

MINUTES OF A REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
STERLING RANCH METROPOLITAN DISTRICT NO. 2 (THE “DISTRICT”)
HELD
SEPTEMBER 24, 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, September 24, 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

Willis Jackson, Secretary

Charles Collins, Treasurer

Michael Bart, Assistant Secretary

Diane Black, Assistant Secretary

Also, In Attendance Were:

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

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

Sarah Steph, Loren Moreland and Douglas Stimple; Classic Homes

Peggy Libbey; Morley Companies

Michael Black, member 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 Black and, upon vote, unanimously carried, the Board approved the agenda, as amended, to add items V.D and V.E.

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. It was 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 August 27, 2024 Regular Board meeting:

The Board reviewed the Minutes of the August 27, 2024 Regular Meeting. 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 August 27, 2024 Regular Meeting minutes, 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. Director Vincellette asked questions on channel improvement fee collection. Per Mr. Le Roux, these are collected from homebuilders on a per-lot basis. 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.

LEGAL MATTERS

There were no legal matters.

MANAGER MATTERS

Scheduling of Statutory Annual Meeting:

Mr. Heim discussed the scheduling of the annual meeting with the Board. Following discussion, the Board decided to hold the annual meeting at Woodmen Valley Chapel on

November 14, 2024 at 6:00 p.m. Discussion ensued regarding outreach to residents and the meeting time.

DIRECTOR MATTERS

Landscape Plan Review and Feedback for Budget:

Director Bart requested to see the county approved landscape development plans available for Board review to better understand what the District will be accepting in the future and the O&M expenses related to the landscape improvements.

Mr. Moreland discussed new parks in the Homestead North filings, one with bluegrass and another with a native mix. Mr. Stimple described the general building intention for pocket parks in mainly using native grasses, while more trafficked parks will use the bluegrass. Plans are ongoing for large community park and additional recreational opportunities.

Landscaping for the entryways are intended to be higher level than the streetscapes inside the community. Homestead 1-3 park plans were insufficiently descriptive and unhelpful for Board's interest.

Director Vinclette asked questions on native grasses versus bluegrass legislation and water use concerns. Discussion ensued.

Director Bart questioned what the landscaping along Vollmer Road is and Mr. Moreland stated it is a native grass mix.

Director Vinclette questioned what the landscaping on Aspen Valley is. It was noted the native grass is planned for the area along the detention pond.

Discussion ensued regarding landscape watering, noting many areas are being watered for establishment and limited number of irrigation zones are causing watering to occur during non-ideal times.

Operations and Maintenance Projection to Understand Long-Term Revenue and Cost:

Director Bart questioned the long-term O&M costs for landscaping. Discussion ensued regarding existing and planned parks and fence replacement concerns. There was strong interest in speaking on the current situation and options with interested members of public. Mr. Moreland noted that the cost of replacing the fencing is in question. It would be a significant cost to the residents if covered via special assessment. The Board discussed options for raising revenue earlier versus waiting for future home construction and assessed valuation growth to generate tax revenue to pay for larger landscape projects.

Mr. Le Roux noted that current O&M revenue from District No. 2's property tax is not covering existing District maintenance costs. Discussion ensued regarding O&M shortfall

prepared by accounting. Mr. Stimple expressed concerns from District No. 3's perspective for the cost of two District No. 2 meetings per month as contributing to the increase in administrative expenses.

District Asset Maintenance and Replacement Plan:

Discussion ensued regarding the budget and expenses. It was noted that the deadline for filing and delivery to the Board is unchanged. The Board discussed presenting the draft budgets and assumptions behind them and then reevaluating the O&M questions with Board. Discussion ensued regarding obtaining reserve study in order to understand District assets and useful lifespan, as well as replacement costs and maintenance.

Meeting Schedule Coordination and Budget Hearing:

The Board discussed the remaining meetings for the year and rescheduling the budget hearing. Direction regarding this was deferred. The Board confirmed the Sterling Ranch Project Tour for October 4, 2024 at 1:00 p.m.

Development Update:

Mr. Moreland provided an update to the Board. The curb and gutter for Marksheffel extension is scheduled for Thursday. The paving design is in progress with a goal to pave in mid-October. The Briargate/Wheatland crossing backfill is also in progress and the stormwater connection to the detention pond in Sand Creek is not yet completed. The high spot on the south side of Vollmer Road is being worked on by El Paso County for correction. Director Bart mentioned that the striping near Sam Bass and Vollmer is a couple feet from where it should be. Mr. Moreland will review.

ADJOURNMENT

There being no further business to come before the Board at this time, upon a motion duly made by Director Black, seconded by Director Vinclette, the Board adjourned the meeting at 12:03 p.m.

Respectfully submitted,

By _____
Secretary for the Meeting