



**MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
BENT GRASS METROPOLITAN DISTRICT
HELD MAY 7, 2019 AT 10:30 A.M.**

Pursuant to posted notice, the continued meeting of the Board of Directors of the Bent Grass Metropolitan District was held on Tuesday, May 7, 2019 at 10:30 AM, at 102 E. Pikes Peak Avenue, Suite 200, Colorado Springs, CO 80903.

Attendance

In attendance were Directors:

Randle Case II, President
Bryan Long, Vice President/Secretary
Lena Gail Case, Director
Brad Lam, Director
Brian Bahr, Treasurer (by phone)

Also in attendance were:

Peter Susemihl, Susemihl McDermott & Cowan P.C.
Kevin Walker, WSDM
Lori VonFeldt, WSDM
Kristina Kulick, WSDM
Kaleb Pietkoski, WSDM
Steve Hammers

1. Call to Order & Certification of Quorum & the Agenda:

The meeting was called to order by President Case at 10:37 a.m. President Case confirmed a quorum. Director Lam moved to approve the Agenda; seconded by Director Long. Motion passed unanimously.

2. Approval of the 4/2/19 Minutes:

The Board tabled the approval of the minutes until next meeting.

3. Public Comment:

Director Lam reported that recently someone has been parking an 18 wheeler that sticks out into the street next to the model home on Bent Grass Meadows Drive at the corner. He thinks it belongs to the new owners of the model home and he wanted the Board to be aware since it may be a County issue. Director Lam also reported that after we entered the agreement with Woodmen Hills, the water is suddenly much harder than it used to be. Mr. Walker said he will look up the most recent water reports to the State.

4. Review of Financials and Approval of Payables:

Ms. VonFeldt presented the financials and noted a draw from last month that needs to be ratified by the Board. Ms. VonFeldt asked for Board direction on the bill for legal services provided by Mr. Mulliken. She explained the bill is now over \$20,000 and the O&M fund is going down quickly because the capital fund is borrowing from the O&M fund. President Case asked if they could sell off the bonds. The Board discussed the current loan balance. President Case said the capital fund is being used for the water, so they may need to fund another \$50,000 of bonds to get that cleared up soon, and with other work that will be moving forward they may need to address other bonds. The Board agreed to move forward and initiate that process. Director Bahr moved to approve the payables; seconded by Director Lam. Motion passed unanimously.

5. Board President Report:

President Case reported that the inclusion agreement with Woodmen Hills MD is being refined and they are working on finalizing 2 signatures with clarification for lawyers of both parties. He said he received an email about the development project from Woodmen Hills to Challenger Homes. Mr. Jim Byers will not do a contingent letter of will serve for their submittal, so that could slow up development. President Case said he met with Mr. Randy DeYoung who is one of the owners they are still waiting on a signature from. He has also been in negotiations with the owner of Falcon Storage who is getting comfortable with things. He anticipates they will have the signatures in the next couple weeks. He added they could move forward without them if needed as a worst-case scenario.

6. Manager's Report:

Mr. Walker reported they have fired up the irrigation system and working on a Spring clean-up to get an assessment on landscape that needs to be replaced.

7. Development Updates:

Director Bahr reported that he heard Challenger anticipates moving forward with development subject to the water acquisition agreement being signed. He noted that Mr. DeYoung is working on his man cave concept and going forward with that as well. The dental clinic is still moving forward with their land acquisition as well. President Case told the Board the Assessor was in the office to review the new assessor's website yesterday and that the website is fairly user friendly. He reminded everyone that tax appeals are due by June 1st. The Board discussed that Falcon School District 49 has not responded yet on their expansion into Bent Grass ground, but there may be more discussion in the future.

