

## RECORD OF PROCEEDINGS

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**MINUTES OF A REGULAR MEETING OF  
THE BOARD OF DIRECTORS OF THE  
STONE CREEK METROPOLITAN DISTRICT (THE “DISTRICT”)  
HELD  
FEBRUARY 27, 2019**

A Regular Meeting of the Board of Directors of the Stone Creek Metropolitan District (referred to hereafter as the “Board”) was convened on Wednesday, the 27th day of February, 2019, at 11:00 a.m., at the Stone Creek Ranch Offices (Barn); 6700 E. Scott Avenue, Parker, CO. The meeting was open to the public.

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**Directors In Attendance Were:**

Patrick Lyng  
Mauricio Barbera  
Shawnee Williams  
Eric Kubly

Following discussion, upon motion duly made by Director Lyng, seconded by Director Barbera and, upon vote, unanimously carried, the absence of Peter J. Klymkow was excused.

**Also In Attendance Was:**

Lisa A. Johnson, Judy Leyshon, and Peggy Ripko; Special District Management Services, Inc. (“SDMS”)

Elisabeth Cortese, Esq.; McGeady Becher P.C.

Gigi Pangindian; CliftonLarsonAllen LLP

Kim Fiore and Tanna Boisvert; Independent District Engineering Services, LLC (“IDES”)

Mike Sanders; Choke Cherry Investors, LLC

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### DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

The Board noted that disclosures of potential conflict of interest statements for each of the Directors were filed with the Secretary of State seventy-two hours in advance of the meeting. Attorney Cortese requested that the Directors consider whether they had any additional conflicts of interest to disclose. Attorney Cortese noted for the record that there were no new disclosures made by the Directors present at the meeting and incorporated for the record those applicable disclosures made by the Board Members prior to this meeting and in accordance with the statutes.

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### ADMINISTRATIVE MATTERS

**Agenda:** Ms. Johnson distributed for the Board's review and approval a proposed Agenda for the District's Regular meeting.

Following discussion, upon motion duly made by Director Lyng, seconded by Director Barbera and, upon vote unanimously carried, the Agenda for the District's Regular meeting was approved, as amended.

**Minutes:** The Board reviewed the Minutes of the January 23, 2019 Regular Meeting.

Following discussion, upon motion duly made by Director Barbera, seconded by Director Kubly and, upon vote unanimously carried, the Board approved the Minutes of the January 23, 2019 Regular Meeting.

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### LEGAL MATTERS

**Clubhouse Funding, Construction, and Operations Agreement by and among the District, Choke Cherry Investors, LLC, Cielo Metropolitan District and Forestar (USA) Real Estate Group Inc. ("Clubhouse Agreement"):** Attorney Cortese updated the Board on the status of the Clubhouse Agreement. No action was taken by the Board.

**Clubhouse Rules and Regulations related to District Facilities:** Ms. Ripko presented to the Board the Clubhouse Rules and Regulations related to District Facilities. The Board deferred action at this time.

**Acknowledgement of Confirmation from HEI Civil Regarding Payment of Pay Application No. 9 under the HEI Contract:** The Board reviewed acknowledgment of the receipt of confirmation from HEI Civil regarding Pay Application No. 9 under the HEI Contract.

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Following discussion, upon motion duly made by Director Kubly, seconded by Director Lyng and, upon vote unanimously carried, the Board ratified acknowledgement of receipt of confirmation from HEI Civil regarding Pay Application No. 9 under the HEI Contract.

**Acknowledgement of Confirmation from HEI Civil Regarding Payment of Pay Application No. 10 under the HEI Contract:** The Board reviewed acknowledgement of the receipt of confirmation from HEI Civil regarding Pay Application No. 10 under the HEI Contract.

Following discussion, upon motion duly made by Director Kubly, seconded by Director Lyng and, upon vote unanimously carried, the Board ratified acknowledgement of receipt of confirmation from HEI Civil regarding Pay Application No. 10 under the HEI Contract.

**Acknowledgement of Confirmation from HEI Civil Regarding Payment of Pay Application No. 11 under the HEI Contract:** The Board deferred action at this time.

