

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF
THE BOARDS OF DIRECTORS OF THE
STERLING RANCH METROPOLITAN DISTRICT NOS. 1-3
(THE "DISTRICTS")
HELD
APRIL 29, 2022

A special meeting of the Boards of Directors of the Sterling Ranch Metropolitan District Nos. 1-3 (referred to hereafter as the "**Boards**") was convened on Friday, April 29, 2022, at 10:30 a.m., at 2138 Flying Horse Club Drive, Colorado Springs, CO and via Microsoft Teams. The meeting was open to the public.

ATTENDANCE

Board Nos. 1 and 2 Directors In Attendance Were:

James Morley, President
Charles Collins, Treasurer
Loren Moreland, Secretary

Board No. 3 Directors In Attendance Were:

James Morley, President
Peggy Libby, Treasurer
Loren Moreland, Secretary
Charles Collins, Assistant Secretary
Douglas Stimple, Assistant Secretary

Also, In Attendance Were:

Sean Allen, Esq.; White Bear Ankele Tanaka & Waldron
Josh Miller, Krista Baptist, Seef Le Roux, Carrie Bartow, John Wojnarowski;
CliftonLarsonAllen, LLP
Kyle Thomas, Tim Morzel and John Henderson; D.A. Davidson & Co.
Tiffany Leichman; Sherman & Howard
Public Members

Combined Meeting:

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

ADMINISTRATIVE MATTERS

Call to Order and Declaration of Quorum: Director Morley called the meeting to order at 10:34 a.m., and declared a quorum of the Boards was present.

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Approve Agenda: Following discussion, upon a motion duly made by Director Moreland seconded by Director Morley and, upon vote, unanimously carried, the Boards approved the agenda as presented.

Director Qualifications/Disclosure Items: The Directors confirmed their qualification as an eligible elector of the Districts pursuant to Colorado law. The Boards were advised that, pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. The directors present noted for the record that they have financial interests in entities active in developing property within the boundaries of the Districts, or are employed by such entities, and that such interests may be affected from time to time by actions of the Districts' Boards of Directors. Mr. Allen reported that disclosures for those directors with potential or existing conflicts of interest were filed with the Secretary of State's Office and the Boards at least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged as filed with the Boards. The Directors' disclosures were made part of the official minutes of the meeting by reference. The Directors noted that there were no additional disclosures of potential or existing conflicts of interest with regard to any matters scheduled for discussion at the meeting. The Boards determined that participation by the Directors with potential conflicts of interest was necessary to obtain a quorum or otherwise enable lawful action to occur.

Public Comments: Ms. Lukaszka stated her objection of the agenda until the May 3rd District Elections, as there are currently developer Board conflicts of interest and other resident interests. Written comments objecting to the current meeting were forwarded to Legal Counsel for inclusion in the minutes.

Mr. Jackson and Mr. Robin stated that they agreed with the objection of the agenda.

Director Stimple responded to the public comment indicating that establishing funding certainty for public improvement construction has been of significant importance to the Districts and influenced the timing for the District No. 2 bond refinance. Director Stimple also noted that he participated in community information meetings earlier in the year at which it was noted that the Districts would be securing additional financing for public improvement construction costs.

Minutes from the April 12, 2022 Special Meeting Minutes: Following discussion, upon a motion duly made by Director Moreland, seconded by Director Collins and, upon vote, unanimously carried, the Boards approved the April 12, 2022 Special Meeting minutes.

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DISTRICT NO. 2 **Engagement of Underwriter, Bond Counsel, Disclosure Counsel, External SERIES 2022 BONDS Financial Advisor; Financial Forecast Services and others:** Director Morley introduced the item to the District No. 2 Board, followed by a review by Ms. Leichman. Following discussion, upon a motion duly made by Director Moreland, seconded by Director Collins and, upon vote, unanimously carried, the District No. 2 Board approved the engagement of D.A. Davidson for Underwriter Services, Sherman & Howard L.L.C. for Bond Counsel Services, Ballard Spahr LLP for Disclosure Counsel Services, UMB Bank, N.A. for External Financial Advisory Services, Causey Demgen & Moore, P.C. for Financial Forecast Services and Zonda Advisory for Market Study Services.