8. Review and Action on:

- a) Bent Grass Meadows Drive South Reimbursement Request and Man Cave Storage Review:

President Case explained that the road project has been going on since the mid-2000s and was created to build infrastructure. The road running south on Woodmen Road frontage, adjacent to Falcon Storage and School District 49 site is 1,800 linear feet and curbs and gutters are complete. He explained that Mr. DeYoung built the road and storage anticipating reimbursement. There have been discussions with the County about possible realignment of the road, and the alternative of building the road through and doing a driveway instead. The interim solution is to leave the road in place and put a second lift of asphalt in. The Board discussed that Mr. DeYoung would like a reimbursement agreement to complete the improvement and the option of approving a bond format for it to be done, but it may require another B Bond to be issued. Director Bahr said it makes sense if he makes improvements within the District, he should have reimbursement for such. At this

point, it would be another several million dollars spent in additional infrastructure to get this done. He confirmed it would not be done in front of the improvements to extend the utilities, and those lots would create revenue to pay off the bonds. The Board discussed that Mr. DeYoung wants to document that this is a legitimate claim, and understands it is subordinate to the bonds that are needed to complete those improvements. Part of this is driven by the need for the road to create the man cave, so it is related. President Case said the proposed model of the man cave has been revised since last meeting. Mr. Hammers explained that the road built by Mr. DeYoung does not have the final lift on it, and they would probably need to do a cul-de-sac as well. Mr. Hammers told the Board about the 58,000 sqft of sellable high-end storage units at the man cave and that it is a \$10 Million value if everything is sold. Mr. Hammers said they flipped the concept model so the back side of the buildings are up against the residential area. They also want to have a large area in front of the units for RVs. Phase 2 would be just another set of units with a total value of \$20 Million. Mr. Hammers said they are looking to get a recovery agreement on that piece of road and hoping for a 30-foot setback. This phase of the drainage ditch also must be accomplished. He noted the County said with Board support they would look at that, but they would prefer 2 entrances. Mr. Hammers said they are looking for support and anticipates doing the last lift as part of the project. He explained the road numbers were done on current value which is a win for the District. Mr. Hammers noted the storage units will be condominiumized and there will be restrictive covenants. Director Lam asked for clarification on how the bonds are paid. President Case said the bonds are paid by tax revenue from the mill levy and it is currently fixed at 36. Having commercial property generates property tax revenue to pay back the bonds. Director Lam asked if individual homeowners will be affected by issuing more bonds. Mr. Susemihl explained that it would be a subordinated issue or pay back the other issue. Operations are paid first, then initial bonds and then these bonds. Mr. Hammers said once this is developed, the Bent Grass District revenue would be increased. Mr. Walker clarified the mill levy was 25 and 10 mills, plus Gallagher added 1.149 mills. Mr. Susemihl said we would need to have an independent engineer verify that the improvements are installed, and the reimbursement is appropriate if we did a bond issue. Mr. Walker said we would also need Mr. Bishop do a financial package and add a B1 bond or C bond to make it subordinate to the current issue. Mr. Susemihl noted he had an unsigned reimbursement agreement with Director Bahr. President Case said he thinks this will move things forward and get the project going and done quickly. Director Bahr said he wanted to make sure the reimbursement was based on actual costs. Mr. Hammers said they had L. Watson run the numbers based on today's money. Director Lam asked why we do not have the DeYoung reimbursement agreement and if we do approve this, what kind of precedent does it set if someone else wants the reimbursement. President Case said the service agreements set limitations to prevent that, and stormwater and those items are in the service agreement. The Board discussed that they do not have the DeYoung reimbursement agreement and went straight to bond format. There are reimbursement structures put together but may not be the right method now that we have a bond in place. Mr. Susemihl explained the agreement usually says the developer will advance funds for infrastructure and the district will go straight to a bond without a reimbursement agreement. Mr. Hammers noted that Mr. DeYoung put that road in a long time ago for the mini storage and the district gets benefit from property taxes on it. The District benefited from that, and Mr. DeYoung carried that cost. Director Bahr said we are being fair and reasonable to reimburse the road even though there was no agreement in place but does not support any interest carry on that since we usually do not accept that until the road is accepted by the County. He does support reimbursement of costs but not interest and is wanting to look out for the best interest of the District. Director Lena Gail Case moved to approve the Bent Grass Meadows South Reimbursement Request by Mr.