**Amendments to Design Review Guidelines for Stone Creek Ranch:** Attorney Cortese presented to the Board amendments to the Design Review Guidelines for Stone Creek Ranch. It was noted that Developer Counsel is working with General Counsel to finalize the amendments.

**Amendments to Declaration of Covenants, Conditions, and Restrictions of Stone Creek Ranch:** Attorney Cortese presented to the Board amendments to the Declaration of Covenants, Conditions, and Restrictions of Stone Creek Ranch dated March 6, 2018.

Following discussion, upon motion duly made by Director Barbera, seconded by Director Lyng and, upon vote unanimously carried, the Board approved the amendments to the Declaration of Covenants, Conditions, and Restrictions of Stone Creek Ranch dated March 6, 2018, subject to final review by legal counsel.

**Fourth Amendment to Operation Funding Agreement by and between the District and Choke Cherry Investors, LLC (“Fourth Amendment”):** Attorney Cortese reviewed the Fourth Amendment with the Board.

Following discussion, upon motion duly made by Director Lyng, seconded by Director Kubly and, upon vote unanimously carried, the Board approved the Fourth Amendment.

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**Resolution No. 2019-02-01; Resolution Regarding the Imposition of District Fees:** Attorney Cortese reviewed with the Board Resolution No. 2019-02-01; Amended and Restated Resolution Regarding the Imposition of District Fees

Following discussion, upon motion duly made by Director Barbera, seconded by Director Lyng and, upon vote unanimously carried, the Board adopted Resolution No. 2019-02-01; Amended and Restated Resolution Regarding the A Imposition of District Fees as discussed and revised.

### **FINANCIAL MATTERS**

**Claims:** Ms. Pangindian presented the claims for the period ending February 27, 2019, in the amount of \$15,991.65.

Following review and discussion, upon motion duly made by Director Barbera, seconded by Director Lyng and, upon vote, unanimously carried, the Board approved the payment of claims for the period ending February 27, 2019, in the amount of \$15,991.65.

**Unaudited Financial Statements:** Ms. Pangindian presented the unaudited financial statements for the period ending December 31, 2018.

Following review and discussion, upon motion duly made by Director Barbera, seconded by Director Lyng and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending December 31, 2018.

**2018 Audit:** The Board reviewed proposals from Haynie & Company and Stratagem, P.C. to perform the 2018 Audit. Discussion ensued regarding the service received from the companies which had provided proposals.

Following discussion, upon motion duly made by Director Lyng, seconded by Director Kubly and, upon vote, unanimously carried, the Board approved the engagement of Stratagem P.C to perform the 2018 Audit, for an amount not to exceed \$4,250.

### **EXPENDITURE VERIFICATION/ COST CERTIFICATION**

**Pay Application No. 10 under the HEI Contract:** The Board discussed Pay Application No. 10 under the HEI Contract.

Following discussion, upon motion duly made by Director Lyng, seconded by Director Kubly and, upon vote, unanimously carried, the Board approved Pay Application No. 10 under the HEI Contract.

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**Expenditure Verification Report No. 8 prepared by IDES (District Eligible Expenditures) (Pay Application No. 9 under the HEI Contract):** Ms. Fiore discussed with the Board an Expenditure Verification Report No. 8 prepared by IDES (District Eligible Expenditures) (Pay Application No. 9 under the HEI Contract).

Following discussion, upon motion duly made by Director Lyng, seconded by Director Kubly and, upon vote, unanimously carried, the Board accepted the Expenditure Verification Report No. 8 prepared by IDES (District Eligible Expenditures) in the amount of \$2,613,007.89 (Pay Application No. 9 under the HEI Contract).

**Cost Certification Report No. 5 prepared by IDES:** Ms. Fiore reported that there was no new information at this time. The Board deferred discussion.

### **CAPITAL IMPROVEMENTS**

**Project Status Report:** Ms. Fiore distributed and reviewed with the Board the Project Status Report dated February 27, 2019. A copy of the report is attached hereto and incorporated herein by this reference.

### **COVENANT ENFORCEMENT/ DESIGN REVIEW**

**Community Management Services:** Ms. Ripko presented to the Board the Community Management Report, noting that the website is almost complete and will soon be live.


