

RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

OF THE

HERITAGE TODD CREEK METROPOLITAN DISTRICT

Held: Monday, November 27, 2017, at 1:00 p.m., 8455
Heritage Drive, Thornton, CO 80602

Attendance

The regular meeting of the Board of Directors of the Heritage Todd Creek Metropolitan District was called and held as shown above in accordance with the statutes of the State of Colorado. The following Directors, having confirmed their qualifications to serve on the Board, were in attendance:

Rod Stone, President
Dan Kettle, Treasurer
William Gomer, Secretary
Paul Ozanich, Asst. Secretary
Phil Anderson, Vice President*

[*Participating by telephone.]

Also present were Barbara Vander Wall, Esq., and Cameron J. Richards, Esq., Seter & Vander Wall, P.C.; Diane Wheeler, Simmons & Wheeler, P.C.; Ross Dudley, CCMC, District Manager; Mike Reed*, IDES, District Engineer; and Kathy Stankovic*, Karen Gavin, Michael Kearns, Cindy Kettle and Beth Ozanich, members of the public.

[*Departed where indicated.]

Call to Order

Director Stone noted a quorum of the Board was present and called the regular meeting of the Board of Directors of the Heritage Todd Creek Metropolitan District to order at 1:10 p.m.

Conflict of Interest / Disclosure Matters

The Board had been previously advised that pursuant to Colorado law, certain disclosures by the Board members might be required prior to taking official action at the meeting. Legal counsel advised that written disclosures of the conflicts of interest for each Director had been filed with the Secretary of State prior to the meeting.

RECORD OF PROCEEDINGS

	No additional conflict disclosures were announced.
Approval of Agenda	The Board agreed to modify the agenda to move the traffic control issue to take place immediately after public comment.
Approval of Minutes	The Board reviewed the minutes of the October 9, 2017 special meeting. The Board requested minor corrections to the spelling of names and clarify which Directors were working on which issues. Upon motion duly made, seconded and unanimously carried, the minutes were approved with the noted changes.
Public Comment	No public comment was offered at this time
Traffic Control Update	<p>Director Gomer provided an update on traffic control actions being taken by the District. Lennar has placed four flashing speed signs within the District; he and Director Ozanich reviewed the locations and suggested new locations for the signs to ensure maximum visibility to traffic. Lennar has agreed to place a total of eight signs around the District; two leaving/approaching each entry gate, and one near the golf cart crossing between holes 14 and 15 on Rosemary. Installation is expected to be completed soon.</p> <p>Ms. Kathy Stankovic, District resident, commented on the traffic control issue. Ms. Stankovic stated that she is happy to hear the District continue to work on traffic control issues, but remains concerned about the public safety ramifications. She was primarily concerned about the lack of monitoring of traffic by Lennar and noted that she had recently witnessed a close call involving a construction vehicle.</p> <p>Director Gomer noted the District continues to work with, and stress the issue to, Lennar. Director Stone stated he felt the Board has been proactive on this issue; he noted that new construction access easements are being considered later in the meeting, which may also help with traffic management. He has been present at construction meetings where speed and road safety were addressed and believes Lennar takes the matter seriously.</p> <p>The Board thanked Ms. Stankovic for her comments.</p> <p>[*Ms. Stankovic departed at this time]</p>
Financial Matters	
- Financial Reports and	Ms. Wheeler presented financial statements through October 31,

RECORD OF PROCEEDINGS

Payment of Claims 2017, and a schedule of claims to be approved for payment.

Total claims for approval were \$106,052.49. Upon motion duly made, seconded and unanimously carried, the Board approved the payment of claims.

The District's cash position was reviewed. At this point nearly all tax revenues have been received. Specific ownership tax revenues were higher than forecasted. Lennar has recently paid development fees, which is reflected on the balance sheet. The District is in a position to make its debt service payment on December 1.

Upon motion duly made, seconded and unanimously carried, the financial statement was accepted.

Upon motion duly made, seconded and unanimously carried, the interim claims for payment presented were approved and ratified.

