



**MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT
HELD NOVEMBER 6, 2018 AT 9:30 A.M.**

Pursuant to posted notice, the regular meeting of the Board of Directors of the Central Marksheffel Metropolitan District was held on Tuesday, November 6, 2018 at 9:30 a.m., at 102 E. Pikes Peak Avenue, Suite 200, Colorado Springs, CO.

Directors in attendance were :

Lindsay J. Case, President
Randle W. Case II, Vice-President
James Morley, Assistant Secretary
Bryan Long, Treasurer/Secretary
Dave Hammers (by phone at 9:52 a.m.)

Also in attendance were:

K. Sean Allen, Esq., White, Bear & Ankele, Tanaka & Waldron (by phone)
Kevin Walker, WSDM
Lori VonFeldt, WSDM
Kristina Kulick, WSDM
Ron Waldthausen (10:10 a.m.)

1. Call to Order: The meeting was called to order at 9:37 a.m.

2. Declaration of Quorum/Director Qualifications/Disclosure Matters:

President Case indicated that a quorum of the Board was present, and each Director confirmed their respective eligibility as an eligible elector of the District pursuant to Colorado law. Ms. VonFeldt noted that the Directors' disclosures of their potential conflicts of interest were filed pursuant to state law for the meeting. The Board indicated that there were no additional disclosures of potential or existing conflicts of interest with regard to any matters scheduled for discussion at the meeting. The Board determined that the participation of the members present was necessary to obtain a quorum or to otherwise enable the Board to act.

3. Approval of the Agenda:

Director Long moved to approve the Agenda; seconded by Director Morley. Motion passed unanimously.

4. Approval of the August 7, 2018 meeting minutes:

Director Long moved to approve the August 7, 2018 minutes; seconded by Director Morley. Motion passed unanimously.

5. 2018 Amended and 2019 Budget Hearing:

President Case opened the hearing to the public. There was no public comment. President Case closed the public hearing. Mr. Walker noted that the budget is only accounting for \$100,000 for the transportation reimbursement revenue. It will probably be \$400,000, but only guaranteed \$100,000. Mr. Walker said the

budget does not show fee revenues for 2019 but some fee revenue may materialize. Mr. Walker said there is really strong commercial growth so the District will be seeing increased revenue from commercial development. He added that the other source of income that has never been budget for, but expecting next year, is a reimbursement on the bridge from El Paso County. Mr. Walker said it may be \$50,000 this year. Director Morley said he met with Elizabeth at the County and he doesn't think she will approve the District for more than \$1.8 Million in reimbursement. Director Morley said he thinks we will need to negotiate with her. Mr. Walker noted that there will be more to come on this matter.

Director Case discussed how some of the remaining ground in the District is required to pay drainage fees, and what do owners who have vacant ground do about being charged drainage. Director Case said he wants to ask the question about why owners are being told to pay the fees. Director Morley said that when he plats his small townhome complex, he will have to pay drainage fees. Director Case explained the 13 acres that are undeveloped have been paying taxes to the District this whole time and now they are being hit by drainage fees. Director Morley said he thinks they should pay the drainage fees and that there are no drainage credits left. Director Morley added that there is not enough land left in the basin, but Elizabeth is saying there is. Director Case felt that whoever is platting should not have to pay drainage fees.

President Case asked about the budget contingency. Mr. Walker said the amended budget has \$168,000 that is carried forward to balance the budget. Ms. VonFeldt explained the reason behind balancing the budget to cover anything that might come through, a catch all on the budget. President Case asked where the contingency fund amount is deposited. Mr. Walker said it is deposited in the District's bank account. Mr. Walker and Ms. VonFeldt said the District is doing great from a budget standpoint. The Board discussed annual mill levy rate. Mr. Walker suggested that the Board might want to wait until the next reassessment to see if any mill levy reduction is possible. Director Case asked when the bonds will be paid off. Mr. Walker said the maturity is in 2024 with a sizable final debt payment. Ms. VonFeldt noted that the District cannot use the funds in the reserve account for capital expenditures. Director Case asked about District's ability to pay for a traffic signal. Ms. VonFeldt said the District's annual debt service revenues can only be used to pay back the principal and interest on the bonds. Mr. Walker said the District may be to look into the issue of a Series C bond. Mr. Allen said a subordinate C bond may be possible with the District refinances the Series 2014 Bonds prior to the 2024 balloon payment if there are eligible public improvements and if the District has any debt capacity remaining. Mr. Walker said he will call Zack and have him look at it the 2024 maturity and refinance with new money option for additional eligible improvements. Director Case said they may need an intersection on the other side of the bridge north of the creek. Director Case asked Mr. Waldthausen if he had any concerns or questions. Mr. Waldthausen asked if the District can pay for streets outside of Marksheffel. Mr. Allen said the District's service area and construction financing is within its boundary. Mr. Waldthausen asked about localized streets. Mr. Allen said as long as they are public and owned by a public entity. Director Case said there may be a request for an access point off of Marksheffel, a right in only and this may bear further consideration. Director Case moved to amend the 2018 Budget as presented and adopt the 2019 Budget making adjustments as per the discussion, appropriate the revenues necessary to cover the expenditures, and certify the mill levy, seconded by Director Morley. Motion passed unanimously.

6. Meadowbrook Marksheffel Intersection Status:

Director Case said he has been talking to the County Engineer and he also spoke with the County Commissioner, Mark Waller, and addressed the issue of completing County and mutual projects of the gap from Castle Rock to Monument faster than the traffic signal. He said they will keep pushing forward on it.

7. Market Status:

Director Morley said his 83 lots are still moving through the county process. Mr. Walker said there are 4 more pad sites by the King Soopers. ENT is constructing there as well and pulled their permit last week. Director Case asked if Circle K is in the District. Mr. Walker said no, they are just outside of it.

8. Financial Statement and Payables:

a. Current Payables:

Director Case moved to approve the payables; seconded by Director Long. Motion passed unanimously.

b. Permit Income Status:

The Board discussed this item during the Budget Hearing.

c. Ratify 2017 Audit:

Mr. Walker said the Audit was submitted on time, but the Board needs to ratify it. Director Case moved to ratify the 2017 Audit; seconded by Director Morley. Motion passed unanimously.

9. Other Business:

a. Approval of the Updated White Bear Ankele Tanaka & Waldron Engagement Letter:

Mr. Allen presented the Engagement Letter with White Bear Ankele Tanaka & Waldron for Legal Services to the Board for consideration. Mr. Allen summarized the nature of the updated provisions and noted specifically the addition of the representative client list section and that the arbitration provision has been revised to make it clear that arbitration applies to this engagement letter as well as any prior engagement with the District. Mr. Allen also noted his firm is not independent as to the engagement, but the Board could have separate legal counsel review the engagement letter. Director Morley moved to approve the updated White Bear Ankele Tanaka & Waldron engagement letter; seconded by Director Case. Motion passed unanimously.

b. 2019 Annual Administrative Compliance Resolution:

Mr. Allen explained that the Resolution sets forth tasks and delegates responsibility to his firm or WSDM as needed. Director Case moved to approve the 2019 Annual Administrative Compliance Resolution; seconded by Director Morley. Motion passed unanimously.

c. The Board discussed the next meeting date.

Mr. Allen said some districts who meet twice a year are meeting in the Fall for the Budget and meeting once in late Spring or Summer for the audit review.

10. Adjournment: Director Morley moved to adjourn; seconded by Director Case. Motion passed unanimously. The meeting was adjourned at 10:23 a.m.

Respectfully Submitted,

By: Kristina Kulick for the Recording Secretary