### **OTHER BUSINESS**

There was no other business at this time.

### **ADJOURNMENT**

There being no further business to come before the Board at this time, upon motion duly made, seconded and, upon vote, unanimously carried, the meeting was adjourned.

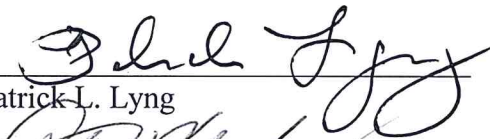
Respectfully submitted,

By  Secretary for the Meeting

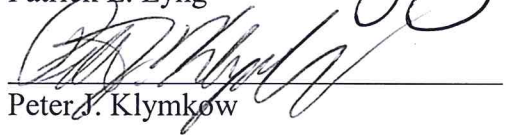
**RECORD OF PROCEEDINGS**

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THESE MINUTES ARE APPROVED AS THE OFFICIAL FEBRUARY 27, 2019, REGULAR MEETING MINUTES OF THE STONE CREEK METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

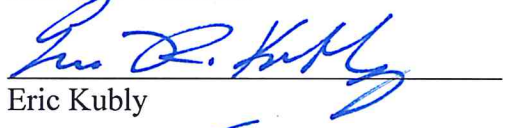
  
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Patrick L. Lyng

  
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Peter J. Klymkow

\_\_\_\_\_  
Shawnee Williams

  
\_\_\_\_\_

Eric Kubly

  
\_\_\_\_\_

Mauricio Barbera

# STONE CREEK METROPOLITAN DISTRICT

## Board Meeting Project Status

### February 27, 2019



### Construction Status

#### **Hudick Excavating, Inc. (HEI)**

- Weather has delayed paving.
- Continuing utility installation in Village A, Village B, Village C and Village D.
- Signage at paved roads started in Village A.
- Concrete curb and gutter and bottom lift of asphalt is progressing on the north end of Interlocken Road.
- Parker Road improvements at Scott Road including grading and concrete are complete. Stabilization still needed.
- Concrete wall at drainageway under Parker Road completed.
- Road preparation and concrete curb and gutter are progressing in Villages A, C and D.
- Over excavation and grading progressing in Village B.

## Reports

### **Expenditure Verification – HEI Pay Applications**

- Expenditure Verification Report #8 – Pay Applications 9, 10 and 11 have not been received.

### **Cost Certification – Choke Cherry Investors Expenditures**

- Cost Certification Report #5 – Invoices since July 2018 have not been received.

## Other Matters

### **Storm Water Management Documentation**

- SWAP continuing with management of Stormwater Management documents.
- Maintained on site in compliance with CDPHE.
- Appropriate Routine and Post Storm observations and reports have been completed to date.

### **Contract Administration**

- RFI, Submittals, Change Order Requests, Pay Applications, etc. continue to be administered by the Developer with oversight by the District Engineer Representative relative to District Eligible Expenditures.
- Construction meetings including Developers, Builders and General Contractor occur every Wednesday of the week at 10:00am at the Stone Creek Site barn.





**Stone Creek & Cielo Metropolitan Districts  
Community Manager Report  
Wednesday, February 27, 2019**

1. **Website-** The basic website is up; we will be reviewing and finalizing before it goes live.
2. **Amenities Rules and Regulations-** These will be ready for distribution at the Board meeting.

# Stone Creek Metropolitan District Expenditure Verification



**Report 8**  
**February 2019**

**IDES**<sub>LLC</sub>  
INDEPENDENT DISTRICT ENGINEERING SERVICES, LLC

355 Union Blvd., Suite 302  
Lakewood, CO 80228

# Stone Creek Metropolitan District

## Expenditure Verification

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#### *Attachments*

*Site Map ..... Attachment A*

*Project Photos..... Attachment B*

*Expenditure Data..... Attachment C*

February 27, 2019

Stone Creek Metropolitan District  
Attn: Board of Directors  
c/o McGeady Becher PC  
450 E. 17<sup>th</sup> Avenue. Suite 400  
Denver, CO 80203

## **STONE CREEK METROPOLITAN DISTRICT EXPENDITURE VERIFICATION 8**

### **INTRODUCTION**

Independent District Engineering Services, LLC (Engineer) was hired by the Stone Creek Metropolitan District (District) as the District Engineer to provide verification of expenditures of the District related to District contracts. These expenditures are for the Stone Creek Development (Project) located in Douglas County, Colorado. This Report summarizes the Engineer's approach and findings for this Expenditure Verification. The Expenditures have been reviewed and are being certified as District Eligible Improvements in the amount of **\$2,613,007.89**.

