

MINUTES OF A REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
STERLING RANCH METROPOLITAN DISTRICT NO. 2 (THE “DISTRICT”)
HELD
OCTOBER 22, 2024

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 Tuesday, October 22, 2024 at 11:00 a.m., at 2138 Flying Horse Club Drive, Colorado Springs, Colorado 80921. This District Board meeting was held at the physical location and via Microsoft Teams. The meeting was open to the public.

ATTENDANCE

Directors in attendance were:

Deborah Vincelle, President

Willie Jackson, Secretary

Charles Collins, Treasurer

Michael Bart, Assistant Secretary

Diane Black, Assistant Secretary

Also, In Attendance Were:

Korben Heim, Dylan Kirk and Seef Le Roux; CliftonLarsonAllen LLP (“CLA”)

Sean Allen, Esq.; White Bear Ankele Tanaka & Waldron

Sarah Steph, Loren Moreland, Kim Shockley and Douglas Stimple; Classic Homes

Peggy Libbey; Morley Companies

Michael Black and Everett Carson, members of the public

ADMINISTRATIVE MATTERS

Call to Order and Agenda:

The meeting was called to order at 11:01 a.m. by Director Vincelle. The Board reviewed the agenda for the meeting. Following discussion, upon a motion duly made by Director Bart, seconded by Director Vincelle and, upon vote, unanimously carried, the Board approved the agenda, as amended, to add a development update.

Disclosures of Potential Conflicts of Interest:

The Board discussed the requirements of Colorado law to disclose any potential conflicts of interest or potential breaches of fiduciary duty of the Board of Directors to the Secretary of State. Attorney Allen noted that disclosures of potential conflicts of interest were filed with the Secretary of State for all directors, and no additional conflicts were disclosed at the meeting.

Quorum, Location of Meeting, Posting of Meeting Notice:

A presence of a quorum was confirmed.

The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. The Board determined to conduct the meeting at the above-stated date, time and location, which is within 20 miles of the District. The Board further determined to also conduct the meeting via Microsoft Teams. It was further noted that notice of the time, date, location and video link information was duly posted and that no objections to the location or any requests that the meeting place be changed by taxpaying electors within the District's boundaries have been received.

Public Comment:

There was no public comment.

Minutes from the September 19, 2024 Special Meeting/Work Session, September 24, 2024 Regular Meeting and October 4, 2023 special Meeting/Site Tour/Work Session

The Board reviewed the Minutes of the September 19, 2024 Special Meeting/Work Session, September 24, 2024 Regular Board and October 4, 2024 Special Meeting/Site Tour/Work Session. 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 September 19, 2024 Special Meeting/Work Session, September 24, 2024 Regular Board and October 4, 2024 Special Meeting/Site Tour/Work Session, as presented.

FINANCIAL MATTERS

Schedule of Cash Position, Property Tax Schedule and Property Tax Obligation Summary:

Mr. Le Roux reviewed the Schedule of Cash Position, Property Tax Schedule and Property Tax Obligation Summary with the Board. Following discussion, upon a motion duly made by Director Bart, seconded by Director Black and, upon vote, unanimously carried, the Board accepted the Schedule of Cash Position, Property Tax Schedule and Property Tax Obligation Summary, as presented.

2025 Draft Budget: Mr. Le Roux reviewed the 2025 draft budget with the Board. Director Vincelette asked about the reserve/surplus funds. Mr. Le Roux discussed the reserve/surplus funds and reviewed the debt amortization scheduled. Discussion ensued.

Metro District No. 3 preliminary budget for proposals of additions or deletions: Mr. Le Roux reviewed the preliminary proposals with the Board. Discussion ensued regarding the operations and maintenance costs, developer advances and future maintenance of assets. It was noted that the HOA is not in a position nor intends to have any maintenance obligations and maintenance is provided by Metropolitan District No. 3

Ms. Steph and Mr. Stimple discussed the comparison of Flying Horse to Sterling Ranch on the operations and maintenance and advances over a 20-year history.

The Board reviewed the 2024 operating budget estimated allocation information. Director Vincelette ask about the Board being provided with access to additional training materials and SDA information. Mr. Heim will inquire as to how Board members can obtain access to SDA. Discussion ensued regarding the meeting schedule and administrative costs. Mr. Morley noted that every district in his experience goes through similar growing pains, and that the Board has a very good developer to work with on the project.

Discussion ensued regard the 2025 director election and filling open seats.

Mr. Stimple and Mr. Moreland noted Classic Homes is interested in Mr. Moreland submitting a self-nomination form for District No. 2 and could provide developer updates as a Board member at meetings. Director Bart noted his concern that three Board members post-election could be entirely new to the District and will be unaware of all of the information that the current Board knows. Discussion ensued on adjustments that could be made depending on election results and the need to educate Board members.

Discussion ensued regarding the landscape cost comparison.

Discussion ensued regarding the annual meeting, noting that notification has not yet been sent out by the HOA. Mr. Moreland and Mr. Heim will resolve the matter and further outreach to the public is to continue. The Board discussed adjusting the timing of the annual meetings in the future, noting that it can be held at any time of the year. Classic Homes representatives noted community outreach/social events are potential in future years to help draw attendance. There was further discussion on creating and maintaining a District resident contact list.

District No. 3 representatives asked the District No. 2 Board members to provide further 2025 budget questions, comments and feedback to management and accounting.

LEGAL MATTERS

There were no legal matters.

MANAGER MATTERS

Sterling Ranch Metropolitan District No. 3 to meet ADA compliance matters on the shared website and related matters:

Mr. Heim discussed the compliance matters with the Board. Upon a motion duly made by Director Vincellette, seconded by Director Jackson and, upon vote, unanimously carried, the Board acknowledged the responsibility of Sterling Ranch Metropolitan District No. 3, as the coordinating district for the Sterling Ranch Metro Districts, to cause ADA compliance matters on the shared website and related matters.

DIRECTOR MATTERS

Developer Update:

Mr. Moreland provided the following update:

The Marksheffel extension is on time to complete.

Briargate crossing backfill is nearly complete. He is waiting on moving the dirt on the east side of the crossing before completing the backfill and paving to the Sterling Ranch Road connection.

The Volmer bumps in the road have been corrected.

The irrigation blowouts have started this week.

Within the next year, roughly 656 lots are expected to open in District No. 2.

The large community park is still in the design phase.

Mr. Moreland noted his is unsure on the Copper Chase Park plan, noting that some common area tracts are to transfer to the District for maintenance.

The Sterling Ranch Filing 4 wet utilities are being installed. The Sterling Ranch Filing 5 paving is to start the first week of December if the weather holds up. The Copper Chase paving equipment is on site.

There were questions regarding the park/playground around Cowpoke/Marksheffel, noting part of the Aspen Meadows development is not a Sterling Ranch Metropolitan District item.

ADJOURNMENT

There being no further business to come before the Board at this time, upon a motion duly made by Director Vincellette, the Board adjourned the meeting at 12:44 p.m.

Respectfully submitted,

By _____
Secretary for the Meeting