Public Hearings

Ms. Vander Wall informed the Board that notice of a public hearing on both the 2018 budget and 2017 budget amendment has been published for the meeting.

- 2017 Budget Amendment

A 2017 budget amendment was presented for consideration. Ms. Wheeler noted the 2017 budget needed to be amended to reflect general fund expenditures of \$1,075,000, up from \$1,025,993, based on projected expenses through the end of the year.

Director Stone opened the public hearing on the 2017 budget amendment. No members of the public presented comment. Director Stone closed the public hearing.

Upon motion made, seconded, and unanimously carried, the Board approved the 2017 budget amendment.

- 2018 Proposed Budget

The proposed 2018 budget was presented for consideration.

Director Stone opened the public hearing on the 2018 budget. No members of the public presented comments. Director Stone closed the public hearing.

Director Kettle inquired if fee collection expenses should be

RECORD OF PROCEEDINGS

included in the budget. Ms. Wheeler advised that these expenses and their reimbursement are difficult to project, therefore funds are not specifically allocated for this purpose.

The Board discussed adding a landscape maintenance and repair item to the budget. These expenses are in addition to the regular landscape and snow removal contract, and are incurred every year for expenses like irrigation, fencing and wall repairs. Ms. Wheeler noted this item could be added, with corresponding funds removed from the contingency fund. The Board agreed to add a landscape maintenance and repair line item to the budget in the amount of \$20,000, as discussed.

Ms. Wheeler explained the application of the Gallagher Amendment, which reduces the tax assessment ratio from 7.96% to 7.2% on residential property in Colorado. As a result, the District's mill levy has been modified in order that the District may collect the same amount of tax revenues despite the reduction in valuation ratio. The District's debt service mill levy for 2018 is proposed at 43.946, required per the District's bond covenants, and its operations and maintenance mill levy will stay at 10 mills. The District expects to collect tax revenues on a total combined mill levy of 53.946 in 2018.

Upon motion made by Director Kettle, seconded by Director Anderson, and unanimously carried, the 2018 budget as modified at the meeting was approved, appropriations made for 2018, and the mill levy certified as discussed.

Committee Reports

- Engineering Committee

Director Kettle presented the engineering committee report. Street crack fill and concrete work is continuing. Street sweeping will be scheduled upon completion. This work is all part of the original street repair contract. Director Anderson noted proposals for next year's scope of work will be developed over the next few months. Director Kettle thanked IDES and Mike Reed for working with the contractor to reduce the contract price by approximately \$80,000.

Mike Reed of IDES presented change order numbers 2 and 3 for consideration. These orders reduced the cost of the project as discussed at the October 9, 2017, meeting. Upon motion made, seconded, and carried unanimously, the Board approved change orders numbers 2 and 3.

RECORD OF PROCEEDINGS

Mr. Reed reported that 55 lineal feet of Xenia Court were missed for street sweeping, but would be swept shortly.

[*Mr. Reed departed at this time]

- Landscaping Committee
Director Stone updated the Board concerning holiday lights. The old lights purchased by the District did not work when taken out of storage. New lights have been purchased. Brightview will store the District's lights next year. Director Stone suggested that the Board authorize the expenditure of up to \$10,000 for the purchase and installation of holiday lights. Upon motion made, seconded and unanimously carried, the Board approved and ratified the purchase and installation of holiday lights in an amount not to exceed \$10,000.
- Budget Committee
There was no additional budget committee report to present at this time.
- Special Committee on Park Naming & Bench Placement
Director Kettle suggested the park naming and bench placement special committee be dissolved. He noted the District's proposal was apparently tabled by the Master Association and that Lennar may be donating benches to the District. The District committee has not met recently and is not pursuing action at this time.

Director Stone stated that the District has not yet received a formal response to its proposal and that open questions remained about the future of the project. Depending on what happens in the future there may be a need for the committee.

No action was taken.

