

MOUNT VERNON COUNTRY CLUB METROPOLITAN DISTRICT
MOUNT VERNON COUNTRY CLUB CORPORATION

BOARDS OF DIRECTORS REGULAR MEETINGS
MAY 21, 2020

The Boards of Directors of Mount Vernon Country Club Metropolitan District and MVCC Corporation held their monthly Regular Meetings by telephonic meeting on Thursday, May 21, 2020.

The meeting was called to order by president Tom Weimer at 7:30 p.m.

Record of Attendance: Board members Walter Crawford, Randy Lewis, Andrew Price and John Stringer participated via Zoom. General Manager John Stebbins, Sue Blair and Marcos Pacheco of CRS, FPC Chair Charlotte Abel, and Secretary Gail McGowan also participated via Zoom. Electronically present for all or part of the meeting were Proprietary Members Franco/Tracie Cordeiro, Nancy Crego, Soni Davison, Chris Fisher, Ken Freienmuth, Eric Grossman, Julie Keating, Kristin Kilbourn, Mike Kilbourn/Joy Carter, Page Lambert, George Lowe, Bill McFarlane, Phil/Joyce Nelson, Jeff/Kitty Richie, Bob Schnautz, Dick/Cheryl Shaw, and Esther Turner.

MVCC Metro District Business

Approval of Minutes

Upon motion duly made by John Stringer, seconded, and approved by a vote of 5-0, THE MINUTES OF THE MOUNT VERNON COUNTRY CLUB METROPOLITAN DISTRICT and CORPORATION BOARDS OF DIRECTORS' REGULAR MEETINGS OF APRIL 16, 2020 WERE APPROVED, AS WRITTEN.

Upon motion duly made by John Stringer, seconded, and approved by a vote of 5-0, THE MINUTES OF THE MOUNT VERNON COUNTRY CLUB METROPOLITAN DISTRICT BOARD OF DIRECTORS' SPECIAL MEETING OF MAY 12, 2020 WERE APPROVED, AS WRITTEN.

Public Comments

Phil Nelson expressed his concern about erosion potential on the north side of Kinnikinnik Hill due to the degradation caused by recent fire mitigation work. In response, it was noted that additional work is yet to be done but all slash was being masticated and the mulch left on site to control erosion.

Election Results

Ballots had been mailed to 221 eligible voters in Mount Vernon Country Club Metropolitan District and 166 valid ballots were returned...an impressive 75%! Twelve (12) ballots were rejected because they either were not signed or were returned in envelopes other than the official one provided. A total of 43 ballots were not returned.

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Ballot issue 6A, to increase the mill levy to raise funds that will be dedicated to paying debt obligations, passed 138-9. Ballot issue 6B, approving de-Gallagherization, passed 142-6.

Administration of Directors' Oaths of Office

The Oaths of Office for Board of Directors of Mount Vernon Country Club Metropolitan District were administered by Board Secretary Gail McGowan to newly-elected Directors Walter Crawford, Charles Randel Lewis, and Robert Thomas Weimer for three-year terms ending May 2023. The oaths will be filed with the District Court of Jefferson County and the bond, required under statute, will be updated.

Election of Officers

The following were elected as officers of Mount Vernon Country Club Metropolitan District and Mount Vernon Country Club Corporation for two-year terms:

President	Tom Weimer
Treasurer	Walter Crawford
Vice Presidents:	Randy Lewis, Andrew Price, and John Stringer
Secretary	Gail McGowan was appointed Secretary

Financial Reports

Mount Vernon Canyon Club

Due to the Coronavirus COVID-19 pandemic, Clubhouse dining and recreational operations have essentially been suspended since mid-March, but the month of April 30 showed a positive net operating revenue. The Club has signed up one new member and membership attrition was fewer than had been budgeted and fewer than the loss at the same time in 2019.

Metro District

The April 30, 2020 Cash Position Summary, Combined Balance Sheet, and Statements of Revenues, Expenditures and Change in Fund Balance were reviewed for all funds. The Clubhouse/Recreation Fund showed an operating deficit year-to-date, exclusive of debt service and capital outlays, with operating gains reported in the General and all Reserve Funds.

Payment of Claims: Vendor claims for the period April 14 to May 18, 2020 were presented for review and ratification.

Upon motion duly made by Randy Lewis, seconded, and approved by a vote of 5-0, THE BOARD OF DIRECTORS OF MOUNT VERNON COUNTRY CLUB METROPOLITAN DISTRICT ACCEPTED AND RATIFIED THE PAYMENT OF CLAIMS TOTALING \$187,813.61 FOR THE PERIOD APRIL 14 TO MAY 18, 2020.

Debt Service Payments: Principal and interest payments on the debt are currently scheduled in June and December. However, it is anticipated that these payments will be rolled into the new financing currently in negotiation with the bank.

