



Heather Gardens Metropolitan District

HEATHER GARDENS METROPOLITAN DISTRICT REGULAR BOARD MEETING Thursday, November 16, 2017

The special meeting of the Board of Directors of the Heather Gardens Metropolitan District was held in the office of the District, 2888 S. Heather Gardens Way, Arapahoe County, Colorado, on Thursday, November 16, 2017.

The Secretary certified that all Directors have been duly notified and at least three notices of the meeting were posted in public places within the limits of the District, all in accordance with Section 32-1-903, C.R.S. as amended; that a copy of the agenda with specific agenda items where possible for the meeting was duly posted in designated place within the limits of the District, in accordance with Section 24-6-402(2)(c), C.R.S.; that a quorum was present; and that the meeting hence was duly constituted and could lawfully transact business as contemplated.

CALL TO ORDER: President Baldwin called the meeting to order at 1:00 p.m. on Thursday, November 16, 2017. A quorum was present.

MEMBERS PRESENT: Directors Craig Baldwin, Bill Archambault, Gary Hizer, Bonnie McMullen, and Sandra Rosenberg.

MEMBERS ABSENT: None

STAFF PRESENT: General Manager Calvin White, Controller Brian Herrera, and Executive Assistant Stephanie Wyche.

GUESTS PRESENT: Jennifer L. Ivey with Icenogle Seaver and Pogue, Ken Guckenberger with Kutak Rock.

CHANGES OR ADDITIONS TO THE AGENDA: Items c, d, and i removed from the agenda under New Business. Added under New Business is Proposed changes to Foundation PM.

APPROVAL OF MINUTES:

Motion by Director Baldwin, seconded by Director Archambault to approve the Minutes of the Special Meeting on October 10, 2017 as corrected by adding Gary Hizer as excused.

Motion made by Director Baldwin, seconded by Director Rosenberg to approve the Minutes of the Regular Meeting on October 19, 2017 as written.

Motion made by Director Baldwin, seconded by Director Hizer and passed unanimously to approve the Minutes of the Special Meeting on October 25, 2017 as written.

GENERAL MANAGER'S REPORT: A written report of staff accomplishments is on file with in the Business Office for residents to read as well as on the website.



Heather Gardens Metropolitan District

- Completed the Bond Refinancing through series of conference calls and meetings.
- Attend HGA/HGMD Budget Review Work Sessions.
- Holiday lights are going up.
- Clubhouse Carpet was installed this week.
- R&G has done most of the sealcoat around the clubhouse.
- Received around \$140,000 of insurance claim funds to cover the water that was paid to the City while the well was down. We have around \$20,000 coming from insurance funds. Well is up and fully operational.

REPORTS:

Treasurers Report (Bill Archambault):

Through October, year to date Enterprise Fund Revenue has been \$1,907,600 which is about \$42,700 more than anticipated. Year to date expenditures, including the Cost of Goods Sold, is \$2,171,900 which is approximately \$291,000 more than anticipated. Overall, year to date expenditures exceed year to date revenue by about \$264,300. Areas where expenditures are significantly more than anticipated are: 1) Golf course water costs and repairs to the well 2) Election expenses 3) Professional Services (attorney costs) 4) audit costs and 5) Capital Outlay. The majority of the golf course water and well repairs will be recovered through an insurance claim which has been filed. The District will propose a 2017 budget amendment to increase spending authority for the election expenses, the additional professional services, audit costs and capital outlay. These funds will come from District cash reserves.

Clubhouse revenue through October is about \$14,600 more than anticipated and Clubhouse expenses are \$7,300 less than anticipated. The Clubhouse subsidy is about \$7,300 less than anticipated through October.

Golf Course revenue through October is approximately \$26,100 less than anticipated and expenses are about \$116,600 more than anticipated. The area where expenses are more than anticipated are in the use of Aurora water for the golf course and repairs to the well. Through October, the Golf Course subsidy is about \$142,700 more than budgeted. Again, the insurance claim settlement will recover most of the costs for the use of excess Aurora water and the needed repairs to the well.

Restaurant revenue through October is approximately \$46,600 more than anticipated and expenses, including the cost of goods sold, is about \$8,500 more than anticipated. The Restaurant subsidy through October of \$38,000 is approximately \$37,000 less than anticipated. The anticipated subsidy through October was \$75,000.