This Expenditure Verification (Report) generally covers the area shown on Attachment A including but not limited to earthwork, utilities, streets and trails completed in Hudick Civil (HEI) Pay Applications 9, 10 and 11.

### **GOVERNING DOCUMENTS**

IDES requested governing documents and was provided with the following documents (Governing Documents) that were used in recommendations for District Eligible Expenditures:

- Service Plan for Stone Creek Metropolitan District Douglas County, Colorado, prepared by McGeady Becher PC, dated September 23, 2014.
- Facilities Acquisition Agreement between Stone Creek Metropolitan District and Choke Cherry Investors, LLC, dated effective August 4, 2016.
- Offsite Improvements Agreement between Choke Cherry Investors and KB Home Colorado Inc., Richmond American Homes of Colorado, Inc., Taylor Morrison of Colorado, Inc., First American Title Insurance Company.
- Lot Finish Improvements Agreement between Choke Cherry Investors and KB Home Colorado, Inc.
- Lot Finish Improvements Agreement between Choke Cherry Investors and Richmond American Homes of Colorado, Inc.
- Lot Finish Improvements Agreement between Choke Cherry Investors and Taylor Morrison of Colorado, Inc.

It should be noted IDES used the above governing documents only as a general guideline for eligibility in our verification of expenditures.

### **ACTIVITIES CONDUCTED**

For this Expenditure Verification the following activities were performed:

- Governing Documents provided by the District were reviewed as the basis for recommendation of Expenditure Verification.
- Invoices provided by the Developer were reviewed. A summary was created and is attached as Attachment C.
- A site visit was conducted. Project Improvements were photographed.
- Contact was made with the Developer/Construction Management to verify knowledge of the Work or Services performed.

**ASSUMPTIONS**

Due to the specific Scope authorized for the Expenditure Verification and Cost Certification Reports the following Assumptions were made. The District should validate or cause to have validated these Assumptions.

- It is assumed that Geotechnical Pavement Designs have been performed and followed and material testing was performed during construction and material passed all such testing.
- Percentages of Expenditures that pertain to both District land and private lots based on land percentage area for the Project Area at 63.1% District. These percentages were used for work such as earthwork, survey and planning activities.
- It is assumed that Contractors have obtained all SWMP Permitting and the District shall not have any responsibility to close out these permits.
- It is our recommendation the District and Developer agree that the Contractor will be responsible for all Storm Water Management Practices (SWMP) activities until the conditions of State and Local Permits are met and/or other entities such as homebuilders assume portions of the permits.
- Costs presented do not represent the entire Contract Value, but rather the District's portion of Contract Values for the Costs associated with this report.

**DISCUSSION**

This Report consists of expenditures provided in November 2018, December 2018 and January 2019. The Improvements reviewed are generally represented in Attachment C.

**Relationship of the Parties for Reimbursement**

Payment and District reimbursement of pay applications and invoices is based on the Governing Documents. KB Home Colorado, Inc., Richmond American Homes of Colorado, Inc., and Taylor Morrison of Colorado, Inc. (collectively the Homebuilders) submit their pro-rated share of the improvements to the First American Title Company. First American Title Company makes payments directly to the Contractor (HEI) withholding 5% Retainage. The Governing Documents include agreements between each of the Homebuilders and Choke Cherry Investments, LLC (Developer) and assigns the right to receive reimbursement for District eligible expenditures for the improvements to the Developer.

**District Eligible Expenditures**

The Governing Documents also define all Developer and District improvements shall be defined as Offsite Facility Improvements (OFI). Lot Improvements (LFI) shall be considered Private Improvements and expenditures not reimbursable by the District.

