

RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR 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
 May 9, 2017

The Combined Regular 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 the Carbon Valley Recreation Center, 701 5th Street, Frederick, Colorado at 4:30 p.m. on Tuesday, May 9, 2017. Notice of the Combined Meeting was duly posted.

ATTENDANCE:

Directors in Attendance:

Marc Savela, President
 Neil Simpson, Assistant Secretary
 Ashley Tarufelli, Secretary/Treasurer

Also in Attendance:

Shannon Robbins and David Carro; Brookfield Residential
 Stan Myers, Jason Woolard, and Lindsey Dowswell; Pinnacle
 Consulting Group, Inc.
 Jean Jennings; Independent District Engineering Services
 (IDES)
 Kimberly Johanns, CPA; Simmons & Wheeler, P.C.
 Kristen D. Bear, Esq.; White Bear Ankele Tanaka & Waldron,
 P.C.

CALL TO
 ORDER

The Combined Regular Meeting of the Board of Directors of St. Vrain Lakes Metropolitan Districts Nos. 1, 2, 3, and 4 was called to order at 4:35 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

RECORD OF PROCEEDINGS

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.

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.

APPOINTMENT OF BOARD MEMBERS TO FILL VACANCIES

There are vacancies to be filled on the Board of District No. 1. Ms. Bear noted that a call for interested candidates was published on January 25, 2017 and April 19, 2017. The District did not receive any additional letters of interest to serve on the Board. Shannon Robbins and David Carro have agreed to serve and are qualified to serve on the Board. Upon motion duly made by Director Savela, seconded by Director Taruffelli and, upon vote, unanimously carried, it was

RESOLVED to appoint Shannon Robbins and David Carro to serve on the Board of St. Vrain Lakes Metropolitan District No. 1 to fill terms expiring in May 2018.

Ms. Bear administered the Oath of Office to Shannon Robbins and David Carro, and the newly-appointed members joined

RECORD OF PROCEEDINGS

the meeting in their capacity as members of the Board of Directors.

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 February 8, 2017 meeting minutes; ratify actions taken at the February 8, 2017 meeting
- C. Ratification and approval of payables

The Board members briefly discussed additional detail that they would like included in payables listings and budget to actual reports going forward.

Following brief discussion and review of the remaining 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, including the minutes as amended.

FINANCIAL MATTERS

Financial Reports: Ms. Johanns presented the financial statements to the Boards and answered questions. Ms. Johanns noted that the District 1 audit is scheduled to begin on May 22nd.

Director Taruffelli suggested that the Districts should consider starting a reserve fund, perhaps by holding some of the funds currently designated for developer repayment. Director Taruffelli asked accounting staff to consider the establishment of a reserve fund during the 2018 budget process.

Director Savela and Director Taruffelli asked for developer advances to be tracked in more detail, specifically broken down by project and detailed line items within each project. Director Taruffelli suggested that it may be necessary to create

RECORD OF PROCEEDINGS

more specific codes for expenses so that they can be broken down more comprehensively. Ms. Bear suggested that when a sufficiently-detailed breakdown of expense is agreed upon, the expense report could be attached to the quarterly meeting minutes.

Engagement Letter for 2016 Audit: Ms. Johanns reported that Director Tarufelli signed the engagement letter with Barnes, Griggs, and Associates for the District 1 2016 audit, and asked the Board to ratify the engagement letter. Ms. Johanns noted that the cost of the 2016 audit is \$7,500. Upon motion duly made by Director Simpson, seconded by Director Savela and, upon vote, unanimously carried, it was

RESOLVED to ratify the engagement letter with Barnes, Griggs, and Associates for the completion of the District 1 2016 audit.

LEGAL MATTERS

Grant of Easement to United Power, Inc.: Ms. Bear presented the previously-executed Grant of Easement to United Power, Inc. to the Boards and asked for ratification. Upon motion duly made by Director Savela, seconded by Director Tarufelli and, upon vote, unanimously carried, it was

RESOLVED to ratify the Grant of Easement to United Power, Inc., as presented.