Delinquent Accounts Receivable: Property liens are being updated or added against Proprietary Members with accounts 90-days overdue or longer.

Financial Planning Committee Report

The FPC Chair summarized recommendations and suggestions from its May 19 FPC meeting: 1) recommends that a new bank account be opened to escrow any future deposits received for weddings and other private events; 2) suggests that a revised budget format be developed for Clubhouse/recreation operations that will more accurately reflect financial conditions as impacted by the pandemic rather than reporting measurements against the original, full-year 2020 budget; and 3) suggests brainstorming options for the future of the Club operations, including a survey of homeowners.

Stimulus Money Available: Federal grant funding, passed through the State, may be available to local governments under the most recent stimulus CARES legislation. Mount Vernon has been added to the list of applicants and is awaiting information on the application process and how the funds will be distributed. Funds will not be available to reimburse metro districts for lost revenue, but could assist with reopening costs.

2019 Audit

The audit is on schedule for completion and will be provided to the Board for review at its June meeting, Board acceptance at its July meeting, and will be filed in a timely manner by the July 30 deadline.

The Gallagher Amendment: It appears that a Senate resolution that has a lot of momentum will be introduced to stop Gallagher, the current residential assessment rate (RAR) of 7.15% possibly falling to 5.88%. It is expected that there will be a question on the November 2020 ballot to remove Gallagher.

District Operations

Sue Blair reported that the County, previously required under statute to provide its preliminary assessed valuation to local districts by August 25, will delay the date until October 10 due to a lot of assessment changes (oil and gas, etc.). This will complicate the District's statutory requirement to provide a draft Budget to the Board by October 15.

General Services Update:

Bids are being solicited from several contractors to repair/replace some of the high-priority culverts (there are 55 culverts), clean ditch areas, and regrade roads.

Land Sales Update

There have been no contract offers, but there continues to be high level of interest in the lots as measured by the number of "hits" on the various listing sites.

Residential Sales: Several houses in the Club are for sale and the Board is working to ensure that all transactions conform to legal requirements and are in compliance with Bylaws and Policies.

Metro District-Owned Houses Update: The Centennial Trail house has been refurbished and is rented to a General Services employee; cost estimates are being requested for the Aspen Way

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house; and the “Stone House” is currently being used for storage, with no current plan for work to be done.

Fire Mitigation Grant: Quite a bit of work has been done in two areas: on the north side of Kinnikinnik Hill, and on two units on Mistletoe Road on the east side of the Club. CCLC has made a small payment for the work on Kinnikinnik Hill; and, with spending for the project having been approved by the Board, Mount Vernon will make a first payment for approximately 80% of the work completed along Mistletoe Road (50% to be reimbursed by Colorado State Forest Service).

Tennis Courts/Facility Operations

Pool and Tennis operations remain closed in response to COVID-19 restrictions, but plans and protections are in place, and facilities are being prepared so they can be partially reopened when the Governor and Jefferson County relax or remove their restrictions.

Metro District Roads and Trails

Signs have been posted at the East and West Gates, as well as at several trailheads within the Metro District, to dissuade non-resident traffic on private roads and trails. The measure appears to have been somewhat effective in reducing traffic on the main road, but an increased use of ATVs and mountain bikes has been noted on existing roads and hiking trails. This situation will be referred to the Stewardship Committee for study and recommendations for possible solutions.

The Board has spoken with a Metro District resident who has developed an unauthorized mountain-bike trail on District land. The Board will follow up with Metro District Counsel to prepare a formal letter to the resident, setting forth deadlines for mitigating the damage and how to fully remediate the situation. Any conversion of land use is prohibited and unauthorized unless approved by a vote of Proprietary Members as required under the *1980 Land Use Plan*.

Fire Ban Regulations

The 2020 fire season has opened early and a state-wide, six-month *Fire Ban* is currently in effect. Residents will be made aware of conditions, what is allowed or prohibited under a fire ban, and urged to use extreme caution. The following link will be sent to all District residents:
<https://www.jeffco.us/528/Fire-Ban-Details>.

Spring Clean-Up for District Residents

Given the challenges of the Club, the spring clean-up was cancelled for 2020.

Fire Hydrant Painting Project

Twenty-seven fire hydrants within the District are being repainted the required “safety yellow,” in line with NFPA 291 standards.

Water System Update

The Tower Hill Pump Station project is largely complete and acceptance testing completed. Two breaks occurred as testing was begun, with added expense incurred for the replacement of two isolation valves and substantial lengths of piping.

Committee Restructuring

Mount Vernon Country Club has always depending heavily on the volunteer services of its residents, through personal efforts and/or participation on committees. There are many committees that have been chartered, some that have remained consistently active, but some that are no longer active, some ineffective, and some that need updating in terms of charters and membership. The Corral Group will be treated separately.