Bond Resolution Authorizing the Issuance of General Obligation Limited Tax Refunding and Improvement Bonds, Series 2022, (the amount being determined by the Board, or as otherwise permitted by such resolution), authorizing a Indenture of Trust, a Bond Purchase Agreement, a Continuing Disclosure Agreement, the form of Limited Offering Memorandum, other documents related to the Bonds: Ms. Leichman reviewed the bond issuance Resolution with the District No. 2 Board. Following discussion, upon a motion duly made by Director Morley, seconded by Director Collins and, upon vote, unanimously carried, the District No. 2 Board approved Bond Resolution Authorizing the Issuance of General Obligation Limited Tax Refunding and Improvement Bonds, Series 2022, (the amount being determined by the Board, or as otherwise permitted by such resolution), authorizing a Indenture of Trust, a Bond Purchase Agreement, a Continuing Disclosure Agreement, the form of Limited Offering Memorandum, other documents related to the Bonds.

Other: Mr. Thomas, Bond Underwriter, summarized the purpose and benefits of the Bond refinance. It was noted that the higher interest rate 2015 Series Bonds were being refunded and the amount of annual debt service mill levy will be reduced by an estimated 10 mills as a result of the refinance. It was also noted that a Debt Discharge date feature has been added to the financing which did not exist under the Series 2015 Bonds.

Ms. Leichman reviewed additional financial projections for the Bond Issuance based on the current financial plan. The District No. 2 Board discussed the Bond Projections and current financial plan.

Director Morley and Director Stimple addressed the homeowner questions regarding the Bond refinance and the use of proceeds on public improvement construction costs.

FINANCIAL
MATTERS

Conduct Public Hearing to consider amendment 2022 Budget; Consider adoption of Resolution to Amend the 2022 Budget (District No. 2): Director Morley opened the public hearing to consider the amendment to the 2022 budget at 11:33 a.m.

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It was noted that publication of Notice stating that the District No. 2 Board would consider adopting the Amended 2022 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District.

Homeowners repeated their questions and concerns regarding the Bond refinance issuance and Mr. Miller gave a description of the needed public improvement construction that will be funded with the proceeds from the bond issuance.

Following public comment, Director Morley closed the public hearing at 11:47 a.m.

Ms. Bartow reviewed the 2022 amended Budget with the District No. 2 Board. Ms. Bartow recommended an amendment to the Debt Service Fund. Following review and discussion, upon a motion duly made by Director Moreland, seconded by Director Collins and, upon vote, unanimously carried, the District No. 2 Board approved the Amendment to the 2022 Budget and adopted the Resolution to Amend the 2022 Budget.

Status of 2021 Audits (District Nos. 1 and 2): Director Libby provided an update to the Boards. The Boards discussed, and no action was taken.

Financial Statements and Payables (District Nos. 1, 2 and 3): Director Libby provided an update to the Boards. Following discussion, upon a motion duly made by Director Collins, seconded by Director Morley and, upon vote, unanimously carried, the District No. 1 Board Approved the Financial Statements and payables subject to the adjustment to the project Fund Requisition for Draw No. 15

Following discussion, upon a motion duly made by Director Moreland, seconded by Director Morley and, upon vote, unanimously carried, the District No. 2 Board approved the Financial Statements and payables.

Following discussion, upon a motion duly made by Director Moreland, seconded by Director Morley and, upon vote, unanimously carried, the District No. 3 Board approved the Financial Statements and Payables.

District No. 1: Bond Series 2020 Project Fund Requisition No. 15: 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 No. 15 for Certified Costs: Following discussion, upon a motion duly made by Director Collins, seconded by Director Morley and, upon vote, unanimously carried, the District No. 1 Board approved the Bond Series 2020 Project Fund Requisition No. 15, Developer's Public Improvement Construction Cost Reimbursement Application, Engineer & Accountant Cost Certification

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Report; Approval of Resolution Accepting District Eligible Public Improvement Costs and Project Fund Requisition No. 15 for Certified Costs subject to the adjustment to the Project Fund Requisition for Draw No. 15 from \$220,000 down to \$200,000.

