# RECORD OF PROCEEDINGS

## MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE STONE CREEK METROPOLITAN DISTRICT (THE "DISTRICT") HELD NOVEMBER 28, 2018

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 28th day of November, 2018, 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**:
Peter Klymkow
Mauricio Barbera
Shawnee Williams

Following discussion, upon motion duly made by Director Klymkow, seconded by Director Barbera and, upon vote, unanimously carried, the absences of Patrick L. Lyng and Eric Kubly were excused.

**Also In Attendance Was**:
Lisa A. Johnson; Special District Management Services, Inc. ("SDMS")

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

Gigi Pangindian; CliftonLarsonAllen LLP

Kim Fiore and Greg Toler; Independent District Engineering Services, LLC ("IDES")

Mike Sanders; Choke Cherry Investors, LLC

Steve Nichols; Taylor Morrison

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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 Klymkow, seconded by Director Barbera and, upon vote unanimously carried, the Agenda for the District's Regular meeting was approved.

**Approval of Meeting Location**: 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.

Following discussion, upon motion duly made by Director Klymkow, seconded by Director Barbera and, upon vote unanimously carried, the Board determined that the meeting location was in accordance with statute, as it was conducted at a location within the boundaries of the District. The Board further noted that notice of this location was duly posted and that they have not received any objections to the location or any requests that the meeting place be changed by taxpaying electors within its boundaries.

**Minutes**: The Board reviewed the Minutes of the October 24, 2018 Regular Meeting.

Following discussion, upon motion duly made by Director Barbera, seconded by Director Klymkow and, upon vote unanimously carried, the Board approved the Minutes of the October 24, 2018 Regular Meeting.

**Resolution Establishing Regular Meeting Dates, Times and Location, and Designating Locations for Posting of 72 Hour and 24-Hour Notices**: The Board discussed Resolution No. 2018-11-01; Establishing Regular Meeting Dates, Times and Location, and Designating Locations for Posting of 72 Hour and 24 Hour Notices.

Ms. Johnson reviewed the business to be conducted in 2019 to meet the statutory compliance requirements. The Board determined to hold its regular 2019 meetings on the fourth Wednesday of each month at 11:00 a.m., at the Stone Creek Ranch Offices (Barn) 6700 E. Scott Avenue, Parker, Colorado.

Following discussion, upon motion duly made by Director Klymkow, seconded by Director Williams and, upon vote, unanimously carried, the Board approved Resolution No. 2018-11-01; Establishing Regular Meeting Dates, Times and Location, and Designating Locations for Posting of 72 Hour and 24-Hour Notices. A copy of the resolution is attached and incorporated herein.

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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 noted that this continues to be a work in progress.

**Preparation of Clubhouse Rules and Regulations related to District Facilities**: Ms. Ripko is working on a draft of the Clubhouse Rules and Regulations related to District facilities.

**Amended and Restated Resolution of the Board of Directors of the Stone Creek Ranch Metropolitan District Regarding the Imposition of District Fees ("Amended and Restated Resolution")**: The Board of Directors discussed Resolution No. 2018-11-02; Amended and Restated Resolution of the Board of Directors of the Stone Creek Metropolitan District regarding the Imposition of Fees.

Following discussion, upon motion duly made by Director Klymkow, seconded by Director Barbera and, upon vote, unanimously carried, the Board approved Resolution No. 2018-11-02; Amended and Restated Resolution of the Board of Directors of the Stone Creek Metropolitan District regarding the Imposition of District Fees, subject to final legal review.

**Special District Disclosure Document- Disclosure to Purchasers**: Discussion ensued regarding the Special District Disclosure Document - Disclosure to Purchasers ("Disclosure to Purchasers").

Following discussion, upon motion duly made by Director Klykow, seconded by Director Barbera and, upon vote unanimously carried, the Board approved the Disclosure to Purchasers, subject to final legal review.

