

# RECORD OF PROCEEDINGS

---

MINUTES OF A SPECIAL MEETING OF  
THE BOARD OF DIRECTORS OF THE  
STERLING RANCH METROPOLITAN DISTRICT NO. 2  
(THE “DISTRICT”)  
HELD  
AUGUST 22, 2023

A special meeting of the Board of Directors of the Sterling Ranch Metropolitan District No. 2 (referred to hereafter as the “**Board**”) was convened on Tuesday, August 22, 2023, at 11:00 a.m. at 2138 Flying Horse Club Dr., Colorado Springs, CO 80921 and via teleconference. The meeting was open to the public.

## ATTENDANCE

### Directors In Attendance Were:

Deborah Vincelle, President  
Willie Jackson, Secretary  
Charles Collins, Treasurer  
Michael J. Bart, Assistant Secretary  
Diane C. Black, Assistant Secretary

### Also, In Attendance Were:

Josh Miller, Korben Heim and Mallorie Hansen; CliftonLarsonAllen, LLP (“CLA”)  
Sean Allen, Esq.; White Bear Ankele Tanaka & Waldron  
Russ Dykstra, Esq., Spencer Fane (legal counsel for FAWWA)  
Sarah Steph and Douglas Stimple; Classic Homes  
Peggy Libbey; Morley Construction  
Michael Black; Member of the Public

## ADMINISTRATIVE MATTERS

**Call to Order and Agenda:** Director Vincelle called the meeting to order at 11:05 a.m. Following review, upon a motion duly made by Director Vincelle, seconded by Director Black and, upon vote, unanimously carried, the Board approved the agenda, as presented. The Board requested that going forward the agenda be circulated with the Board for review and comment prior to finalization.

**Disclosures of Potential Conflicts of Interest:** The Directors present that have financial and employment interests in entities active in developing property within the boundaries of the District, noted for the record that such interests may be affected from time to time by actions of the District’s Board of Directors. In accordance with state law, Attorney Allen reported the written disclosures describing such potential conflicts of interest were filed with the Secretary of State, and the Directors present verbally reaffirmed such disclosures or confirmation of no conflict disclosures as applicable on the record of this meeting. The Board determined that the participation of the members present was necessary to obtain a quorum or to otherwise enable the

## RECORD OF PROCEEDINGS

---

Board to act.

**Quorum, Location of Meeting and Meeting Notices:** A quorum was confirmed. It was noted that the meeting was noticed on the District website and posted as required.

**Public Comment:** None.

**Developer Update:** Mr. Stimple provided a general development update, noting the District is progressing but is behind schedule due to the spring and summer weather.

Director Collins reported the paving in Homestead North Filing 9 is complete and the utilities are being installed in Filings 2 and 3. The Vollmer Road curb pours are in progress up to the Timber Ridge development. He noted the paving will hopefully be finished by the end of the year.

Director Collins reported the park benches have arrived and will be installed this week. The landscaping along Marksheffel is to be installed after the connection with Vollmer Road is finished.

Director Bart and Director Vinclette noted concerns regarding the dips at the Marksheffel/Vollmer intersection. According to Mr. Stimple and Director Collins, the area was built to El Paso County design, and not the developer's decision. There are four inlets at the dip, but they are not connected to the detention pond. Once the pond is complete it will be connected. Director Bart suggested adding high water signage to alert drivers as water builds up at the dip.

Director Bart noted the detour off Vollmer Road goes over asphalt as well as a section of dirt and the concern for possible damage to vehicles. Director Collins noted it was not intended and he will have the construction barrels moved to keep the cars on the asphalt as best as possible.

**FAWWA Water Rates:** Attorney Dykstra introduced himself to the Board and reviewed the service/cost rate system. Discussion ensued below:

- There is a minimum base charge plus usage addition. A new operation like FAWWA does not yet know the full extent of costs of operation, but will have more data as the infrastructure is completed and over time in operations.
- Director Bart noted FAWWA is currently not set up to incentivize conservation and there is concern for long-term usage. The possibility was raised of annexation by the COS and CSU usage tiers set lower, water-wise messaging, etc.
- Mr. Stimple noted the infrastructure needs to be completed before a new rate structure can be considered. In the meantime, other restrictions on usage to conserve and build community habits could be implemented.
- Mr. Stimple reported the County uses a predicted water usage model of

## RECORD OF PROCEEDINGS

---

.37 acres feet per year per household. This does not necessarily predict accurately based on home product types, number, etc. A minimum charge and rate structure can be considered at some point in the future.

- Discussion ensued regarding the detention pond requirements, landscaping in areas of the District that are excessively watered and conservation messages on billing and mailings.
- Director Vincellette asked about the CCR report, testing and compliance. Discussion ensued regarding regular testing, water quality and the treatment plant being built by FAWWA. It was noted this was necessary due to water being brought into the system from multiple sources.

### **Minutes from June 20, 2023 and July 18, 2023 Regular Board Meeting:**

Following review and discussion, upon a motion duly made by Director Bart, seconded by Director Vincellette and, upon vote, unanimously carried, the Board approved the minutes from the June 20, 2023 regular Board meeting.

