

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF THE
EAST SMOKY HILL METROPOLITAN DISTRICT NO. 2 (THE
“DISTRICT”)
HELD
NOVEMBER 9, 2021

A special meeting of the Board of Directors of the East Smoky Hill Metropolitan District No. 2 (referred to hereafter as the “Board”) was convened on Tuesday, November 9, 2021, at 6:00 p.m. at the Smoky Hill Library, 5430 S. Biscay Circle, Centennial, CO 80015. This District Board meeting was also available via Microsoft Teams. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Connie Buhlke, President
Charlotte Faris, Assistant Secretary
Bonnie Bowman, Treasurer
Laura Embleton, Secretary
Tyler Jeffery, Assistant Secretary

Also, In Attendance Were:

Denise Denslow & Janece Soendker; CliftonLarsonAllen LLP (“CLA”)
Randy Cox; Coloradoscapes, Inc. (via Teams)
Stefanie Miller; Flowerscapes Co. (via Teams)
Jonathan Heroux; Piper Sandler & Co.
Jennifer Gruber Tanaka, Esq.; White Bear Ankele Tanaka & Waldron P.C.
 (“WBA”) (via Teams)
Thomas Tanner; Member of the Public

ADMINISTRATIVE MATTERS

Call to order and approval of agenda: The meeting was called to order at 6:06 p.m. Following review and discussion, upon a motion duly made by Director Bowman, seconded by Director Jeffery and, upon vote, unanimously carried, the Board approved the agenda as amended.

Disclosures of potential conflicts of interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. A quorum was present and it was requested that members of the Board disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. It was noted that no additional conflicts of interest were presented.

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Quorum, location of meeting and posting of meeting notices: The Board confirmed a quorum, the location of the meeting and the posting of the meeting notice.

Public comment: None.

CONSENT AGENDA

Minutes from the August 10, 2021 and September 18, 2021 special meetings:

2022 Annual Administrative Resolution:

Resolution Designating the Location of Regular Meetings of the Board of Directors:

Following review, upon a motion duly made by Director Faris, seconded by Director Jeffery and, upon vote, unanimously carried, the Board approved and adopted the Consent Agenda items, as presented.

Bond Refinancing:

It was noted that Item IV.G was moved to this portion of the agenda. Mr. Heroux provided a brief presentation to the Board regarding Bond refinancing, stating that the 2011 Bonds have a call date of December 1, 2021, allowing the opportunity to refinance within a favorable interest rate market. He noted the Board's options for refinancing and indicated a direct placement with a bank would likely yield the best results. Discussion ensued. The Board provided direction to start the process to solicit term sheets to be considered by the Board at a future meeting.

LEGAL MATTERS

Resolution Calling a Regular Election for Directors on May 3, 2022, appointing the DEO and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election: Ms. Tanaka reviewed the Resolution with the Board, noting that the Call for Nominations for the 2022 election will be noticed by publication. It was noted that although it is not required, the Board determined a secondary method of notification for the 2022 election will be posted on the District website. Following review and discussion, upon a motion duly made by Director Jeffery, seconded by Director Bowman and, upon vote, unanimously carried, the Board adopted the Resolution Calling a Regular Election for Directors on May 3, 2022 as presented, appointed the DEO and authorized the DEO to perform all tasks required for the conduct of a mail ballot election.

May 2022 Election Question related to Operations and Maintenance Revenue: Ms. Tanaka described the revenue limitations for operations under the current election questions for the Board. Discussion ensued regarding the need

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to conduct an election to address the revenue limitations. It was noted that this issue will be considered by the Board at a future meeting.

Assignment of Access and Maintenance Easement between Saddle Rock Ridge Homeowners Association, Inc. and the District: Ms. Tanaka reviewed the purpose of the Agreement with the Board regarding the fence replacement project, noting that this form of agreement will allow the District to award the work for the current replacement, but may be revoked at a later time if no further work is contemplated. Following review and discussion, upon a motion duly made by Director Jeffery, seconded by Director Bowman and, upon vote, unanimously carried, the Board approved the Assignment of Access and Maintenance Easement between Saddle Rock Ridge Homeowners Association, Inc. and the District, as presented.

Bid for fence replacement in 2022: Ms. Denslow informed the Board about the bidding process that was conducted to meet statutory requirements. Three submittals were received, one of which was after the deadline. The Board reviewed the bid tabulations. Following review and discussion, upon a motion duly made by Director Jeffery, seconded by Director Faris and, upon vote, unanimously carried, the Board awarded the bid to the lowest responsible responsive bidder, Commercial Fence & Ironworks in the amount of \$207,000.

Other: None.

FINANCIAL MATTERS

Unaudited Financial Statements as of September 30, 2021 and Cash Position Report: Ms. Soendker reviewed the Unaudited Financial Statements and Cash Position report with the Board, noting nearly 100% property collections as of September 30, 2021. Following review, upon a motion duly made by Director Embleton, seconded by Director Buhlke and, upon vote, unanimously carried, the Board accepted that Unaudited Financial Statements as of September 30, 2021 and Cash Position Report, as presented.

Bill.com payments totaling \$19,471.34 and Directors' Fees: Following review, upon a motion duly made by Director Jeffery, seconded by Director Embleton and, upon vote, unanimously carried, the Board ratified the approval of the Bill.com payments totaling \$19,471.34 and Directors' Fees, as presented.

Investment review: This item was not needed or discussed.

