

# RECORD OF PROCEEDINGS

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## MINUTES OF THE SPECIAL MEETING OF

ST. VRAIN LAKES METROPOLITAN DISTRICT NO. 1  
ST. VRAIN LAKES METROPOLITAN DISTRICT NO. 2  
ST. VRAIN LAKES METROPOLITAN DISTRICT NO. 3  
ST. VRAIN LAKES METROPOLITAN DISTRICT NO. 4

HELD  
August 10, 2016

The Coordinated Special Meeting of the Boards of Directors (collectively, "Board") of St. Vrain Lakes Metropolitan District No. 1, St. Vrain Lakes Metropolitan District No. 2, St. Vrain Lakes Metropolitan District No. 3, and St. Vrain Lakes Metropolitan District No. 4 (collectively, "Districts") was held at Tallyn's Reach Clubhouse, 24900 E. Park Crescent Dr., Aurora, Colorado at 5:30 p.m. on Wednesday, August 10, 2016. Notice of the Coordinated Meeting was duly posted.

ATTENDANCE:     Directors in Attendance:  
Marc Savela, President  
Neil Simpson, Assistant Secretary

Directors Not in Attendance, but Excused:  
Ashley Tarufelli, Secretary/Treasurer

Also in Attendance:  
Stan Myers and Lindsey Dowswell; Pinnacle Consulting Group, Inc.  
Jean Jennings; Independent District Engineering Services  
Diane Wheeler and Kimberly Johanns, CPAs; Simmons & Wheeler, P.C.  
Kristen D. Bear, Esq.; White Bear Ankele Tanaka & Waldron, P.C.

CALL TO  
ORDER

The Coordinated Regular Meeting of the Board of Directors of St. Vrain Lakes Metropolitan Districts Nos. 1, 2, 3, and 4 was called to order at 5:31 p.m. by Chairman Savela, noting that a quorum was present for each of the Boards. Each of the Directors confirmed their qualifications to serve on the Boards. Chairman Savela also confirmed that prior to the meeting each of the Directors had been notified of the meeting.

COMBINED  
MEETINGS

The Board of Directors of the Districts determined to hold joint meetings of the Districts and to prepare joint minutes of action taken by the Districts at such meetings. Unless otherwise noted herein, all official action reflected in these minutes shall be deemed to be action of all of the Districts. Where necessary, action taken by an individual District will be so reflected in these

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minutes.

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CONFLICTS OF  
INTEREST  
DISCLOSURE

Ms. Bear noted that notices of potential conflicts of interest for all Board Members were filed with the Colorado Secretary of State's Office, disclosing that potential conflicts of interest may exist, as all Board Members are employees of Brookfield Residential, which is associated with the primary landowner and developer of land within the Districts. Ms. Bear advised the Board that pursuant to Colorado law, certain disclosures by the Board Members might be required prior to taking official action at a meeting. The Board reviewed the agenda for the meeting, following which each Board Member present confirmed the contents of the written disclosures previously made stating the fact and summary nature of any matters as required under Colorado law to permit official action to be taken at the meeting. Additionally, the Board determined that the participation of the Directors present was necessary to obtain a quorum or otherwise enable the Board to act.

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AGENDA

The Board reviewed the agenda. Following review, upon motion duly made by Director Simpson, seconded by Director Savela and, upon unanimous vote, it was

**RESOLVED** to approve the agenda, as presented.

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APPROVAL OF  
MINUTES

The minutes of the June 8, 2016 regular meeting were presented for the Board's consideration. Following review and discussion, and upon motion duly made by Director Simpson, seconded by Director Savela, and, upon unanimous vote, it was

**RESOLVED** to approve the June 8, 2016 regular meeting minutes, as presented.

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PUBLIC  
COMMENT

There were no members of the public present.

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LEGAL MATTERS

Director Vacancies: Director Savela commented that there are ongoing discussions regarding about appointments to the vacant Board seats and timing associated with the same.

Approve Amended Joint Annual Administrative Matters Resolution: Ms. Bear noted that the Resolution was amended in order to change the regular

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meeting dates, time, and location, and to delineate the duties that will be performed by management, legal, and accounting staff. Following review and discussion, upon motion duly made by Director Simpson, seconded by Director Savela, and, upon unanimous vote, it was

**RESOLVED** to approve the Amended Joint Annual Administrative Matters Resolution, as presented.

Discussion of Contractor's Builder's Risk Insurance: Ms. Bear reported that she has a list of contracts that might necessitate builder's risk insurance. Ms. Bear is working with insurance companies to get quotes, and will then work with Director Taruffelli and Guy Ford to determine which contracts need to be insured. Ms. Bear noted that she hopes to complete this process before the November regular meeting.

Discuss District Operating Services Agreement, Mill Levy Equalization and Pledge Agreement, and Termination of Master Intergovernmental Agreement: Ms. Bear explained that, due to recent state and federal court cases, the current Master IGA structure for the District has been reconsidered. Legal counsel has worked with the firm Kutak Rock to devise an alternative structure, which involves a Mill Levy Equalization and Pledge Agreement and a District Operating Services Agreement. The Mill Levy Equalization and Pledge Agreement commits the financing districts (Nos. 2, 3, and 4) to pledge mill levy revenues to District No. 1 for purposes of paying the costs associated with construction, developer advances, and operations. The District Operating Services Agreement outlines how the Districts will delegate operations duties to District No. 1, the operating district. Ms. Bear commented that, because of the potential conflict of interest between the financing districts and the operating district, she advises that the financing districts retain Kutak Rock to vet the Mill Levy Equalization and Pledge Agreement before they sign it.