Restricted Funds



Heather Gardens Metropolitan District

The Conservation Trust Fund (Lottery) has received \$11,542 from the Colorado Lottery through October. Revenue is received quarterly from the Lottery. There have been no expenditures of Lottery funds so far this year. At October 31st, the Lottery bank account balance was \$89,863.

The Foundation Fund has received \$2,618 in donations through October and the Foundation has paid \$7,155 for District projects. At October 31st, the Foundation Bank account balance was \$192,207.

The Debt Service Fund has received \$585,976 in property taxes, specific ownership taxes and interest income through October. At October 31st, the Debt Service Fund bank account balance was \$707,054. The next interest and principal payment due on the bonds will be made on December 1st at which time there will be a principal payment due of \$210,000 and an interest payment due of \$213,983.

Clubhouse/Restaurant Committee (Rosenberg): Director Rosenberg reported that the Committee met on November 9th. The Clubhouse Manager reviewed the Clubhouse activities for the month and upcoming events. Restaurant Manager reported that the Restaurant earnings for the past month are \$2,000 better than this time last year. The Committee is looking at making some changes on the Procedure Memorandum.

Foundation Committee (McMullen): Report Distributed. Director McMullen reported that the committee met on November 8th at 1:00 p.m. The Committee tabled the statue for the golf course as the statue doesn't represent an improvement to the whole community, but only to golf course. The Committee also discussed the waterfall and how it was funded. Many residents preferred to donate their remaining balance of their donation to the recall fund to the Foundation for either the tree removal, tree fund or the general fund. I am thanking all of you for those donations.

Golf Committee (Hizer): Report Distributed. Director Hizer reported that the Committee met on the 7th of November. The Committee tabled of couple of items such as making changes to the Procedure Memorandum. The committee also recommended the extension of a 40-play punch card for a resident that had a medical condition and could not play. The next meeting will be January 9, 2018 at 1:00 p.m.

UNFINISHED BUSINESS:

1. **Bond Refinancing:** Ken Guckenberger, Bond Counsel for the District reported that the Bond transaction is completed, and the Bonds will close on November 29th. The savings for the District came in at 11.2%.
2. **Motion to set Public Hearing for proposed Budget on December 7, 2017:** Motion made by Director Archambault, seconded by Director Rosenberg and passed unanimously that the Heather Gardens Metropolitan District Board of Director accept the 2018 HGMD Budget as submitted and schedule a public hearing for the proposed budget on December 7, 2018 at 1:00 p.m. at 2888 S.



Heather Gardens Metropolitan District

Heather Gardens Way, Aurora, CO 80014. At the meeting any eligible elector of the District may comment on the proposed 2018 budget.

3. **2017 Bond Issue:** In 2010, the electors of the Heather Gardens Metropolitan District approved the issuance of \$9,800,000 General Obligation Bonds to build or rebuild a clubhouse for the District. Most of the clubhouse existing today is new. A portion of the Rendezvous restaurant was rebuilt and upgraded. A little more than a year ago, the General Manager was contacted by a Bond Underwriter who expressed the opinion that, because interest rates on bonds had declined, the District could refinance the outstanding bonds remaining on the 2010 bond issue at a lower interest rate and save the taxpayers of the District considerable money over the remaining years of the issue.

The Directors of the District interviewed several bond underwriters and selected an underwriter. As that was being accomplished, the bond market got stronger (interest rates increased) and the interest savings could not be realized. The underwriter was instructed to contact the District again when and if the market became more favorable, that is interest rates going back down.

About two months ago, the Bond Underwriter contacted the General Manager with the information that the bond market was again becoming favorable and a refinancing of the outstanding bonds of the 2010 issue could, indeed, save the taxpayers of the District considerable money.

After numerous meetings with the Bond Underwriter, the current Board of Directors made the decision to move forward with the refinancing with the understanding that the interest savings over the remaining life of the bonds would be at least five percent.

On Tuesday, November 14th, the refinancing was accomplished.

The total savings on principal and interest resulting from the refinancing over the remaining life of the bonds is \$1,219,616. The annual savings to taxpayers of the District averages slightly more than \$53,000 per year. The percentage of savings is 8.31% when comparing the principal and interest due on the 2010 issue to the principal and interest due on the 2017 new issue.