LEGAL MATTERS

Second Addendum of 2015 Infrastructure Acquisition and Reimbursement Agreement (District No. 1 – SR Land, LLC): Mr. Allen reviewed the Second Addendum with the District No. 1 Board, and clarified the addendum for seniority of bond-holders. Following discussion, upon a motion duly made by Director Morley, seconded by Director Moreland and, upon vote, unanimously carried, the District No. 1 Board approved the Second Addendum to the 2015 Infrastructure Acquisition and Reimbursement Agreement (District No. 1-SR Land LLC).

2022 Infrastructure Acquisition and Reimbursement Agreement(s) (District No. 2-SR Land LLC; Classic SRJ, LLC): Mr. Allen reviewed the Agreements with the District No. 2 Board. Following discussion, upon a motion duly made by Director Moreland, seconded by Director Collins and, upon vote, unanimously carried, the District No. 2 Board approved the 2022 Infrastructure Acquisition and Reimbursement Agreement(s) (District No. 2-SR Land LLC; Classic SRJ, LLC).

Consideration and Engagement of Cost Certification and Acquisition Engineer (District No. 2): Mr. Allen introduced the Engagement with the District No. 2 Board. Mrs. Bartow recommended Schedio Group, LLC as the cost certification engineer, subject to final proposal and legal review. Following discussion, upon a motion duly made by Director Moreland, seconded by Director Collins and, upon vote, unanimously carried, the District No. 2 Board approved the consideration and engagement of Schedio Group, LLC for Cost Certification and Acquisition Engineer Services, subject to the final proposal and legal review.

Funding and Reimbursement Agreement(s) (Admin – O/m) (District No. 1, No. 2, No. 3 – Classic SRJ, LLC): Following discussion, upon a motion duly made by Director Moreland, seconded by Director Collins and, upon vote, unanimously carried, Boards approved the Funding and Reimbursement Agreement(s) (Admin-O/m) (District No. 1, No. 2, No. 3 – Classic SRJ, LLC).

Marksheffel Road IGA Assignment/Amendment to Substitute District No. 3 and Remove District No. 1: Following discussion, upon a motion duly made by Director Moreland, seconded by Director Collins and, upon vote, unanimously carried, Boards approved the Marksheffel Road IGA Assignment/Amendment to Substitute District No. 3 and Remove District No. 1.

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Water & Wastewater Services Agreement by and between the Districts, SR Land LLC, SR Sewer LLC, Morley and Sterling Colorado INCA, LLC:

Following discussion, upon a motion duly made by Director Morley, seconded by Director Moreland and, upon vote, unanimously carried, Boards ratified conditional approval of the Assignment of Water & Wastewater Services Agreement by and between the Districts, SR Land LLC, SR Sewer LLC, Morley and Sterling Colorado INCA, LLC.

Water Rights Conveyance/Deed to SR Water LLC; Re-assignment of Water Purchasing Rights (District No. 1):

Following discussion, upon a motion duly made by Director Moreland, seconded by Director Morley and, upon vote, unanimously carried, the District No. 1 Board approved the Water Rights Conveyance/Deed to SR Water LLC; Re-assignment of Water Purchasing Rights.

Assignment of Meridian Service Metro District Sanitary Sewer IGA to FAWWA (District No. 1):

Following discussion, upon a motion duly made by Director Collins, seconded by Director Morley and, upon vote, unanimously carried, the District No. 1 Board approved the Assignment of Meridian Service Metro District Sanitary Sewer IGA to FAWWA pending conditional approval by Meridian Service Metro District.

MANAGER
MATTERS

Other: None

OTHER BUSINESS

Other: None

ADJOURNMENT

There being no further business to come before the Board at this time, Director Morley adjourned the meeting at 12:31 p.m.

Respectfully submitted,

DocuSigned by:
By Loren Moreland
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Secretary