**Receipt of Confirmation from HEI Civil Regarding Payment of Pay Application No. 6 under the HEI Contract**: The Board of Directors deferred discussion until the January Meeting.

**Receipt of Confirmation from HEI Civil Regarding Payment of Pay Application No. 7 under the HEI Contract**: The Board of Directors deferred discussion until the January Meeting.

**Amendments to Design Review Guidelines for Stone Creek Ranch**: The Board of Directors deferred discussion until the January meeting.

**Amendments to Declaration of Covenants, Conditions, and Restrictions of tone Creek Ranch dated March 6, 2018**: The Board of Directors deferred discussion until the January meeting.

**Fourth Amendment to Operations Funding Agreement ("OFA")**: The Board of Directors deferred discussion until the January Meeting.

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**FINANCIAL MATTERS**

**Claims**: Ms. Pangindian presented the claims for the period ending November 28, 2018, in the amount of $16,414.83.

Following review and discussion, upon motion duly made by Director Klymkow, seconded by Director Barbera and, upon vote, unanimously carried, the Board approved the payment of the claims for the period ending November 28, 2018 in the amount of $16,414.83.

**Cash Position:** Ms. Pangindian presented schedule of cash position for the period ending September 30, 2018, updated November 27, 2018.

Following review and discussion, upon motion duly made by Director Klymkow, seconded by Director Barbera and, upon vote, unanimously carried, the Board accepted the schedule of cash position for the period ending September 30, 2018, updated November 27, 2018.

**Resolution Authorizing the Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3**: Attorney Cortese presented to the Board Resolution No. 2018-11-03 Authorizing the Adjustment of the District Mill Levy in accordance with the Colorado Constitution, Article X, Section 3.

Following discussion, upon motion duly made by Director Barbera, seconded by Director Klymkow and, upon vote, unanimously carried, the Board adopted Resolution No. 2018-11-03; Authorizing the Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

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**EXPENDITURE VERIFICATION/ COST CERTIFICATION**

**Pay Application No. 8 under the HEI Contract**: The Board discussed Pay Application No. 8 under the HEI Contract.

Following discussion, upon motion duly made by Director Klymkow, seconded by Director Williams and, upon vote, unanimously carried, the Board approved Pay Application No. 8 under the HEI Contract.

**Expenditure Verification Report No. 7 prepared by IDES (District Eligible Expenditures) in the amount of $1,520,448.31, (Pay Application No. 8 under the HEI Contract)**: Ms. Fiore presented to the Board the Expenditure Verification Report No. 7 prepared by IDES in the amount of $1,520,448.31, (Pay Application No. 8 under the HEI Contract).

Following review and discussion, upon motion duly made by Director Barbera, seconded by Director Klymkow, and upon vote unanimously carried, the Board accepted the Expenditure Verification Report No. 7 prepared by IDES (District Eligible Expenditures), in the amount of $1,520,448.31, (Pay Application No. 8 under the HEI Contract).

**Cost Certification Report No. 5 prepared by IDES**: The Board deferred discussion until the January Meeting.

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**CAPITAL IMPROVEMENTS**

**Project Status Report:** Ms. Fiore distributed and reviewed with the Board the Project Status Report dated November 28, 2018. A copy of the report is attached hereto and incorporated herein by this reference.

Director Barbera noted that pavement designs for the villages are delayed causing overall delays.

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**COVENANT ENFORCEMENT/ DESIGN REVIEW**

**Community Management Services**: The Board discussed community management services to include covenant control, fee billing, website creation and maintenance and design review. Ms. Johnson noted that the Community Management Services are ongoing.

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## RECORD OF PROCEEDINGS

**OTHER BUSINESS** **Rescheduling or Cancelling the December Regular Board Meeting**: The Board discussed the next Regular Board Meeting and determined to cancel the December 26, 2018 Board Meeting.