All of the bonds of the 2010 issue maturing after 2020 have been replaced with the bonds of the 2017 issue.

NEW BUSINESS:

1. **Combining Joint HGA & HGMD Budget & Finance Committee:** Motion made by Director Archambault, seconded by Director Hizer and passed unanimously



Heather Gardens Metropolitan District

that the Heather Gardens Board of Directors approve the Policy Combining the HGA and HGMD Joint Budget & Finance Committee. Once further revisions are made the policy will be brought back to the Board for review and approval.

2. **Budget Amendment:** Director Archambault reported that during the current year 2017, the District has incurred several unplanned expenses. These unanticipated and unplanned expenses are the magnitude that requires the District to Amend the 2017 budget. Among these items that impacted the original budget are the election expenses about \$67,000, audit expense \$15,000, attorney fees, and capital expenditures. The Board of Directors will Amend the Budget on December 21, 2017 at their regular meeting.
3. **Conducts of Meetings:** Motion made by Director Baldwin, seconded by Director Archambault and passed unanimously that the Heather Gardens Metropolitan District Board of Directors approve the Resolution of the Board of Directors of Heather Gardens Metropolitan District Regarding Preparation for and Conduct at Meetings with revisions.
4. **Rules Related to Use of District Facilities/Appeals:** Motion made by Director Archambault, seconded by Director Hizer and passed unanimously that the Heather Gardens Metropolitan District Board of Directors table the Rules Related to Use of District Facilities/Appeals until the next Board meeting.
5. **Increasing Board Size from 5 to 7:** Motion made by Director Baldwin, seconded by Director Archambault to accept the Resolution of The Board of Directors of Heather Gardens Metropolitan District increasing from a Five-Member board of Directors to a Seven Member Board of Directors and refer it to the next meeting.
6. **Clubhouse Security Cameras (\$2,724):** Motion made by Director Rosenberg, seconded by Director Archambault and passed unanimously that the Heather Gardens Metropolitan District Board of Directors replace 11 existing cameras and install 8 new cameras from XWIRE SYTEMS. Total cost is \$5,454. We have grant funds from Safety and Loss Prevention Grant Program of \$3,230.11. Grant money will cover up to 50% which is \$2,727. We need an additional \$2,727 from the District funds. We are also adding additional \$500 for incidentals. Total project cost not to exceed \$3,227.
7. **Purchase Tennis Ball Machine (\$4,350):** Motion made by Director Rosenberg, seconded by Director Hizer and passed unanimously that the Heather Gardens Metropolitan District Board of Directors approve the purchase of a new Metaltek Playmate ACE BP tennis ball machine to replace the existing tennis ball machine that was purchased in January 1998. Total cost is not to exceed \$4,350. These funds will come from the Conservation Trust Income (Lottery Funds).



Heather Gardens Metropolitan District

8. **Proposed Changes to (PM) F-1, Foundation Committee, Standards & Procedures:** Motion made by Director McMullen, Seconded by Director Rosenberg and passed unanimously that the Heather Gardens Metropolitan District Board of Directors accept the proposed changes to Procedure Memorandum (PM) F-1, Foundation Committee, Standards and Procedures.
9. **Approve Extension of 40 Play Card:** Motion made by Director Hizer, seconded by Director Archambault and passed unanimously that the Heather Gardens Metropolitan District Board of Director approve a 40 Play Card for Barb Tucker.

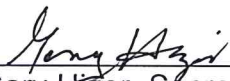
RESIDENTS WISHING TO ADDRESS THE BOARD:

1. A resident asked the Controller about the layout of the HGA & HGMD Financials.
2. A resident made a comment regarding the Conducts of Meetings Resolution and using Roberts Rules.
3. Another resident made a comment regarding Robert's Rules of Order.
4. A resident commented on increasing the Board from 5 members to 7 members.
5. A resident made a comment regarding residents volunteering for committees.
6. A resident made commented on the tennis courts and the tennis club.
7. A resident commented on the Joint Budget & Finance Committee.

MEETING ADJOURNED: 2:55 p.m. The Next Regular HGMD Meeting is Thursday, December 21, 2017 at 1:00 p.m.

Attachments:

- HGMD Budget Exception Report for October 2017



Gary Hizer, Secretary