Randy DeYoung and or assigns and authorize the Board officers to execute appropriate documentation to complete the reimbursement by bonds subordinate to existing and future indebtedness needed to complete the District and not to exceed \$924,000 with interest going forward at the same rate as the existing bond with Mr. Randy DeYoung being the recipient; seconded by Director Bahr. Motion passed unanimously.

Director Long moved to approve the appropriate officers to issue a letter of support for the man cave concept plan as presented in new form and to have no wall requirement on the north end of the subdivision, with stucco treatment and at a 30 foot setback that is well landscaped instead of a 150 foot setback; seconded by Director Bahr. Motion passed unanimously.

Director Bahr was excused and left the meeting at 11:27 a.m. Mr. Hammers noted a small piece of road that will be connected and added to the reimbursement. Mr. Walker confirmed that road is included. Mr. Hammers asked about the drainage ditch being done all the way down to Woodmen. Mr. Walker said they will do what the County requires on that, either pay drainage fees or build a structure. The County will require a safe structure and can't just stop at the property line. President Case said there is a pond across Woodmen that could prevent having to build more detention. He suggested that Mr. Hammers get with Mr. Jim Buyers and Galloway, and Mr. John Radcliff on that. Mr. Walker explained the costs of building a facility instead of paying the fees. Walker explained the costs for either building the structure or paying the fees and that they are close to balancing. Mr. Walker said the drainage would be on Mr. Hammers and the only reimbursements we have done on drainage are on the small detention ponds. Mr. Walker said he is happy to meet with Mr. Hammers and further discuss this. President Case said he will participate in the discussions as well if needed.

- b) Woodmen Road/Bent Grass Meadows Drive Access Update:
President Case had no additional updates. Mr. Walker said the Falcon Marketplace is no longer moving forward. King Soopers has backed out and Humble Development has sold their interest.
- c) Bent Grass Meridian Traffic Signal Update:
President Case reported that he signed the traffic study after authorization by the Board last meeting and it was submitted to the County. Hoping to have some response back in the next few weeks.
- d) County Development Agreement:
The Board discussed that this may be a topic on the Agenda as the land plan moves forward. The Board may need to participate in changing the agreement in the future.

9. Executive Session to receive reports from consultants on water resources issues and receive legal advice:

Mr. Susemihl indicated there was no need for an executive session.

10. Review and Action on Woodmen Hills Metro District Proposal Intergovernmental or Other Agreement:

The Board discussed that the agreement is still being finalized and there is some degree of pressure coming from Woodmen Hills wanting to know what is taking so long. The Board is hoping to move forward as soon as possible and will be putting pressure on the two owners and consultants to get it done. Director Lam asked if the owners are still on board with the agreement.

President Case said yes, they are just waiting on their attorneys to review everything so they can sign. The Board noted that Mr. DeYoung is ready to sign once he gets his reimbursement.

11. Other Old Business:

There was no discussion.

12. New Business:

The Board discussed having Mr. Susemihl approach the Mr. DeYoung matter and work with Mr. Bishop on a subordinate bond. Mr. Walker clarified that the plan is to issue a \$6.5 Million with proceeds of \$2 Million, and then issue a bond. The Board discussed there may be better ways to do this and they may need to modify the motion.

13. Confirm and Set Next Meeting:

The Board discussed that Director Lena Gail Case and President Case will be out of the country for the June meeting, so they will need to reschedule. Director Lena Gail Case moved to meet on May 29th at 9:00 a.m. and June 18th at 10:30 a.m.; seconded by Director Lam. Motion passed unanimously. Director Bahr was excused.

14. Adjournment:

The meeting was adjourned at 11:47 a.m.

Respectfully Submitted,
Walker Schooler District Managers

By: Kristina Kulick for the Recording Secretary