Upon a motion duly made by Director Bart, seconded by Director Vincellette and, upon vote, unanimously carried, the Board approved the July 18, 2023 regular Board meeting minutes, as amended.

### **FINANCIAL MATTERS**

**Cash Position and Property Tax Schedules:** Ms. Hansen reviewed the Cash Position and Property Tax Schedules with the Board. Director Black asked about payments and the rescheduling of the meetings being moved ahead a week. Ms. Hansen reported that this would improve the process immensely. Director Bart asked why District Nos. 1 and 2 are billed separate from District No. 3. Ms. Hansen noted the administrative charges are billed to District No. 3 as the coordinating district and all capital related charges are billed to District Nos. 1 or 2 and the financing districts. Following discussion, upon a motion duly made by Director Black, seconded by Director Bart and, upon vote, unanimously carried, the Board accepted the Cash Position and Property Tax Schedules, as presented.

### **Resolution Regarding Acceptance of District Eligible Costs (Cost Certification No. 26) for Ratification of Bond Series 2022 Project Fund Requisition No. 26 Regarding Public Improvement Soft Cost Reimbursement – Previously Approved in Claims Payable:**

Ms. Hansen reviewed the Resolution for Ratification of Bond Series 2022 Project Fund Requisition No. 26, with the Board. Following review and discussion, upon a motion duly made by Director Bart, seconded by Director Black and, upon vote, unanimously carried, the Board adopted the Resolution Regarding Acceptance of District Eligible Costs (Cost Certification No. 26) for Ratification of Bond Series 2022 Project Fund Requisition No. 26, as presented.

### **Bond Series 2022 Project Fund Requisition No. 27 (Lethbridge Certified): Developer's Public Improvement Construction Cost Reimbursement**

## RECORD OF PROCEEDINGS

---

**Application; Engineer & Accountant Cost Certification Report; Adoption of Resolution Accepting District Eligible Public Improvement Costs and Project Fund Requisition for Certified Costs:** Ms. Hansen reviewed the Bond Series 2022 Project Fund Requisition No. 27, with the Board. Following review and discussion, upon a motion duly made by Director Bart, seconded by Director Black and, upon vote, unanimously carried, the Board accepted the Bond Series 2022 Project Fund Requisition No. 27, as presented and adopted the Resolution Accepting District Eligible Public Improvement Costs and Project Fund Requisition for Certified Costs.

**Bond Series 2022 Project Fund Requisition No. 28 (Schedio certified); Developer's Public Improvement Construction Cost Reimbursement Application; Engineer & Accountant Cost Certification Report; Approval of Resolution Accepting District Eligible Public Improvement Costs and Project Fund Requisition for Certified Costs:** Ms. Hansen reviewed the Bond Series 2022 Project Fund Requisition No. 28, with the Board. Following review and discussion, upon a motion duly made by Director Bart, seconded by Director Black and, upon vote, unanimously carried, the Board approved the Bond Series 2022 Project Fund Requisition No. 28, as presented and adopted the Resolution Accepting District Eligible Public Improvement Costs and Project Fund Requisition for Certified Costs.

**Other:** Director Vincellette asked about the review fees for County development reviews. Mr. Stimple noted there is a single fee for each part of the project, not each review and re-review. Discussion ensued regarding the impact of engineer input, approvals, etc.

### LEGAL MATTERS

**No Action Annual Meeting Compliance; Status of Public Improvements, Debt, Audited Financials Revenues/Expenses to Budget YTD, Q&A:** Attorney Allen reviewed the requirements of the new state law requiring metro districts to hold an Annual Meeting/Town Hall, noting the meeting is for informational purposes only and no board action can be taken. Attorney Allen asked the Board about scheduling of the annual meeting relative to expected public interest and attendance and the annual budget meeting. He noted the draft budget is required to be received by the Board by October 15<sup>th</sup>.

Director Vincellette noted that resident expected interest in attending the annual meeting and budget meeting is high and suggested conducting the Annual Meeting/Town Hall in the evening so that more residents can attend. This would be helpful for new residents that are less informed about the District.

Director Bart asked about time requirements. Attorney Allen noted the statute does not mandate any length of meeting requirements, only the required information to be presented.

## RECORD OF PROCEEDINGS

---

Following discussion, the Board directed to have the Annual Meeting/Town Hall late in October or early November. The date will be set at the September meeting, with the intent of scheduling in the week of November 5<sup>th</sup>.

MANAGER  
MATTERS

None.


OTHER BUSINESS

**Update of Regular Meeting Schedule:** Director Bart requested meeting materials be sent to the Board by noon the Friday before the meetings and considered the change as a test until setting the 2024 meeting schedule at the November meeting and adoption of the Annual Administrative Resolution. Upon a motion duly made by Director Bart, seconded by Director Vincelleite and, upon vote, unanimously carried, the Board approved changing the meeting schedule for the remainder of 2023 to be held on the fourth Tuesday of each month.

ADJOURNMENT

There being no further business to come before the Board at this time, Director Vincelleite adjourned the Board meeting at 12:38 a.m.

Respectfully submitted,

By   
Secretary for the Board