

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
STERLING RANCH METROPOLITAN DISTRICT
NO. 2 (THE "DISTRICT")
HELD
NOVEMBER 28, 2023

A regular meeting of the Board of Directors of the Sterling Ranch Metropolitan District No. 2 (referred to hereafter as the "Board") was convened on November 28, 2023, at 11:00 a.m. at 2138 Flying Horse Club Dr., Colorado Springs, CO 80921 and via Microsoft Teams. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

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

Also, In Attendance Were:

Korben Heim, Seef LeRoux and Josh Miller; CliftonLarsonAllen LLP ("CLA")
Sarah Steph, Loren Moreland and Douglas Stimple, Classic Homes
Peggy Libbey and Jim Morley; Morley Construction
William Berger, Member of the Public

ADMINISTRATIVE MATTERS

Call to Order and Agenda: Director Vincellette called the meeting to order at 11:04 a.m. Following review, upon a motion duly made by Director Vincellette, seconded by Director Bart and, upon vote, unanimously carried, the Board approved the agenda, as amended.

Disclosures of Potential Conflicts of Interest: Director Collins noted for the record that he has financial interests in entities active in developing property within the boundaries of the District, and is employed by such entities, and that such interests may be affected from time to time by actions of the Districts' 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 applicable Directors present verbally reaffirmed such disclosures 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 Board to act.

Quorum, Location of Meeting and Posting of Meeting Notice: The Board confirmed a quorum, the location of the meeting and the posting of the meeting notice.

Public comment: None.

RECORD OF PROCEEDINGS

Developer Update: Mr. Moreland provided an update for the Board, including the work progress on the Vollmer South and Vollmer North Road improvements and Sterling Ranch Road crossing pavement. Mr. Moreland also noted that the Briargate crossing bid package is being prepared and provided an update on the work performed at Homestead 2 and Homestead 3. Further updates on Sterling Ranch Land were provided to the Board. The Board was also briefed on the updates on Challenger/Copper Chase, noting that grading is planned to begin soon, and the first 50 lots are planned to be brought online by May/June of 2024.

Minutes from the October 24, 2023 Regular Board meeting: Following review, upon a motion duly made by Director Bart, seconded by Director Black and, upon vote, unanimously carried, the Board approved the minutes from the October 24, 2023 regular meeting, as amended.

Resolution Regarding 2024 Annual Administrative Matters: Mr. Miller reviewed the Resolution Regarding 2024 Annual Administration with the Board. The Board discussed website improvements. Mr. Miller noting that Board members can provide website improvements and feedback suggestions to management.

Director Bart addressed the Board with question on infrastructure emergency contacts and discussion ensued.

The Board discussed the annual meeting dates and schedule. The Board directed the addition for Directors to receive compensation.

Following review, upon a motion duly made by Director Black, seconded by Director Jackson and, upon vote, unanimously carried, the Board adopted the Resolution Regarding 2024 Annual Administrative Matters, as discussed.

2024 Insurance Renewal and Membership in the Special District Association: Mr. Miller reviewed the 2024 insurance documents with the Board. Director Bart asked questions regarding coverage on public officials' liability. Discussion ensued. Following review, upon a motion duly made by Director Collins, seconded by Director Bart and, upon vote, unanimously carried, the Board approved the 2024 insurance renewal and authorized the Special District Association membership.

FINANCIAL MATTERS

September 30, 2023 Unaudited Financial Statements: Mr. LeRoux reviewed the financial statements with the Board. Director Bart addressed the Board with a question on value increases leading to increased District levy revenue, noting an issue with resident taxation. Mr. LeRoux discussed the mill levy adjustment process with the Board.

RECORD OF PROCEEDINGS

Following review, upon a motion duly made by Director Jackson, seconded by Director Bart and, upon vote, unanimously carried, the Board accepted the September 30, 2023 Unaudited Financial Statements, as presented.

Public Hearing on Amendment to 2023 Budget and Resolution to Amend the 2023 Budget: Director Vincellette opened the public hearing at 12:20 p.m. to consider amending the 2023 Budget. It was noted that publication of Notice stating that the Board would consider the amendment to 2023 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the Districts. No written objections were received prior to the public hearing.

No public comment was received. Mr. LeRoux reviewed the 2023 Budget amendment to the Board.

Director Vincellette closed the public hearing at 1:15 p.m.

Following review and discussion, upon a motion duly made by Director Vincellette, seconded by Director Bart and, upon vote, unanimously carried, the Board approved the Amendment to the 2023 Budget and adopted the Resolution to Amend the 2023 Budget.

Public Hearing on the Proposed 2024 Budget and Resolution to Adopt the 2024 Budget and Appropriate Sums of Money and Set Mill Levies Director Vincellette opened the public hearing at 12:20 p.m. to consider the proposed 2024 Budget. It was noted that publication of Notice stating that the Board would consider the 2024 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to the public hearing.