At the recommendation of the president, and following discussion,

Upon motion duly made by Walter Crawford, seconded, and approved by a vote of 5/0, THE BOARDS OF DIRECTORS OF BOTH THE MOUNT VERNON COUNTRY CLUB METROPOLITAN DISTRICT AND MOUNT VERNON COUNTRY CLUB CORPORATION, APPROVED THE IMMEDIATE DISSOLUTION OF ALL COMMITTEES. THE BOARDS WILL IMMEDIATELY IDENTIFY COMMITTEES TO BE RECHARTERED, APPOINT CHAIRS, AND WORK WITH THE CHAIRS TO UPDATE CHARTERS. NEW MEMBERS WITH CRITICAL EXPERTISE, A STRONG INTEREST IN SERVING, AND WILLINGNESS TO WORK HARD TO MAKE RECOMMENDATIONS TO THE BOARD, WILL BE IDENTIFIED AND INVITED TO SERVE ON THE COMMITTEES. Metro District and Corporation Bylaws, and the Metro District Policies will be updated to reflect all committee changes.

The president recognized the Real Estate Committee under the Chairmanship of Bob Schnautz for outstanding work on reviewing and coordinating the approvals of new home construction; and the *ad hoc* Conservation Easement Committee under James Wood for stellar work on conservation easements and tax credits over the past several years.

Vollrath Construction Documents – Lot 5, Shadow Lane

Bob Schnautz and members of the Real Estate Committee met with the property owner and his builder-team on several occasions and recommended approval of the building plans dated April 7, 2020 for the construction of a one-story home and four-car garage comprising approximately 2,200 square feet of living space and 2,547 square feet of garage/deck/covered entry space.

Upon motion duly made by Andrew Price, seconded, and approved by a vote of 5-0, THE MOUNT VERNON COUNTRY CLUB CORPORATION BOARD OF DIRECTORS APPROVED THE VOLLRATHS' DRAWINGS AND PECIFICATIONS DATED APRIL 7, 2020 FOR THE CONSTRUCTION OF A ONE-STORY, SINGLE-FAMILY HOME AND FOUR-CAR GARAGE ON LOT 5 SHADOW LANE AT THE SOUTHWEST END OF THE CLUB.

This approval is granted subject to compliance with all Jefferson County building codes and other permit requirements, with Mount Vernon's Construction Guidelines, Bylaws and Policies, and other conditions of record as agreed upon.

Application for Proprietary Membership

The Board considered the request of Jerry and Jean Mensendick, the owners of Parcel 2 (Ridge Way South, 25320 Ridge Way), to grant them Proprietary Membership prior to the completion of their house construction and issuance of a Certificate of Occupancy. Following discussion,

Upon motion duly made by Walter Crawford, seconded, and approved by a vote of 5/0, THE BOARD OF DIRECTORS FOR MOUNT VERNON COUNTRY CLUB CORPORATION, ACTING IN ITS CORPORATE CAPACITY, and GIVEN MENSENDICKS' INDICATION OF INTENT TO BEGIN USING THE CLUBHOUSE AND RECREATION FACILITIES (INCLUDING THE HORSE BARN) AS PROVIDED IN SECTION 1.2(c)(i) OF THE CORPORATION'S BYLAWS, APPROVES AND ACCEPTS THE MENSENDICKS' APPLICATION FOR PROPRIETARY MEMBERSHIP PRIOR TO ISSUANCE OF A CERTIFICATE OF OCCUPANCY FOR THEIR NEW RESIDENCE. THE MENSENDICKS WILL BE REQUIRED TO MEET ALL PROVISIONS FOR FEE PAYMENTS UNDER SECTION 1.2(c) OF THE CORPORATION BYLAWS, EFFECTIVELY IMMEDIATELY.

Introduction of Mensendicks' Horse

In response to the request of the purchasers of Parcel 2 (Ridge Way South,, 25320 Ridge Way) to bring in their horse before completion of their home construction and receipt of their certificate of occupancy, the Board accepted the Corral Group's recommendation to allow the Mensendicks to bring in their horse at a time that is agreed upon with the Corral Group.

Future of Clubhouse Complex

Two draft possible options, along with preliminary conditions-of-sale and financial criteria for the future of Club operations were presented: 1) sell the Club, Club property, and Club operations to a 3rd-party who will continue operating it; or 2) sell the Club and land to a developer for development of private land.

Upon motion duly made by Walter Crawford, seconded, and approved by a vote of 5/0, THE BOARD OF DIRECTORS OF MOUNT VERNON COUNTRY CLUB METROPOLITAN DISTRICT APPROVED ENGAGING *NATIONAL VALUATION CONSULTANTS, INC.* TO PREPARE A NARRATIVE APPRAISAL REPORT IN ORDER TO PROVIDE AN OPINION OF THE "AS IS" MARKET VALUE OF THE FEE-SIMPLE INTERST IN THE PROPERTY AS A GOING CONCERN. THE QUOTED FEE OF \$7,900, NOT TO EXCEED \$8,000, FOR THE APPRAISAL WAS APPROVED.

