



**MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF THE
STERLING RANCH METROPOLITAN DISTRICT NOS. 1, 2, and 3
HELD AUGUST 21, 2017 AT 11:00 AM**

Pursuant to posted notice, the special meetings of the Board of Directors of the Sterling Ranch Metropolitan District Nos. 1, 2, and 3 were held on Monday, August 21, 2017 at 11:00 AM, at 20 Boulder Crescent, 2nd Floor, Colorado Springs, CO.

<u>Attendance</u>	<u>In attendance were Directors:</u> James Morley, President (by phone) Charles Collins, Director	<u>Also in attendance were:</u> K. Sean Allen, Esq., White, Bear & Ankele P.C. (by phone) Kevin Walker, Schooler & Assoc. Lori VonFeldt, Schooler & Assoc. Eric Howard P.J. Anderson
-------------------	---	--

Robin Morley, Director, was absent and excused.

Combined Meeting:

The Boards of Directors of the Districts have determined to hold a joint meeting of the Districts and to prepare joint minutes of actions taken by the Districts in such meetings. Unless otherwise noted herein, all official action reflected in these minutes shall be deemed to be the action of all Districts. Where necessary, action taken by an individual District will be so reflected in these minutes.

1. Call to Order:

Director J. Morley called the meeting to order at 12:07 PM.

2. Declaration of Quorum/Director Qualifications/Disclosure Matters:

Director J. Morley indicated that a quorum of the Boards was present, and stated that each Director has been qualified as an eligible elector of the Districts pursuant to Colorado law. The Directors confirmed their qualification. Ms. VonFeldt noted that the Directors' disclosures of their potential conflicts of interest were filed pursuant to state law for the meeting, and were made part of the official minutes of the meeting by reference. The Boards determined that participation by the directors with potential conflicts of interest was necessary to obtain a quorum or otherwise enable lawful action to occur.

3. Approval of

the Agenda: The agenda was approved.

4. Approval of the 12/7/2016 and 4/3/2017 Meeting Minutes:

Director Collins moved to approve both sets of minutes; seconded by Director Morley. Motion passed unanimously.

5. IGA for the Establishment of the Falcon Area Water Authority:

Mr. Anderson noted that Mr. Allen has reviewed the water authority formation agreement between the Sterling Ranch Metro District Nos. 1, 2 and 3. Mr. Anderson and related parties have met with the County a number of times regarding the formation of the Falcon Area Water Authority. There is big expectation to build the lines to have long-term water for the Falcon area. The rules and pricing are to be set later; possibly in the next couple of weeks. Director Morley asked who the board members would be and Mr. Anderson indicated that it hasn't been determined yet. It was noted that the IGA sets forth that the Authority's board will be made up from members of each District's board of directors. Director Collins moved to approve the IGA for the establishment of the Falcon Area Water Authority; seconded by Director Morley. Motion passed unanimously.

6. Joint Resolution Approving the Falcon Area Water Authority Establishment IGA and Organizing the Falcon Area Water Authority:

Director Collins moved to approve the Joint Resolution approving the Falcon Area Water Authority Establishment IGA and organizing the Falcon Area Water Authority; seconded by Director Morley. Motion passed unanimously.

7. Water Tap Fee and Sewer Tap Fee (finalize imposition resolutions and then record):

Mr. Allen inquired about the \$8,000 water and \$8,000 sewer tap fees and noted that they haven't been finalized in a resolution yet. Director Morley stated that the tap fees could be finalized, but he still needs to meet with Mr. Sean Chambers to get the other fees. Mr. Allen asked if there would be an escalator. Director Morley confirmed that there would be a 3%/year escalator for both water and tap fees that would go from January 1 to December 31 per increase. The escalator is not to go into effect until the year 2019. Mr. Walker recommended not setting the escalator at an exact amount in the resolution in case the Board needed to change it later. Mr. Anderson recommended saying the minimum escalator would be 3% subject to Board discretion depending on what was told to the buyers. Mr. Allen inferred that the information would need to be consistent with the resolution. After some research, it was confirmed that the current builder contracts have the 3% escalator with no acquisition fee and are locked in for the first couple of years.