**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

THESE MINUTES ARE APPROVED AS THE OFFICIAL NOVEMBER 28, 2018, REGULAR MEETING MINUTES OF THE STONE CREEK METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

_____
Patrick L. Lyng

_____
Peter J. Klymkow

_____
Shawnee Williams

_____
Eric Kubly

_____
Mauricio Barbera

**RESOLUTION NO. 2018-11-01**

**RESOLUTION OF THE BOARD OF DIRECTORS OF STONE CREEK METROPOLITAN DISTRICT ESTABLISHING REGULAR MEETING DATES, TIME AND LOCATION, AND DESIGNATING LOCATIONS FOR POSTING OF 72-HOUR AND 24-HOUR NOTICES**

A. Pursuant to Section 32-1-903, C.R.S., special districts are required to designate a schedule for regular meetings, indicating the dates, time and location of said meetings.

B. Pursuant to Section 24-6-402(2)(c), C.R.S., special districts are required to designate annually at the board of directors of the district's first regular meeting of each calendar year, the place at which notice will be posted at least 24 hours prior to each meeting.

C. Pursuant to Section 32-1-903, C.R.S., special districts are required to post notices of regular and special meetings at three (3) public places within the district and at the office of the County Clerk and Recorder at least 72 hours prior to said meeting.

D. Pursuant to Section 32-1-903, C.R.S., all special and regular meetings of the board shall be held at locations which are within the boundaries of the district or which are within the boundaries of any county in which the district is located, in whole or in part, or in any county so long as the meeting location does not exceed twenty (20) miles from the district boundaries unless such provision is waived.

E. The provisions of Section 32-1-903, C.R.S., may be waived if: (1) the proposed change of location of a meeting of the board appears on the agenda of a regular or special meeting; and (2) a resolution is adopted by the board stating the reason for which a meeting is to be held in a location other than under Section 32-1-903(1), C.R.S., and further stating the date, time and place of such meeting.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the STC Metropolitan District No. 2 of the County of Boulder, Colorado:

1. That the provisions of Section 32-1-903(1), C.R.S., be waived pursuant to the adoption of this Resolution.

2. That the Board of Directors (the "**District Board**") has determined that conducting regular and special meetings pursuant to Section 32-1-903(1), C.R.S., would be inconvenient and costly for the Directors and consultants of the District in that they live and/or work outside the twenty (20) mile radius requirement.

3. That regular meetings of the District Board of the Stone Creek Metropolitan District for the year 2019 shall be held on the fourth Wednesday of every month at 11:00 a.m., at the Stone Creek Ranch Offices (Barn) 6700 E. Scott Avenue, Parker, CO 80134. That special meetings of the District Board shall be held as often as the needs of the District require, upon notice to each Director.

4. That, until circumstances change and a future resolution of the District Board so designates, the location of all special and regular meetings of the District Board shall appear on the agenda(s) of said special and regular meetings.

5. That the residents and taxpaying electors of the District shall be given an opportunity to object to the meeting(s), location(s) and any such objections shall be considered by the District Board in setting future meetings.

6. Notice of Meetings of the District Board required pursuant to Section 24-6-402(2)(c), C.R.S., shall be posted within the boundaries of the District at least 24 hours prior to each meeting at the following location:

(a) On Scott Ave, just east of Szymanski

7. Notices of regular and special meetings required to be posted at three (3) public places within the District and at the office of the County Clerk and Recorder at least 72 hours prior to said meeting shall be made pursuant to Section 32-1-903, C.R.S., at the following locations:

(a) At the south west corner of Scott and Szymanski

(b) On the south end of Szymanski on the east side of the road

8. Patrick Lyng, or his/her designee, is hereby appointed to post the above-referenced notices.

RESOLUTION APPROVED AND ADOPTED on November 28, 2018.

