

RECORD OF PROCEEDINGS

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
November 9, 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 5:00 p.m. on Wednesday, November 9, 2016. Notice of the Coordinated Meeting was duly posted.

ATTENDANCE: Directors in Attendance:
Marc Savela, President
Neil Simpson, Assistant Secretary
Ashley Taruffelli, Secretary/Treasurer

Also in Attendance:
Stan Myers, Peggy Dowswell, Jason Woolard, and Lindsey Dowswell;
Pinnacle Consulting Group, Inc.
Brandon Collins; Independent District Engineering Services (IDES)
Virginia Hemphill and Kimberly Johanns, CPAs; Simmons & Wheeler, P.C.
Kristen D. Bear, Esq.; White Bear Ankele Tanaka & Waldron, P.C.

CALL TO The Coordinated Regular Meeting of the Board of Directors of St. Vrain
ORDER Lakes Metropolitan Districts Nos. 1, 2, 3, and 4 was called to order at 5:00
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 The Board of Directors of the Districts determined to hold joint meetings of
MEETINGS 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
minutes.

RECORD OF PROCEEDINGS

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.

PUBLIC
COMMENT

There were no members of the public present.

CONSENT
AGENDA

The Board reviewed the following items on the consent agenda:

- A. Approval of agenda
- B. Approval of August 10, 2016 special meeting minutes; ratify actions taken at the August 10, 2016 special meeting
- C. Ratification of Utility Easement and Right of Way Agreements between District No. 1 and Central Weld County Water District and Little Thompson Water District
- D. Approval of 2017 Annual Administrative Matters Resolution
- E. Ratification and approval of payables
- F. 2017 meeting schedule

Item G., 2017 Fee Addendum, was removed from the consent agenda to be addressed during the budget discussion.

Following brief discussion and review of the consent agenda items, upon motion duly made by Director Simpson, seconded by Director Taruffelli and, upon unanimous vote, it was

RESOLVED to approve the items on the consent agenda, as presented.

RECORD OF PROCEEDINGS

FINANCIAL MATTERS

Financial Statements: Ms. Johanns reviewed with the Board the Financial Statements dated September 30, 2016. Following review and discussion, upon motion duly made by Director Simpson, seconded by Director Taruffelli, and, upon unanimous vote, it was

RESOLVED to approve the Financial Statements dated September 30, 2016, as presented.

District Nos. 1-4 2017 Budgets: Director Savela opened the 2017 Budget Hearing to the public. Ms. Bear reported that notice of the hearing had been published on November 2, 2016 in accordance with state budget law. Ms. Johanns and Ms. Hemphill reviewed the proposed budgets and answered questions. The budget summary by District is as follows:

District No. 1, Service District:
Mill levy is 65.00 mills.
General Fund Expenditures: \$829,618
Capital Fund Expenditures: \$24,213,000
Debt Service Fund Expenditures: \$91

District No. 2, Financing District:
Mill levy is 65.00 mills.
General Fund Expenditures: \$22,409
Capital Fund Expenditures: \$10,000,000
Debt Service Fund Expenditures: \$609,761

District No. 3, Financing District:
Mill levy is 65.00 mills.
General Fund Expenditures: \$237,621
Capital Fund Expenditures: \$0
Debt Service Fund Expenditures: \$792,237

District No. 4, Financing District:
Mill levy is 65.00 mills.
General Fund Expenditures: \$179,250
Capital Fund Expenditures: \$0
Debt Service Fund Expenditures: \$597,668

Ms. Hemphill discussed the 2017 Fee Addendum, and asked whether the ARC architectural review fee needs to be included on the fee resolution. Ms. Bear responded that the ARC review fee should be included on the fee resolution.

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

RECORD OF PROCEEDINGS

closed.

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

RESOLVED to approve the Resolution to Adopt the 2017 Budget for District No. 1, Set the Mill Levies and Appropriate Budgeted Funds upon final certification of value being received by the County on or before December 10, 2016 and approve all other documents related to the 2017 budget. The accountant is authorized to make minor modifications that may be necessary following receipt of final assessed values.

Upon motion duly made by Director Tarufelli, seconded by Director Simpson, and upon unanimous vote, it was

RESOLVED to approve the Resolution to Adopt the 2017 Budget for District No. 2, Set the Mill Levies and Appropriate Budgeted Funds upon final certification of value being received by the County on or before December 10, 2016 and approve all other documents related to the 2017 budget. The accountant is authorized to make minor modifications that may be necessary following receipt of final assessed values.

Upon motion duly made by Director Tarufelli, seconded by Director Simpson, and upon unanimous vote, it was

RESOLVED to approve the Resolution to Adopt the 2017 Budget for District No. 3, Set the Mill Levies and Appropriate Budgeted Funds upon final certification of value being received by the County on or before December 10, 2016 and approve all other documents related to the 2017 budget. The accountant is authorized to make minor modifications that may be necessary following receipt of final assessed values.

Upon motion duly made by Director Tarufelli, seconded by Director Simpson, and upon unanimous vote, it was

RESOLVED to approve the Resolution to Adopt the 2017 Budget for District No. 4, Set the Mill Levies and Appropriate Budgeted Funds upon final certification of value being received by the County on or before December 10, 2016 and approve all other documents related to the 2017 budget. The accountant is authorized to make minor modifications that may be necessary following receipt of final assessed values.

LEGAL MATTERS Public Hearing to Consider Petition for Inclusion of Property into District

RECORD OF PROCEEDINGS

No. 2: Director Savela opened the Inclusion Hearing for St. Vrain Lakes Metropolitan District No. 2 (“SVLMD 2”) to the public. Ms. Bear advised that SVLMD 2 received a petition to include property into its boundaries from Barefoot LLC, the property owner. Ms. Bear reported that notice of the hearing had been published in the *Ft. Lupton Press* on November 9, 2016 in accordance with state law. Director Savela requested any member of the public wishing to comment to address the SVLMD 2 Board. There was no public comment, and Director Savela closed the public hearing.