**SUMMARY OF EXPENDITURES BY CATEGORY AND SERVICE PLAN DIVISION**

The table below provides a summary of expenditures by Category and Service Plan Division. The Service Plan categorizes Expenditures to specific categories based upon then anticipated costs. The major elements of the Improvements were allocated across these specific categories.

<b>District Improvements</b>	<b>Expenditures by Service Plan Category</b>	<b>Percentage</b>
Earthwork and Erosion Control	\$87,926.39	3.36%
Sanitary Sewer Improvements	\$157,381.74	6.02%
Water Improvements	\$301,473.33	11.54%
Stormwater Improvements	\$555,172.67	21.25%
Street Improvements	\$1,405,056.46	53.77%
Parks and Recreation Improvements	\$105,997.31	4.06%
<b>Total</b>	<b>\$2,613,007.89</b>	<b>100.00%</b>

## FIELD INVESTIGATION RESULTS

Field investigations were conducted monthly and photos were taken of the project. From our visual inspection it appears the Improvements were constructed in a quality manner consistent with other similar projects and meeting generally accepted construction requirements.


## RECOMMENDATION

After completing the activities identified, in our professional opinion, we have concluded the following:

1. At this time and based on the information provided, the Engineer verifies the expenditures provided by the Developer as reimbursable District eligible expenditures as shown in Attachment C and subject to the level of review presented in this Report. These expenditures are recommended in the amount of **\$2,613,007.89**.
2. At this time and based upon the information provided, we find **\$161,326.82** of the expenditures were appropriately classified as Non-eligible expenses.

Should you have any questions or require further information please feel free to contact me.

Respectfully Submitted,  
Independent District Engineering Services, LLC

  
Kim Fiore, PE  
Attachments

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Attachment A

Site Map





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Attachment B

Project Photos



Scott Road West of Parker Road



Scott Road East



Scott Road at Parker Road



Scott Road at Parker Road



Scott Road Utilities



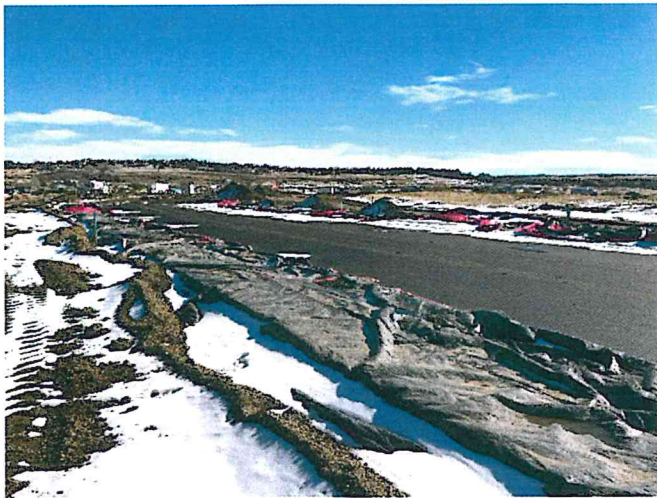
Scott Road Bridge



Scott Road West End



Scott Road Pedestrian Underpass



Village A Paving



Village A Paving



Village A Sidewalk from Pedestrian Underpass



Village B Over Excavation



Village C Utilities



Village C Utilities



Underdrain along Interlocken Ave



Village D



Retaining Wall at Drainage Crossing Parker Road



Low Flow Structure

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# Attachment C

## Expenditure Data

Attachment C

Stone Creek Metropolitan District  
 Engineer's Summary for Expenditure Verification 8  
 Stone Creek