**STONE CREEK METROPOLITAN DISTRICT**

By: _____
President

Attest:

_____
Secretary

**RESOLUTION NO. 2018-11-03**

**RESOLUTION OF THE BOARD OF DIRECTORS OF STONE CREEK METROPOLITAN DISTRICT AUTHORIZING ADJUSTMENT OF THE DISTRICT MILL LEVY IN ACCORDANCE WITH THE COLORADO CONSTITUTION, ARTICLE X, SECTION 3**

A. Stone Creek Metropolitan District (the "**District**") is a quasi-municipal corporation and political subdivision of the State of Colorado pursuant to Title 32, Colorado Revised Statutes.

B. The District operates pursuant to its Service Plan approved by the Douglas County Board of County Commissioners on September 23, 2014 (the "**Service Plan**"), which provides the District with the authority to impose mill levies on taxable property. Such mill levies will be the primary source of revenue for repayment of debt service, public improvements, and operations and maintenance costs of the District.

C. The Service Plan authorizes a Maximum Total Mill Levy of sixty (60) mills ("**Maximum Total Mill Levy**") to support debt service and operations and maintenance of the District. The Service Plan authorizes a Maximum Debt Service Mill Levy of fifty (50) mills to support the District's debt service, subject to the Maximum Total Mill Levy.

D. The Service Plan and Article X, Section 3 of the Colorado Constitution, (the "**Gallagher Amendment**") authorizes adjustment of the Maximum Total Mill Levy and the Maximum Debt Service Mill Levy in the event that the method of calculating assessed valuation is changed after September 23, 2014, by any change in law, change in method of calculation, or in the event of any legislation or constitutionally mandated tax credit, cut, or abatement. The Maximum Total Mill Levy and the Maximum Debt Service Mill Levy may be increased or decreased to reflect such changes. Such increases or decreases shall be determined by the Board in good faith (such determination to be binding and final) so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes.

E. The Service Plan and Gallagher Amendment provide that, for purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

F. The Colorado General Assembly passed House Bill 17-1349, signed by the Governor of Colorado on June 15, 2017, which amends Section 39-1-104.2, C.R.S., setting the ratio of valuation for assessment for real residential property at 7.2% (decreased from 7.96%) for property tax years commencing on and after January 1, 2017, until the next property tax year that the General Assembly determines to adjust the ratio of valuation for assessment for residential real property.

G. The Board of Directors of the District (the "**Board**"), authorized by the Service Plan and the Gallagher Amendment, determines it to be in the best interest of the District, its residents, users, property owners, and the public to adjust the Maximum Total Mill Levy and the Maximum Debt Service Mill Levy to mitigate the effect of the statutory change in the ratio of valuation for assessment from 7.96% to 7.2%, so that actual tax revenues are neither diminished

nor enhanced as a result of the change in the ratio of valuation for assessment for residential real property.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Stone Creek Metropolitan District, Douglas County, Colorado:

1. The Board of the District hereby authorizes the adjustment of the Maximum Total Mill Levy and the Maximum Debt Service Mill Levy to reflect the statutory change in the ratio of valuation for assessment for residential real property to 7.2% (from 7.96%).

2. The Gallagher Amendment allows for a total mill levy imposition of 66.332 mills, which consists of 55.277 mills for the Maximum Debt Service Mill Levy and 11.055 mills for the Operations and Maintenance mill levy (collectively, the "**Gallagherized Mill Levy**"), so that District revenues shall be neither diminished nor enhanced as a result of the change in the ratio of valuation for assessment to 7.2% pursuant to the authority granted by the Service Plan and the Gallagher Amendment.

3. The Gallagherized Mill Levy shall be reflected in the District's Certification of Tax Levies to be submitted to Douglas County on or before December 15, 2018, for collection in 2019.

**[SIGNATURE PAGE FOLLOWS]**

**[SIGNATURE PAGE TO RESOLUTION AUTHORIZING ADJUSTMENT OF THE DISTRICT MILL LEVY IN ACCORDANCE WITH THE COLORADO CONSTITUTION, ARTICLE X, SECTION 3]**

RESOLUTION APPROVED AND ADOPTED ON November 13, 2018.

**STONE CREEK METROPOLITAN DISTRICT**

President

Attest:

Secretary