Changes to CC&Rs: Ms. Bear reported that legal and Pinnacle are working with Elizabeth Marchetti at Brookfield on revising the CC&Rs to improve the ARC approval process as well as refine the community guidelines. Mr. Myers requested that the Boards appoint representatives to approve the final revised CC&Rs, since they will likely be completed before the next regular meeting in August. Upon motion duly made by Director Tarufelli, seconded by Director Simpson and, upon vote, unanimously carried, it was

RESOLVED to appoint Director Robbins and Director Savela as representatives of the Boards for the purpose of approving the final revised CC&Rs.

Joint Resolution Establishing Guidelines for Processing and Collection of Delinquent Fees and Charges: Ms. Bear presented the Joint Resolution Establishing Guidelines for

RECORD OF PROCEEDINGS

Processing and Collection of Delinquent Fees and Charges to the Boards for approval, noting that it is prudent to have such a policy in place now that there are homeowners who will soon be billed for operations fees. Upon motion duly made by Director Simpson, seconded by Director Savela and, upon vote, unanimously carried, it was

RESOLVED to approve the Joint Resolution Establishing Guidelines for Processing and Collection of Delinquent Fees and Charges, as presented.

2017 Fee Addendum: Ms. Bear presented the 2017 Fee Addendum, noting that the Joint Fee Resolution remains in place in perpetuity, and the Boards approve a Fee Addendum every year. Director Tarufelli asked why some of the specific fees listed in the first Fee Addendum under the Joint Fee Resolution are no longer being assessed. Ms. Bear clarified that those fees are still being assessed, but they have been rolled into the development fee instead of being broken out into specific fees. Director Tarufelli requested that the fees included in the development fee be notated in some way on the Fee Addenda. Director Carro asked if the 5% annual increase in fees is based on the original fee amounts in the 2013 Fee Addendum, or the current year's fee amounts. Ms. Bear responded that the 5% increase is based on the current year fee amounts, and noted that the Board can choose to waive the increase. Upon motion duly made by Director Simpson, seconded by Director Tarufelli and, upon vote, unanimously carried, it was

RESOLVED to approve the 2017 Fee Addendum, as presented.

MANAGEMENT MATTERS

Manager's Report: Mr. Myers and Mr. Woolard reviewed the management and operations report with the Boards and answered questions.

Director Savela asked if there is a plan in place for weed maintenance. Mr. Woolard commented that while it is ideal to let native grasses grow up and seed themselves, the downside of that approach is weed growth. Mr. Woolard noted that he has asked BrightView to propose a weed mitigation plan and a subsequent walkthrough was being scheduled.

RECORD OF PROCEEDINGS

Director Savela asked for an update on the separation of the installation scope and the maintenance scope in BrightView's contract. Mr. Woolard reported that the installation punchlist that was initially completed last fall will be reviewed again this fall by IDES and Design Workshop. Mr. Woolard also commented that BrightView has clarified the points of contact for wrapping up the installation scope and for the maintenance scope going forward.

Director Savela suggested that it may be helpful to put some information about the public area landscape development plan on the website for residents, to set clear expectations. Director Carro commented that setting expectations for timeframe would be especially important, since BrightView has estimated that it may take up to five years for the native landscaped areas to fully develop. Mr. Woolard commented that an expert in native landscape would be able to create a presentation explaining the native landscape development process, and asked if the Boards would like him to engage a firm with such expertise for that purpose. Director Savela commented that engaging such a firm would be a good idea, and Mr. Woolard responded that he would pursue it. Ms. Bear suggested that it would also be a good idea to put a map on the website that would show residents which areas the Districts maintain, and which of those areas are going to be native landscape vs. manicured landscape. Mr. Woolard responded that he would also pursue this recommendation.

Mr. Woolard noted that he is asking the Boards to approve a Service Agreement with SWPPP Colorado for site maintenance, including picking up trash around the lake.

Director Savela asked if there had been an issue with the recommended trash service provider, Waste Connections. Mr. Myers reported that Waste Connections had not picked up recyclables on the schedule they committed to, and that he spoke to Waste Connections to resolve the issue. Director Savela asked management staff to continue to support homeowners on any issues they have with Waste Connections. Director Tarufelli asked why the Districts do not provide trash service, and Ms. Bear responded that the Districts are not permitted to enter into contracts on behalf of the homeowners in the Districts.