No public comment was received.

Mr. Berger addressed the Board with questions regarding the mill adjustment process. Mr. LeRoux and Ms. Steph discussed bond documents for District, reserve and surplus funds requirement. The Board further discussed bond requirements and mill adjustment, new resident revenues, current amounts for reserve and surplus debt funds. It was noted that the funds are set at the issuance of the bonds. Discussion ensued regarding requesting bond underwriters attend next meeting to provide further information on this topic.

Director Vincellette closed the public hearing at 1:15 p.m.

The Board tabled the adoption of the 2024 Budget to January 9, 2024 at 9:00 a.m. special meeting to review the proposed 2024 Budget with final assessed valuations.

RECORD OF PROCEEDINGS

Engagement Letter with BiggsKofford to Prepare the 2023 Audit:

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 engagement letter with BiggsKofford to prepare the 2023 Audit.

Resolution Regarding Acceptance of District Eligible Costs for Ratification of Bond Series 2022 Project Fund Requisition No. 34 Regarding Public Improvement Soft Cost Reimbursement – Previously Approved in Claims Payable:

Mr. LeRoux reviewed the resolution with the Board. Following review and discussion, upon a motion duly made by Director Vincellette, seconded by Director Bart and, upon vote, unanimously carried, the Board adopted the Resolution Regarding Acceptance of District Eligible Costs for Ratification of Bond Series 2022 Project Fund Requisition No. 34 Regarding Public Improvement Soft Cost Reimbursement – previously approved in claims payable.

Bond Series 2022 Project Fund Requisition No. 35 (Lethbridge certified): Developer’s Public Improvement Construction Cost Reimbursement Application; Engineer & Accountant Cost Certification Report; Resolution Regarding Acceptance of District Eligible Public Improvement Costs and Project Fund Requisition for Certified Costs:

Mr. LeRoux reviewed the requisition with the Board. Following review and discussion, upon a motion duly made by Director Vincellette, seconded by Director Bart and, upon vote, unanimously carried, the Board approved the Bond Series 2022 Project Fund Requisition No. 35 (Lethbridge certified): Developer’s Public Improvement Construction Cost Reimbursement Application; Engineer & Accountant Cost Certification Report and adopted the Resolution Regarding Acceptance of District Eligible Public Improvement Costs and Project Fund Requisition for Certified Costs.

Bond Series 2022 Project Fund Requisition No. 36 (Schedio certified): Developer’s Public Improvement Construction Cost Reimbursement Application; Engineer & Accountant Cost Certification Report; Resolution Regarding Acceptance of District Eligible Public Improvement Costs and Project Fund Requisition for Certified Costs:

Mr. LeRoux reviewed the requisition with the Board. Following review and discussion, upon a motion duly made by Director Vincellette, seconded by Director Bart and, upon vote, unanimously carried, the Board approved the Bond Series 2022 Project Fund Requisition No. 36 (Schedio certified): Developer’s Public Improvement Construction Cost Reimbursement Application; Engineer & Accountant Cost Certification Report; and adopted the Resolution Regarding Acceptance of District Eligible Public Improvement Costs and Project Fund Requisition for Certified Costs.

RECORD OF PROCEEDINGS

LEGAL MATTERS

None.

MANAGER
MATTERS

CliftonLarsonAllen LLP Master Services Agreement and Statement(s) of Work for 2024: Director Bart addressed the Board with questions regarding management costs in 2024. Discussion ensued regarding the administrative section of the Statement of Work for 2024 as well as vendors and projects supervision. The Board discussed questions of District No. 2's input on contracts and vendor performance. It was noted that input can be provided to District No. 3 through management, and it is a key part of the budget seasons.

DIRECTOR
MATTERS

Landscape Maintenance Agreement held by Sterling Ranch Metropolitan District No. 3.: Director Bart addressed the Board with concerns regarding the 2023 Contract and 2024 Landscape Maintenance Agreement for scope and performance. The Board directed the management to provide 2024 updated maintenance agreement and maps to District No. 2 Board.

November 9, 2023 Annual Meeting: The Board discussed the November 9, 2023 Annual Meeting.

Website and District Contacts: The Board discussed the website and District contacts. The management requested the Board provide feedback and suggestions for website improvements.

ADJOURNMENT

Following discussion, upon a motion duly made by Director Vincellette, seconded by Director Bart and, upon vote, unanimously carried, the Board approved the cancellation of the Board's December meeting.

Following discussion, upon a motion duly made by Director Bart, seconded by Director Vincellette and, upon vote, unanimously carried, the Board continued the meeting to January 9, 2024 at 11:00 a.m.

Respectfully submitted,

DocuSigned by:

Willie Jackson

1C65699412D84CD...

Secretary for the Meeting