Hudick Excavating (HEI) Civil

Invoice ID	Invoice Date	Invoice Provided	Check Date	Check Number	Description	Invoiced Amount	District Eligible Expenses	Non-Eligible Expenses	Notes
Pay App 9	10/31/18	Yes	Contractor Verified		Services	\$21,270.17	\$12,191.45	\$9,078.72	
Pay App 9	10/31/18	Yes	Contractor Verified		Earthwork	\$40,027.87	\$32,862.50	\$7,165.38	
Pay App 9	10/31/18	Yes	Contractor Verified		Sanitary Sewer	\$52,345.95	\$35,929.95	\$16,416.00	
Pay App 9	10/31/18	Yes	Contractor Verified		Water System	\$262,043.96	\$216,899.96	\$45,144.00	
Pay App 9	10/31/18	Yes	Contractor Verified		Storm Sewer	\$61,998.90	\$61,998.90	\$0.00	
Pay App 9	10/31/18	Yes	Contractor Verified		Street	\$403,006.53	\$403,006.53	\$0.00	
Pay App 9	10/31/18	Yes	Contractor Verified		Parks and Recreation	\$43,043.55	\$43,043.55	\$0.00	
Pay App 9	10/31/18	Yes	Contractor Verified		Other	\$2,624.85	\$0.00	\$2,624.85	
Pay App 10	10/31/18	Yes	Contractor Verified		Services	\$53,345.02	\$49,638.45	\$3,706.57	
Pay App 10	10/31/18	Yes	Contractor Verified		Earthwork	\$53,300.46	\$47,258.46	\$6,042.00	
Pay App 10	10/31/18	Yes	Contractor Verified		Sanitary Sewer	\$83,681.70	\$72,737.70	\$10,944.00	
Pay App 10	10/31/18	Yes	Contractor Verified		Water System	\$59,994.88	\$59,994.88	\$0.00	
Pay App 10	10/31/18	Yes	Contractor Verified		Storm Sewer	\$450,680.00	\$450,680.00	\$0.00	
Pay App 10	10/31/18	Yes	Contractor Verified		Street	\$585,075.98	\$585,075.98	\$0.00	
Pay App 10	10/31/18	Yes	Contractor Verified		Parks and Recreation	\$60,026.23	\$60,026.23	\$0.00	
Pay App 10	10/31/18	Yes	Contractor Verified		Other	\$20,832.55	\$0.00	\$20,832.55	
Pay App 11	10/31/18	Yes	Need	Need	Services	\$14,561.30	\$10,338.55	\$4,222.75	
Pay App 11	10/31/18	Yes	Need	Need	Earthwork	\$15,447.00	\$5,377.00	\$10,070.00	
Pay App 11	10/31/18	Yes	Need	Need	Sanitary Sewer	\$44,367.38	\$44,367.38	\$0.00	
Pay App 11	10/31/18	Yes	Need	Need	Water System	\$41,332.13	\$16,252.13	\$25,080.00	
Pay App 11	10/31/18	Yes	Need	Need	Storm Sewer	\$27,160.50	\$27,160.50	\$0.00	
Pay App 11	10/31/18	Yes	Need	Need	Street	\$378,167.82	\$378,167.82	\$0.00	
Pay App 11	10/31/18	Yes	Need	Need	Parks and Recreation	\$0.00	\$0.00	\$0.00	
Pay App 11	10/31/18	Yes	Need	Need	Other	\$0.00	\$0.00	\$0.00	
<b>TOTAL</b>						<b>\$2,774,334.70</b>	<b>\$2,613,007.89</b>	<b>\$161,326.82</b>	

Summary of Bond Reports, Cost Certifications and Expenditure Verifications

BR CV No.	Invoiced Amount	District Eligible Expenses	Non-Eligible Expenses	Notes
EV 1	\$1,270,976.68	\$772,367.42	\$498,609.26	
EV 2	\$1,301,739.24	\$868,282.75	\$433,456.49	
EV 3	\$1,306,115.24	\$1,036,577.97	\$269,537.28	
EV 4	\$1,485,147.36	\$1,009,013.24	\$476,134.12	
EV 5	\$1,943,024.47	\$1,739,726.06	\$203,298.41	
EV 6	\$1,865,520.96	\$1,715,980.84	\$149,540.12	
EV 7	\$1,634,259.49	\$1,520,448.31	\$113,811.18	
EV 8	\$2,774,334.70	\$2,613,007.89	\$161,326.82	
<b>TOTAL</b>	<b>\$13,581,118.15</b>	<b>\$11,275,404.48</b>	<b>\$2,305,713.67</b>	

Notes:  
 Invoiced Amount is amount paid to HEI. This includes retainage held. Builders contribution should be the amount of work performed without retainage held.  
 Proof of Payment for Pay App 6 has been verified.