fund for a bench will need to go back to the Committee as the bench's cost is more than what is in the fund. The trees that have been purchased for last spring have been planted. The two memorial trees were also planted, the Japanese lilac near the golf shack and the cherry tree at the garden's entryway. The memorial ceremony for Jeanne Hizer will be held in October. The date will be published in Heather 'n Yon. There were no questions or comments.

Golf Committee: Vice President George reported that the Board received a copy of the report. He noted that the Committee voted 2 to 1 with 1 abstention not to have a beverage golf cart running around the golf course. Golf is doing is better than last year.

President Funk confirmed that people could not bring alcohol to the golf course as the liquor license has been extended. General Manager White clarified that the liquor license belongs to the District, and a map has been provided where liquor can be sold, which includes the Golf Course. Director Clemens asked if there was a marshal. General Manager White confirms there was a marshal part of the time. There were no further questions or comments.

Property Policy Committee: President Funk commented he already reported his update under the President's Report. There were no questions or comments on the report.

Treasurer's Report: Treasurer and Secretary Archambault reported the Budget and Finance Committee meeting highlights from Monday, September 14.

The Nice Group (financial advisors for HGA) discussed current and future returns on investments. One of the primary principals which HGA uses for investments is the safety and security of the principal amount invested. Given that all investments have been in CD's and do not exceed the amount covered by FDIC insurance. That insurance guarantees the safety of the principal invested. The downside of investing in CD's is that

the current rate of return generally is .01%. A five-year investment might yield .04%. The investment advisors talked about some very safe annuities that are currently paying a higher rate of return. The Committee and the HGA Board are considering this option. It would require a change to the HGA investment policy. The financial statements for both HGA and HGMD were reviewed, and questions were answered.

The Committee reviewed and recommended to the HGA Board 3 motions dealing with HGA projects:

- 1) An additional amount of \$388,463 for the post-tension cable work on Parking Structures 1 and 2. The additional amount increases the total for the project to \$641,900.
- 2) 2020 Carpet replacement project at the cost of \$93,000.
- 3) Approved \$54,131 for Building 223 and 224 6th floor Lanai Fascia Replacement

As a reminder, the 2021 Budget workshop will begin a 9:00 A.M. on Monday, September 28. The Budget and Finance Committee members will meet in the Clubhouse Auditorium using social distancing. The four days of the workshop will be available via Zoom. There will be time allowed for questions from Board Members and residents. Treasurer and Secretary Archambault encouraged all HGMD and HGA Board Members to join the Zoom meetings. There were no questions or comments.

September 2020 Monthly Operating Analysis (MOA): Treasurer and Secretary Archambault reported the Board received a copy of the MOAs. The Budget Exceptions Report on page 1, the net subsidy for the Clubhouse, Golf, and Restaurant were not entirely correct but are correct on the individual profit and loss statements. Senior Accountant Matt Schmidt will have this corrected on next month's MOAs. The Golf is doing very well given the restrictions of COVID. The other change necessary on the financial is the Golf usage report under the year-to-date (YTD) tally shows 13,492 rounds played. One month was missed, and that was for July that should have tally roughly 17,000 rounds played that will be corrected next month.

Director Effler commented that Golf was over on expenses and asked if the Paycheck Protection Program (PPP) will offset the cost. General Manager White commented that the PPP would cover the HERO pay and the salary pay when closed to offset the expense. At this time, he did not know the exact dollar amount. He will be meeting with the Controller Jonathon Rapacki and the Auditor Russell White this month to go over the current forgiveness calculations. There have been many numerous changes. General Manager White is hoping to have an estimate on the next Board meeting of the HERO pay. Controller Rapacki confirmed that they are working on an analysis that will show how much wage overage will apply to HERO pay. There were no further questions or comments.

UNFINISHED BUSINESS: None.

NEW BUSINESS:

- a.) **Motion to Consider Removing and Dispose of the Kiosk from the Clubhouse:** Motion made by Director Clemens, and seconded Treasurer and Secretary Archambault and passed unanimously as amended.

Text of Motion: Based on the recommendation of the Foundation Committee, I move that the HGMD owned Kiosk located in the Clubhouse lobby be deactivated, disconnected and its use for noting Foundation Committee donations be abandoned; and that the Kiosk itself be returned to the vendor or disposed of in an environmentally sound recycling manner with reimbursement up to \$100 secure by Foundation funds.

Public Comments/Discussion on the Motion:

Director Effler asked who will remove the Kiosk from the Clubhouse. Director Clemens commented with the help of staff putting it in her vehicle; she will personally haul it away for recycling.

A resident asked if the HGMD can sell the Kiosk. Director Clemens commented that she does not know where to sell it as it is over ten years old.

Vice President George asked if it will be valuable to the church hosting the electronics recycling to help them track their donations. Director Clemens commented she would ask the church.

A resident commented the hard drive would need to be erased. Director Clemens commented there is no personal information other than the names and amounts of public donations.

A resident asked what about selling it through Craigslist and that he will assist Director Clemens in selling it. Director Clemens asked the resident to send his contact information via email to coordinate on how to go by listing it on Craigslist.

- b.) **Motion to Consider Purchasing Four Propane Fueled Patio Heaters and Propane Tanks for the Rendezvous Restaurant:** Motion made by Director Clemens, and seconded Treasurer and Secretary Archambault and passed unanimously as amended.

Text of Motion: Based on the Foundation Committee's recommendation, I move that the HGMD Board of Directors authorize and fund the purchase of four propane-fueled patio heaters and the necessary propane tanks for their use at the Rendezvous restaurant. Total funding not to exceed \$2,000 secure by Foundation funds.

OPEN FORUM:

A resident asked how the excess revenue of the RV Lot is impacted. Ms. Ivey commented that money could be accumulated in a reserve for future improvements. General Manager White commented that the RV Lot's funds would be used for repairs and improvements. Next year \$40,000 is planned to be used for repairs and resurfacing the RV Lot.

ADJOURNMENT: The meeting adjourned at 2:06 P.M.



William Archambault, Treasurer and Secretary