Following review and discussion, upon motion duly made by Director Simpson, seconded by Director Savela, and, upon unanimous vote, it was

**RESOLVED** to authorize legal counsel to engage Kutak Rock on behalf of the finance districts Nos. 2, 3, and 4, for the purpose of vetting the Mill Levy Equalization and Pledge Agreement.

Inclusion of Parcels Located Between District No. 2 and District No. 3: Ms. Bear noted that public hearings for these inclusions will take place at the November meeting.

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### FINANCIAL MATTERS

Consideration of Payables: Ms. Wheeler reviewed with the Board the payables dated August 10, 2016, in the amount of \$1,547,146.45. Following review and discussion, upon motion duly made by Director Simpson, seconded by Director Savela, and, upon unanimous vote, it was

**RESOLVED** to approve the payables dated August 10, 2016, in the amount of \$1,547,146.45, as presented.

Financial Statements: Ms. Wheeler reviewed with the Board the Financial Statements dated March 31, 2016, noting that the June 30, 2016 Financial Statements are not yet ready for review. Following review and discussion, upon motion duly made by Director Simpson, seconded by Director Savela, and, upon unanimous vote, it was

**RESOLVED** to approve the Financial Statements dated March 31, 2016, as presented.

District No. 1 2015 Amended Budget: Director Savela opened the 2015 Amended Budget Hearing to the public. Ms. Bear reported that notice of the hearing had been published on August 3, 2016 in accordance with state budget law. Ms. Johans reviewed the proposed amended budget and answered questions. The amended budget by fund is as follows:

District No. 1 – Debt Service Fund \$11,083

There being no public input, the public hearing portion of the budget was closed.

After further review and discussion, upon motion duly made by Director Simpson, seconded by Director Savela, and upon unanimous vote, it was

**RESOLVED** to approve the Resolution to Amend the 2015 Budget for District No. 1, as presented.

District No. 2 2015 Amended Budget Hearing: Director Savela opened the 2015 Amended Budget Hearing to the public. Ms. Bear reported that notice of the hearing had been published on August 3, 2016 in accordance with state budget law. Ms. Johans reviewed the proposed amended budget and answered questions. The amended budget by fund is as follows:

District No. 2 – General Fund \$82,224

There being no public input, the public hearing portion of the budget was closed.

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After further review and discussion, upon motion duly made by Director Simpson, seconded by Director Savela, and upon unanimous vote, it was

**RESOLVED** to approve the Resolution to Amend the 2015 Budget for District No. 2, as presented.

2015 Audits for Districts 1 and 2: Ms. Wheeler presented the results of the 2015 draft audits for Districts Nos. 1 and 2 to the Board and answered questions. After further review and discussion, upon motion duly made by Director Simpson, seconded by Director Savela, and upon unanimous vote, it was

**RESOLVED** to approve the 2015 Audits for Districts Nos. 1 and 2, and authorize Simmons & Wheeler, P.C. to file the final audits with the Office of the State Auditor.

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### CONSTRUCTION MATTERS

Construction Status: Ms. Jennings reviewed the Construction Report with the Board. Ms. Jennings reported that phase one of the lake trail is moving forward, and that the model homes look close to complete. Mr. Savela stated that the models are scheduled to open on Saturday, August 13<sup>th</sup>.

Ratification of Change Orders and Task Orders: Ms. Jennings reviewed and recommended ratification of the previously-approved HEI Change Orders #39 and 40; Martin Marietta COs #4-6; Split Rail Fence Company CO #1; Thoutt Bros. COs #4 and 5; BrightView COs #4 and 5; Wyoco Erosion Control COs #2 and 3; Aztec Consultants Task Order #3 and 4; and CTL Thompson TOs #10-13, totaling \$757,127.51 and listed in the Construction Report. Following review and discussion, upon motion duly made by Director Simpson, seconded by Director Savela, and upon unanimous vote, it was

**RESOLVED** to ratify approval of the Change Orders and Task Orders listed in the Construction Report as noted above, as presented.

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### MANAGEMENT MATTERS

Manager's Report: Mr. Myers reviewed his report with the Board and answered questions.

1. Special District Disclosure Document: Mr. Myers noted that an updated map to accompany the disclosure document has been completed, and both will be filed with Weld County.
2. Development Fees Processing and Documentation: Mr. Myers

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reviewed the most current Development Fee Log with the Board.

3. Website Development and Refinement: Mr. Myers noted that Pinnacle is continuing to add information to the District website. Director Savela asked Pinnacle to create a generic administrative login for the website, so that Brookfield staff and other staff can have access to edit the site. Ms. Bear commented that she recommends posting annual audits and budgets on the website, but not unaudited financial statements.
4. District Management & Coordination: Mr. Myers reported that Pinnacle continues to work closely with legal counsel and accounting staff to define roles and responsibilities.
5. Development of District Budget for 2017: Mr. Myers reported that Pinnacle staff will be working with Simmons & Wheeler and Brookfield to develop a draft budget for review at the November regular meeting.

Review District Disclosure Closing Document: Mr. Myers reviewed with the Board the draft District Disclosure Closing Document, which will be included in the closing documents that are provided to home buyers. Mr. Myers noted that he will be meeting with Brookfield staff to finalize the closing document package.

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### OTHER MATTERS

Directors' Comments: No items were brought before the Board for consideration.

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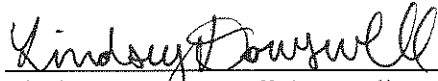
### ADJOURNMENT

There being no further business to come before the Board, upon motion duly made by Director Simpson, seconded by Director Savela, and upon unanimous vote, the meeting was adjourned at 5:56 p.m.

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The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.

Respectfully submitted,



Lindsey S. Dowswell, Recording Secretary for the Meeting