RECORD OF PROCEEDINGS

Service Agreements: Mr. Myers and Mr. Woolard presented the following Service Agreements to the Board, and answered questions.

1. Rain for Rent for water pumping (time and materials based on established fee schedule)
2. SWPPP Colorado for general site maintenance (time and materials based on established fee schedule)
3. Design Workshop for monthly landscape performance evaluations (not to exceed \$8,000)

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

RESOLVED to approve the Service Agreements listed above, as presented.

Acceptance & Reimbursement Process: Mr. Woolard reported that the walkthrough for district acceptance of the public alleyways is scheduled for next Tuesday. Mr. Woolard suggested that it may be preferable to adopt a “rolling” acceptance and reimbursement process going forward, in which costs for each project or phase are certified monthly. Director Tarufelli asked what such a “rolling” process would look like in practice, and Mr. Woolard responded that an engineer engaged by the District would visit the project site each month to verify that project work is being completed in general conformance with the plans and would then certify the costs on an ongoing monthly basis, instead of at the end of the project. Mr. Woolard noted that the next step in adopting a rolling acceptance and reimbursement process would be scheduling a meeting with Director Savela, Director Tarufelli, the Brookfield Residential development team, and legal to clarify the steps in the process. Director Savela noted that the process would likely start in July based on current schedules and workload. Director Savela asked if adopting such a process will require a new Acceptance and Reimbursement policy, and Ms. Bear responded that a new policy is not required since the overall policy is not changing, just the timing of the acceptance process.

RECORD OF PROCEEDINGS

CONSTRUCTION MATTERS

Construction Report: Ms. Jennings reviewed the Construction Report with the Board and answered questions. Ms. Jennings commented that the District contract work is almost complete, and right now they are on schedule to be completed by this summer. Ms. Jennings noted that Velocity has not yet been given a Notice to Proceed.

Ratification of Change Orders and Task Orders: Ms. Jennings reviewed and recommended ratification of the previously-approved HEI Change Order #46; Martin Marietta Materials, Inc. CO #7; and BrightView Landscape CO #11; IDES LLC Task Order #2; and CTL Thompson TOs #4, 5, 8, 14, 17, and 18, totaling \$271,263.41 and listed in the Construction Report. Following review and discussion, upon motion duly made by Director Carro, seconded by Director Tarufelli, and upon unanimous vote, it was

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

Director Savela commented that the first infrastructure acquisition process is likely to start in July.

OTHER MATTERS

Directors' Comments: Director Savela asked management staff to investigate whether it would be possible to set up District emails for the Board members through the current District website. Ms. Dowswell responded that she would look into the possibility.

Director Savela and Director Tarufelli noted that it would be ideal if bonds could be issued in 2017. Director Savela asked for a discussion of bond matters to be added to meeting agendas going forward.

Director Savela suggested that the Boards authorize Director Carro and Director Simpson to approve District contracts during the time between quarterly Board meetings. Upon motion duly made by Director Tarufelli, seconded by Director Simpson and, upon vote, unanimously carried, it was

RECORD OF PROCEEDINGS

RESOLVED to appoint Director Carro and Director Simpson as representatives of the Boards for the purpose of approving contracts.

Ms. Bear briefly discussed with the Boards the possible need to revise the Districts' service plan to more closely reflect the expected delineation of responsibilities between the Districts and the Town of Firestone.

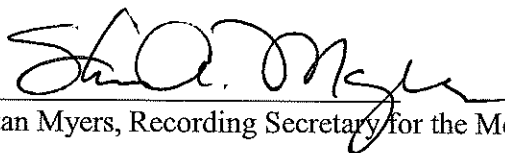
RECORD OF PROCEEDINGS

ADJOURNMENT

There being no further business to come before the Board, upon motion duly made by Director Tarufelli, seconded by Director Simpson, and upon unanimous vote, the meeting was adjourned at 5:52 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