Adoption of Certified Resolution to Approve Inclusion of Property into District No. 2: Ms. Bear presented the SVLMD 2 Board with a Resolution Approving the Inclusion of Real Property owned by Barefoot LLC. The SVLMD 2 Board reviewed the Resolution and determined the criteria for inclusion of property set forth in Section 32-1-401, *et seq.*, are met, and inclusion of the property is in the best interests of the Districts and the property.

Upon motion duly made by Director Taruffelli, seconded by Director Simpson, and upon unanimous vote, it was

RESOLVED to approve the Resolution Approving the Inclusion of Real Property as presented, and to direct Ms. Bear to proceed with a motion to the Weld County District Court requesting a Court order to include the property.

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

Discussion of Contractor’s Builder’s Risk Insurance: Ms. Bear reported that she has worked with IDES to determine which contracts need builder’s risk insurance, and her office is coordinating such insurance coverage.

Approve District Operating Services Agreement and Mill Levy Policy and Pledge Agreement: Ms. Bear explained that legal counsel has worked with the firm Kutak Rock, which represented the interests of the financing districts (Nos. 2, 3, and 4) to devise a Mill Levy Policy and Pledge Agreement and a District Operating Services Agreement.

Ms. Hemphill asked whether the proper term for District No. 1 is “service district” or “operating district.” Ms. Bear responded that she will refer to the Districts’ Service Plan to determine the correct term, and make sure that all documents are consistent with that term.

RECORD OF PROCEEDINGS

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 District Operating Services Agreement and the Mill Levy Policy and Pledge Agreement, as presented.

Approve Engagement Letter with Kutak Rock LLP: Ms. Bear presented an engagement letter with Kutak Rock to the Board, noting that its scope includes representing the financing districts in the above matter as well as future work on possible bond issuance. Director Taruffelli requested that the Board approve the engagement letter, but defer payment until January 2018, when the bond process is expected to be complete.

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

RESOLVED to approve the engagement letter with Kutak Rock, LLP, subject to the amendment of the payment date as described above.

Approve Termination of Master Intergovernmental Agreement: Ms. Bear explained that the District Operating Services Agreement and the Mill Levy Policy and Pledge Agreement take the place of the prior Master Intergovernmental Agreement, and asked the Board to consider termination of that agreement.

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

RESOLVED to terminate the Master Intergovernmental Agreement.

MANAGEMENT MATTERS

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

1. Development Fees Processing and Documentation: Mr. Myers reviewed the most current Development Fee Log with the Board.
2. Operations Fee Coordination: Mr. Myers noted that the management team will be working with Simmons & Wheeler, builder sales staff, and title companies to establish a process for collecting operations fees at closing. Pinnacle will also work with Simmons & Wheeler to establish a process for collecting ongoing Operations Fees from homeowners on a quarterly basis starting in 2017.
3. Website Development and Refinement: Mr. Myers reported that Pinnacle continues to add information to the website, and will

RECORD OF PROCEEDINGS

maintain exclusive access for editing purposes.

4. Trash and Recycling Preferred Provider: Mr. Myers reported that he reached out to several waste management providers in the area, and recommends that the District choose Waste Connections as its preferred provider.
5. Development of District Budget for 2017: Mr. Myers reported that Pinnacle has worked with Simmons & Wheeler and Brookfield Residential staff to develop the 2017 budget that was presented for the Board's approval.

Discuss Workers' Compensation Insurance: Mr. Myers commented that workers' compensation insurance is addressed in the Annual Administrative Resolution, and does not need to be discussed further.

Acceptance and Reimbursement Process: Mr. Woolard reported that the process for accepting developer-built improvements was discussed at a meeting with Brookfield staff prior to this meeting, and noted that Pinnacle staff will continue to manage the required coordination. Ms. Bear noted that there is an adopted process in place, which can be adjusted as needed.

Approval of O&M Service Agreements: Mr. Woolard reported that at the same meeting with Brookfield staff, the operational needs for the remainder of 2016 were discussed. A contract with Bright View for 2016 snow removal and site cleanup is under development, as well as contracts with Solitude Lake Management and Western Environmental for lake and habitat management, and a contract for GIS system setup. Ms. Bear noted that Director Savela is authorized to approve and sign agreements, which will then be considered for ratification at a future Board meeting. Mr. Woolard noted that he will ask the current landscape installation contractors to remove ongoing landscape maintenance from their contracts and present separate maintenance service agreements.

CONSTRUCTION MATTERS

Construction Status: Mr. Collins reviewed the Construction Report with the Board.

Ms. Hemphill asked about the status of the FEMA grant. Director Savela responded that the final reimbursement request is in process.

Ratification of Change Orders and Task Orders: Mr. Collins reviewed and recommended ratification of the previously-approved HEI Change Orders #41, 42, and 43; Split Rail Fence Company COs #2 and 3; Thoutt Bros. COs #6 and 7; BrightView COs #6, 7, and 8; and Wyoco Erosion Control CO #4, totaling \$190,323.26 and listed in the Construction Report. Following review

RECORD OF PROCEEDINGS

and discussion, upon motion duly made by Director Tarufelli, seconded by Director Savela, and upon unanimous vote, it was

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

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

RECORD OF PROCEEDINGS

ADJOURNMENT

There being no further business to come before the Board, upon motion duly made by Director Savelle, seconded by Director Taruffelli, and upon unanimous vote, the meeting was adjourned at 5:50 p.m.

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

Respectfully submitted,


Stan Myers, Recording Secretary for the Meeting