Public hearing to consider amending the 2021 Budget. If necessary, consider adoption of Resolution to Amend the 2021 Budget: Upon a motion duly made by Director Faris, seconded by Director Embleton and, upon vote, unanimously carried, the Board opened the public hearing at 7:24 p.m. No public comments were received, and the public hearing was closed. Ms. Soendker reviewed the proposed Budget amendment with the Board. Following review,

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upon a motion duly made by Director Buhlke, seconded by Director Embleton and, upon vote, unanimously carried, the Board adopted the Resolution to Amend the 2021 Budget as presented to reflect an increase in the General Fund from \$462,500 to \$575,000.

Public hearing to consider adoption of the 2022 Budget; Appropriation of Funds for Expenditures and Certification of Mill Levies; consider adoption of Resolution to Adopt the 2022 Budget, Appropriating Funds for Expenditures and Certifying Mill Levies: Upon a motion duly made by Director Faris, seconded by Director Embleton and, upon vote, unanimously carried, the Board opened the public hearing at 7:24 p.m. No public comments were received, and the public hearing was closed. Ms. Soendker reviewed the proposed draft 2022 Budget with the Board. Discussion ensued regarding playground maintenance and park improvement line items. Following review and discussion, upon a motion duly made by Director Jeffery, seconded by Director Buhlke and, upon vote, unanimously carried, the Board approved the draft 2022 Budget and adopted the Resolution to Adopt the 2022 Budget, Appropriating Funds for Expenditures and Certifying Mill Levies, as amended to include the modifications discussed.

Engagement with Schilling & Company, Inc. for Preparation of 2021 Audit: Following review, upon a motion duly made by Director Embleton, seconded by Director Bowman and, upon vote, unanimously carried, the Board approved the engagement with Schilling & Company, Inc. for preparation of the 2022 Audit in an amount not to exceed \$5,000.

Other: None.

MANAGER ITEMS

CliftonLarsonAllen LLP master service agreement and related statement(s) of work: Ms. Denslow reviewed the master service agreement with the Board, noting the purpose of the change in format. Discussion ensued regarding CLA's performance related to parks and open space safety and communication. Following review and discussion, upon a motion duly made by Director Embleton, seconded by Director Jeffery and, upon vote, unanimously carried, the Board approved the CLA master service agreement and related statements of work, subject to final legal review.

2022 insurance renewal. Consider approval of documents needed to obtain or maintain insurance coverage through the Colorado Special Districts Property and Liability Pool or TCW and authorize membership in the Special District Association: Following discussion, upon a motion duly made by Director Embleton, seconded by Director Jeffery and, upon vote, unanimously carried, the Board approved the 2022 insurance renewal and the documents needed to maintain insurance coverage through the Colorado Special Districts Property and Liability Pool.

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Other: None.

LANDSCAPE UPDATE

Landscaping activity: Ms. Miller and Mr. Cox provided updates to the Board regarding landscaping activity, noting that fall clean-up is underway.

Flowerscapes:

Independent Contractor Agreement for 2022 Annual Flowers between the District and Flowerscapes, LLC: Following review, upon a motion duly made by Director Bowman, seconded by Director Embleton and, upon vote, unanimously carried, the Board approved the Independent Contractor Agreement for 2022 Annual Flowers between the District and Flowerscapes, LLC, as presented.

ColoradoScapes:

Independent Contractor Agreement for 2022 Landscape Maintenance between the District and ColoradoScapes, Inc.: Following review, upon a motion duly made by Director Buhlke, seconded by Director Jeffery and, upon vote, unanimously carried, the Board approved the Independent Contractor Agreement for 2022 Landscape Maintenance between the District and ColoradoScapes, Inc., as presented.

Proposal for Lake Park Turf Conversion: This item was deferred.

Proposal for Prentice Park Turf Conversion: This item was deferred.

Proposal for 2022 Revive Treatments: Following review, upon a motion duly made by Director Buhlke, seconded by Director Embleton and, upon vote, unanimously carried, the Board approved the Proposal for 2022 Revive Treatments, as presented.

Proposal for Berry Park Turf Conversion: This item was deferred.

Davey Tree:

Independent Contractor Agreement for 2022 Tree Care Services between the District and Davey Tree Expert Company: Following review, upon a motion duly made by Director Buhlke, seconded by Director Jeffery and, upon vote, unanimously carried, the Board approved the Independent Contractor Agreement for 2022 Tree Care Services between the District and Davey Tree Expert Company, as presented.

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Other: None.

BOARD MEMBER
ITEMS

Status of playground shades: This item was deferred.

Homeowner Association: This item was deferred.

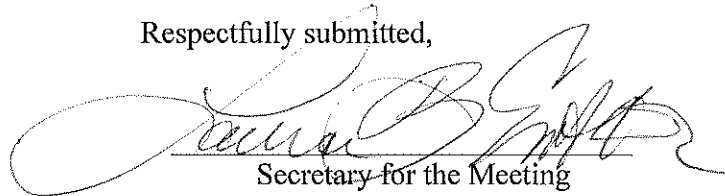
OTHER BUSINESS

Quorum for next meeting: It was noted that a special meeting will be called to review the loan term sheet for Bond refinancing.

ADJOURNMENT

There being no further business to come before the Board at this time, upon a motion duly made by Director Faris, seconded by Director Buhlke and, upon vote, unanimously carried, the Board adjourned the meeting at 7:59 p.m.

Respectfully submitted,



Secretary for the Meeting