

**MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE
STONE CREEK METROPOLITAN DISTRICT
HELD November 9, 2023**

A Special Meeting of the Board of Directors (referred to hereafter as the “Board”) of the District was convened on November 17, 2023, at 11:30 am. 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.
Tim Morzel and Laci Knowles, D.A. Davidson.
Five constituents were also in attendance.

Call to Order

The meeting was called to order at 11:31 am.

Approval of Agenda

Upon a motion made by Director Ferguson, seconded by Director Reyher and, upon vote, unanimously carried, the Board approved the agendas 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

Bond Counsel- Director Reyher began the discussion by introducing Tim Morzel and Laci Knowles from D.A. Davidson. Director Reyher reviewed the different bond attorneys he spoke with. attorneys. One had a 1% fee for the loan amount so they were removed from consideration. With Ballard Spahr, there was Kimberly C. Reed with 25 years of experience and a rate of \$47,500. Then there was Anne D. Bensard with Kutak Rock, she has 8 years of experience and the rate of \$50,000. It is important to note that if the loan doesn't close, Kutak Rock will charge a fee for actual time used. Director Reyher recommended proceeding with Kimberly C. Reed at Ballard Spahr. Director Green questioned if there could be an option for increase in charges with Ballard Spahr. Director Reyher said he did not see that option in the

contract, but they would have general counsel for the District review the contract. Director Vigil also reviewed the contract and stated he did not see any of that language in the Ballard contract. Director Reyher made a motion, with a second by Director Ferguson to proceed with Kimberly C. Reed at Ballard Spahr as the bond counsel and, upon vote, unanimously carried by the Board.

Loan options- Laci Knowles from D.A. Davidson reviewed lender options for the loan. She stressed the urgency of this process. Our goal is to move quickly as closing is tentatively scheduled for less than 40 days. She has reached out to the 3 banks that have been responsive.

Currently the district has \$8.2 million senior and \$1.2 million subordinate bonds, the final maturity date of 2047. The reason we are working so hard to beat the mill certification date, December 15, 2023, is we are trying to lower the mill levy fee. Current Bonds require that the District collect at the maximum mill levy as long as they are outstanding. Refinancing allows us to lower the mill levy.

The loan can happen more quickly, and we have more flexibility on prepayment penalties because of the current higher interest rates. Laci reviewed that the terms are shorter, but the amortization is set to 30 years. She used the longest amortization to arrive at the lowest mill levies. These are three different banks that are most active in this market: Vectra, Western Alliance and NBH. The District is looking for \$9.9 million, which includes \$500,000 in cash. The Vectra options are at 5 & 7 years with a rate lock 7 days prior to closing and a reprice. Vectra Interest rates at 5.86% and 5.91% with a commitment fee of \$49,850. Western Alliance and NBH lock 14 days prior to closing and have a balloon payment. Western Alliance have 5, 10 and 20 year term options closing with 5.77%, 5.81% and 6.13% accordingly. NBH have 5,10 and 20 years terms with 5.67%, 5.72% and 5.7% accordingly. Direct Vigil asked questions about the additional funds for the settlement, if that money is excess, Laci stressed the Board speak with their Bond counsel on how the money is spent. Director Ferguson asked if excess funds could be used for reserves? Laci says that 85% of the funds need to be used within 3 years of the closing. Director Green asked Laci if the \$1.3 million set aside for bond payments was included in the calculations. Laci confirmed

the \$1.3 Million set aside for bond payments was included in the calculations. The Vectra allows you to reprice with no obligation to refinance. The repricing is built into the loan agreement. The Western and NBH would require you to refinance at the end of the term. Director Ferguson clarified that there are no fees with the repricing. Director Reyher points out the commitment fee from Vectra \$49,850 because it is considerably less than the refinancing fee of \$200,000. Laci recommends dropping NBH off the table as the yield maintenance is too risky. Laci then discussed the prepayment penalties, and Vectra will not charge to refinance if the refinance is with Vectra. Director Green voiced again that our primary objective is to reduce the mill levy. Laci, about 32 mills next year and drop to 30 mills. Western Alliance allows for a greater payment toward principle. Director Reyher leaning toward option 2 and option 4, at some point inflation will go down and the rates will be cut, compounding this with the amount of commercial debt becoming due the market should stabilize. Laci reviewed the prepayment penalties through 2027 of 3% with Vectra and 2% with Western Alliance. Laci said the reprice is at the term of the loan. However, if you stay with Vectra the District will not have to pay the prepayment penalties if they refinance with Vectra. Director Ferguson is leaning toward Vectra option 2, 7-year term. We would still have the option to refinance if rates do drop in a short time. Director Green said Vectra is consistent with other bank, so it is reasonable to expect that they are in line with other banks. Director Vigil said he doesn't have a strong preference; he believes both options are strong. Director Green believes all these options are far better than where the District is currently. Director Green made a motion to select the loan with Vectra option 2, the 7 years term and Director Reyher seconded the motion, upon vote, carried unanimously.

Next Steps and Documentation- Director Green asked Laci what is the next step. Laci will circulate a calendar with updated dates. She will get a term sheet from Vectra. She will coordinate with the counsels and a budget drawn up to show how all parties are paid and the cost of issuance. Laci asked how involved does the Board want to be involved in the reviewing? Director Green said that they trust the general counsel, please do not let the Board slow down the process. The next Board action will be to have a meeting to approve a perimeters resolution for the loan. Then a

member of the Board will be needed to sign the documents on or before closing. Closing date is the 11th or 12th, the signatures would be the 7th or 8th. Laci will need a determination of the \$500K, Director Green will be the point person for this settlement. Laci says we can use the \$500,000 is going to the settlement or toward repairs, this will need to be clarified with the bond counsel. What about the notification that the bonds to be paid off? This will be sent out by bond counsel. Director Reyher said he will get the agreement for the bond counsel to Director Green to execute. Director Reyher, there will be an escrow for the junior bonds to be held from 12/12 to the payment date 12/15.

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 12:26 p.m.

Respectfully submitted,

By: _____
Secretary for the Meeting