Refining and Metro District Debt

A comparison of financing offers received from four banks was reviewed, with only one, Vectra Bank, that conformed to the question passed by Metro District voters in the May 5 election.

In early discussions and negotiations, it had been anticipated that the three existing loans would be rolled into a single tax-exempt loan. However, any future sale, lease, or management

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arrangement of the Club was determined to be a disqualifying factor for tax-exempt status. Following discussion and Randy Lewis' recommendation,

Upon motion duly made by Walter Crawford, seconded, and approved by a vote of 5/0, THE BOARD OF DIRECTORS OF MOUNT VERNON COUNTRY CLUB METROPOLITAN DISTRICT AUTHORIZED CONTINUING AUTHORITY FOR RANDY LEWIS TO PROCEED WITH NEGOTIATIONS WITH VECTRA BANK REGARDING A SPLIT TAX-EXEMPT (water treatment plant) AND TAXABLE (all Club-related assets) LOAN.

MVCC Corporation Business

Annual Meeting of Proprietary Members

The draft Notice and Agenda for the June 2 Annual Meeting will be reviewed and finalized for mailing to all Proprietary Members no later than May 26. The meeting will be focused on the future of the Club, road and land uses, committee information, etc.

Board Letter

A Board Letter will be prepared and will include information on financial and membership updates; land sales update; election results; Annual Meeting date; tree spraying; compliance with fire ban; slash policy; and remaining 2020 Board meeting dates.

June Board Meeting

The next regular meeting of the District and Corporation Boards is scheduled for Thursday, June 18, 2020 at 7:30 p.m.

There being no further business to come before the Board, the meeting was adjourned at 10:30 p.m.

Respectfully submitted,



Gail M. McGowan, Secretary

DISTRICT COURT, COUNTY OF JEFFERSON, COLORADO	▲ COURT USE ONLY ▲
IN RE THE MATTER OF MOUNT VERNON COUNTRY CLUB METROPOLITAN DISTRICT	
Attorneys for the District: Collins Cockrel & Cole 390 Union Boulevard Denver, CO 80228 Telephone: 303.986-1551 Allison Ulmer, Esq. ahlmer@CCCFIRM.COM	
OATH OF OFFICE	

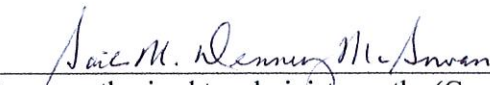
I, Walter K. Crawford, do **SWEAR** **AFFIRM** that I will support the Constitution of the United States, the Constitution of the State of Colorado, and the laws of the State of Colorado, and will faithfully perform the duties of the office of director of the Mount Vernon Country Club Metropolitan District upon which I am about to enter to the best of my ability.



 Signature of Oath Taker

STATE OF COLORADO)
) ss.
 COUNTY OF JEFFERSON)

Subscribed and sworn to before me this 21st day of May, 2020,

by 

 Person authorized to administer oaths (County Clerk and Recorder, Clerk of the Court, Court Judge, Notary Public, any Officer of the Board or any person designated by the Board, or any other person authorized to administer oaths)

Title: Secretary to the Board

My commission expires: _____

DISTRICT COURT, COUNTY OF JEFFERSON, COLORADO	▲ COURT USE ONLY ▲ Case No. Division:
IN RE THE MATTER OF MOUNT VERNON COUNTRY CLUB METROPOLITAN DISTRICT	
Attorneys for the District: Collins Cockrel & Cole 390 Union Boulevard Denver, CO 80228 Telephone: 303.986-1551 Allison Ulmer, Esq. ahlmer@CCCFIRM.COM	
OATH OF OFFICE	

I, Robert Thomas Weimer, do **SWEAR** **AFFIRM** that I will support the Constitution of the United States, the Constitution of the State of Colorado, and the laws of the State of Colorado, and will faithfully perform the duties of the office of director of the Mount Vernon Country Club Metropolitan District upon which I am about to enter to the best of my ability.

Robert Thomas Weimer
Signature of Oath Taker

STATE OF COLORADO)
) ss.
COUNTY OF JEFFERSON)

Subscribed and sworn to before me this 21st day of May, 2020,
by Sara M. Dennis McSwain
Person authorized to administer oaths (County Clerk and Recorder, Clerk of the Court, Court Judge, Notary Public, any Officer of the Board or any person designated by the Board, or any other person authorized to administer oaths)

Title: Secretary to the Board

My commission expires: _____