

**MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE  
STONE CREEK METROPOLITAN DISTRICT  
HELD OCTOBER 30, 2023**

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A Special Meeting of the Board of Directors (referred to hereafter as the “Board”) of the District was convened on Tuesday, October 30, 2023, at 11:32 a.m. The District Board meeting was held via Zoom video/telephone conference. The meeting was posted to the public.

Attendance

In attendance were the following Directors:

Holly Green  
Scott Ferguson  
Marcus Vigil  
Justin Reyher

Also, in attendance were:

Mariah Watkins, Goodwin & Company

Several constituents were also in attendance.

Call to Order

The meeting was called to order by Director Green at 11:32 a.m.

Approval of Agenda

After review, upon a motion made by Director Green, seconded by Director Vigil and, upon vote, unanimously carried, the Board approved the agenda as presented.

Declaration of Quorum  
Director Qualifications and  
Conflict of Interest

A quorum was declared. All directors are qualified to serve and there are no conflicts of interest.

Administrative Matters

**Review of District Current Bonds.** Director Reyher reviewed the district's bonds. \$8,275,000 at 5.625% 2018A Senior Term bond due December 1, 2047, and the \$1,195,000 at 7.875% series 2018B Subordinate term bond due December 15<sup>th</sup>, 2047. The amortization schedule was reviewed, noting that \$10,149.262 interest would be paid on the \$8,275,00 2018A Senior Bonds and that no principle is due until the end of the term for the 2018B bonds. The interest on these is \$4,300,775. If the bonds are not refinanced, the District would owe \$24 million over the next 25 years. Director Reyher then reviewed the interest payments which had not started for the 2018B bonds and the options for payment.

At this time, the total mill levy is 146.578 for homes in Stone Creek with 65 mill going to the District. Director Reyher then reviewed appraisal

values and how that gets to assessed value and then that is multiplied over the mill levies and how the property taxes are determined.

Director Reyher then reviewed the redemption premiums which are essentially prepayment penalties. We need to pay off the bonds after 12/1/23, this incurs 3% penalties. The junior bonds are the same, but with 12/15/23 at 3%. After 2026 there would be no fees.

Stone Creek has the borrowing capacity of \$234 million. With the current amounts deducted, the District still can borrow up to \$224,530,000

Director Reyher then reviewed the builder allocation of lots. There are four villages in the Stone Creek Metro District comprised of 331 platted homesites.

### **Review Financial Service Companies - Piper Sandler and D.A. Davidson**

Director Reyher explained that Piper Sandler's proposal said that the bonds refinancing would allow the mill levy to be an average of 32.86 for the 30 years, for the bank loan average would be 32.83 mills over 30 years. Director Green stated that it has been previously determined by the Board that the primary goal of refinancing is to lower the mill levy and have enough funds to support the functioning of the neighborhood at an appropriate level.

Piper Sandler has two options. One to refinance into a new bond or refinance to a bank loan. It is important to note that with the bank loan the amortization term is different than the maturity rate. The bank loan does have a balloon payment. The bonds are slightly lower at 5.05%, this is a tax-exempt rate with no balloon payment. We could always refinance, but with associated costs. Most importantly with the bank loan option the mill levy could drop down to 32.64 which on a \$750,000 valued home, this loan option could reduce property taxes by \$1363.00. If this the route we want to go, the Board needs to act quickly. It would need to be ready by December 15<sup>th</sup>. This is also when the mill levy must be certified. Overall the average mill levy is a considerable drop from current, noting that over the term of the loan the homeowner would save \$459 dollars a year.

On the bond side, the savings would be around to \$1200 and \$418 over the duration of the term. However, the challenge here to refinance into bonds would take place toward the end of March 2024. The Homeowner's would not see any tax savings until 2025. It was asked if there is the ability to turn the bank loan quickly enough to close prior to December 15<sup>th</sup>? Director Reyher confirmed that there is a bank to do this. Director Green asked the cost to refinance to bonds, is it 1.2

million? What is the cost for the bank refinance? Director Reyher stated that the cost for the bank refinance is quarter of a million dollars. Director Reyher then reviewed the source and use of the funds once received, including the repayment of developer and cost of issuance. The cost on a bond deal is twice the cost of the loan issuance. Director Vigil asked about the prepayment fees, are they included in the refinancing amount? Director Reyher said it is being include in the principle.

Director Reyher also wanted to point out about paying off what we already owe, we haven't paid any interest on the junior bonds, it is already at \$657,252. When we pay this off, we are really paying off 1.9 million. Director Marcus asked about the interest rate of 8% or 9 % interest rates. Or are we at 5.5%? Director Reyher said both Piper Sandler and Davidson gave very similar rates. D.A. Davidson said they can get 5.4 % bond refinance to 6% on the loan refinance. The 8-9% would be on a loan for 15 years for the \$500,000.00 if we wanted that to do this separately. It is important to note that this is a third level of debt, behind the senior and junior bonds. The bank could require an increase in dues. This might be the least expensive, but it would not reduce the mill levy. Director Green stressed that the this is not a good option as we should not do any action dependent on a developer who has not delivered on anything that he has promised.

Director Reyher says that the community would benefit through a bank refinance with Piper Sandler. Director Vigil reviewed the interest that has accrued and that with a bank loan there would be immediate savings. He also said with a refinance would lead to the decreasing of the mill levy and settling with the developer would be beneficial. Director Green requested the addition of a line item for the cost of the operating cost of the loan. She asked for clarification of the net proceeds line, that we are not actually getting \$500,000.00 from the existing debt. Director Ferguson said that the total pay off there is additional proceeds of \$4,611, so it is negligible. However, it would be advantageous to have \$100,000 or \$200,000 to put toward improvements. Director Green then discussed the current \$1.2 million in a required reserve fund that is being held to secure the current bonds. Once we refinance what is required of those funds? Director Vigil agrees asking if these funds are required by the bank to be held for the new loan? Can we pay \$300K to improve the community. On a bank loan do they require an amount held in escrow? Director Reyher responded that he would ask if we needed a 3% required reserve. Director Ferguson commented that to clear the \$1.2 million, it goes towards the cost of the new loan; it is something we do not have access too. It would go away with the refinance. It wouldn't go toward the

community. It would finance the new loan. Director Green, the money below \$500K would go back to the community. Director Vigil, hopefully we can get the developer to give solid numbers then we can use the remainder to landscape the neighborhood and reduce the taxes. Additionally, the home values will increase year after year so we will increase the funds we collect year after year. Director Green aligns with the bank loan criteria, that is where her head is at. Director Ferguson agrees that the bank loan is the best avenue for the District currently as it lowers the immediate taxes but doesn't lower the debt. After additional discussion Director Green made a motion for the Board to authorize Director Ferguson and Director Reyher to pursue a depth of detail on bank refinance enabling the District to get it done by the required deadlines to complete the loan to certify a mill levy by the date of December 15, 2023 and to come by to the Board at a date TBD with this information. Director Vigil seconded the motion and all were in favor.

### Adjournment

There being no further business to come before the Board, upon a motion made by Director Green, seconded by Director Vigil and, upon vote, unanimously carried, the meeting adjourned at 12:27 pm.

Respectfully submitted,

By: \_\_\_\_\_  
Secretary for the Meeting