8. Water Acquisition Fee \$8,000 (per connected SFE):

Mr. Allen noted that the Board had approved a Water Acquisition Fee. Mr. Walker had researched the fees and found that the total water acquisition fee and tap fee averaged \$16,000 SFE. Mr. Walker indicated it would give the builders more flexibility if there is both an acquisition fee and a tap fee. Director Morley confirmed the \$16,000 SFE and noted that it could be split in the future, but not now because Mr. Zach Bishop has used that model for his bond proformas. Mr. Anderson asked about the structure for the Developer Reimbursement Agreements with SR Water and SR Sewer. Mr. Allen said that the District already has to pay Meridian Ranch \$3,300/tap per their contract, but the acquisition needs to be revised in an amount to be determined later. The tap and acquisition fee are separate. Mr. Anderson suggested drafting the resolution and editing it later. The Board concurred. Director Collins moved to authorize the revisions to the pending resolution and have the acquisition amount to be determined later; seconded by Director Morley. Motion passed unanimously.

9. Sewer Acquisition Fee \$8,000 (per connected SFE):

See Item 8.

10. Water User Fee, Wastewater User Fee, Street Light Fee, Underdrain Fee:

Director Morley indicated that these fees would be worked on later. The Board discussed other fees that could be added such as a park fee, but Director Morley stated that the contracts currently say there can be no other fees added. There was discussion about having an HOA charge the other fees and have a special account for them. Mr. Allen and Mr. Walker will continue to work on the resolutions for the fees.

11. Identity Theft Program Resolution:

Mr. Allen said that if the District is billing customers for services and they sign up for auto payments a program needs to be in place to take protective measures for their billing identity. Director Collins moved to approve the Identity Theft Program Resolution; seconded by Director Morley. Motion passed unanimously.

12. Short Term LOC Replacement Funding and Extension of LOC Funding Promissory Note, SR Land's Obligation to Repay LOC Promissory Note:

Director Morley said the County is going out today to look at the erosion control and other items. Mr. Walker indicated that the signed promissory note would need to be ratified and an extension approved. Director Collins moved to ratify the Short Term LOC Replacement Funding and Extension of LOC Funding Promissory note to October 1, 2017; seconded by Director Morley. Motion passed unanimously.

13. Developer Advance for Administrative/Operation Costs:

Director Morley stated that the developer advance ties into the funds that he will be receiving from the Woodmen Heights Metropolitan District (WHMD) to put towards those costs. Mr. Walker noted that the WHMD funds are currently tied up in a 30-day escrow account that the City will have to sign off on before they can be released. Ms. VonFeldt presented a list of unpaid invoices to the Board. Director Morley said he would be able to cover BiggsKofford, White Bear, and Schooler & Associates. Mr. Anderson asked about the flow of funds and Director Morley explained that O&M funds could not be paid with bond funds and that developers, in the beginning, have to fund them. It was noted that it would be about a \$150,000 developer loan before the District could maintain itself. Mr. Anderson requested perusing the invoices with Director Morley's staff, regarding the Water Authority, because those invoices cannot be paid through the District. Director Morley concurred.

14. Financial:

- a. Outstanding Operation Invoices
See item 13.
- b. Financial Statement and Payables (Current/Interim)
Current financials were presented the Board. Director Collins moved to ratify and approve previous and current invoices as per the discussion in item 13; seconded by Director Morley.

15. Adjournment/Continuation/Next Meeting:

The meeting was adjourned at 12:56 PM. The next meeting is to be determined for the 2018 Budget Hearing.

Respectfully Submitted,
Walker Schooler District Managers

By: Lori VonFeldt for the Recording Secretary