Engineering Report

- Preliminary Acceptance
Director Stone reviewed his notes from a meeting held on November 22, 2017, with Lennar representatives Adam Coates and Rick Holpp, Jen Carpenter from LAI Landscape Design, and Rich Hill from Metco Landscaping. A binder of documents representing the District's 12 step approval process has been provided to the District. Director Stone requested legal counsel review the binder to ensure all required documentation was included. Additionally, a draft warranty agreement and draft bill of sale were included for Board consideration and approval.

Director Stone recommended preliminary acceptance of certain

RECORD OF PROCEEDINGS

landscaping tracts upon completion of the specified conditions: 1) verification of completion of all 12 step approval items; 2) transfer of landscaped areas north of Heritage Drive to District ownership by January 15, 2018; 3) finalization of a shared landscaping maintenance agreement with Lennar for preliminarily accepted landscape tracts as provided in the warranty agreement; and, 4) completion of final repairs along Filing No. 1, Amendment No. 3, Tract 2E.

The landscaping tracts being conditionally granted preliminary acceptance were identified :

1. Heritage Drive: Filing No. 1, Amendment No. 3, Tracts G and 2Q; Filing No. 1, Amendment No. 8, Tracts 8S-1A, part of Tract E, Tract F, and Tract G.
2. Amendment 8: Filing No. 1 Amendment No. 8, Tracts D, a part of E, H, and a part of 8S-9.
3. Block H: Filing No. 1, Amendment No. 3, Tracts 2G and 2O.
4. Ehler Parkway and Quebec Street: Filing No. 1, Amendment No. 3, Tract 2E and Filing No. 2, Tract C.

At this time the Board is not considering acceptance of Filing No. 1, Amendment No. 3, Tract 2D (currently being used as an access roadway for landscaping work), Filing No. 1, Amendment No. 3, Tracts 2C and 2F (pending further clarification of drainage maintenance responsibilities and possible replatting of drainage tracts from landscaping tracts), nor any tracts in Filing No. 1, Amendment No. 9 (landscaping work not completed).

Director Stone noted acceptance was not being considered for any fencing in any tract (repairs still underway), the Ehler entrance (repairs still underway), and the Quebec entrance (repairs still underway and land not transferred to the District). These improvements would be brought forth to the Board to be considered for acceptance at later dates as appropriate.

Following further discussion, and upon motion made, seconded, and carried unanimously, the Board accepted the presented warranty agreement as to form for the preliminary acceptance of landscape tracts.

Following further discussion, and upon motion made, seconded, and carried unanimously, the Board accepted the presented bill

RECORD OF PROCEEDINGS

of sale as to form for the preliminary acceptance of landscaping tracts.

A draft resolution was presented to the Board accepting certain tracts for preliminary acceptance. Ms. Vander Wall noted that based on the conditions discussed by the Board, changes to the resolution will be needed to ensure these conditions are explicitly addressed and that there is a certification of their ultimate completion that will be signed by both parties. The Board directed legal counsel to make the required changes. Upon motion made, seconded, and carried unanimously, the Board adopted the resolution as modified, granting conditional preliminary acceptance of the above specified tracts.

- Other Landscaping
Acceptance and
Related Issues

Director Stone reviewed other tracts that continue to be considered for acceptance, though there are issues that will need to be addressed before acceptance by the District.

Lennar landscaped a number of areas in preparation for turnover to the District which are actually owned by HTC Golf Acquisitions. These areas include Filing No. 2, Tract B, where the Quebec entrance gate is located, tracts along Heritage Drive, and some areas between houses. Golf Acquisitions has indicated a willingness to transfer title of certain areas. The District will consider limited acceptance of some landscaped areas if appropriate to ensure overall consistency of appearance and maintenance of landscaping areas. The District will work with Lennar to identify appropriate areas and facilitate the transfers as necessary.

Some tracts have been landscaped using a xeriscape design without irrigation. The Board discussed that xeriscape can be effective, so long as plants effectively take to the environment, with risk of plant death in the first few years. Lennar has indicated it will set aside an escrow fund to replace plants in the xeriscaped areas. The Board directed legal counsel to prepare a draft agreement on such a fund and present it to Lennar.

Lennar will be making extensive repairs to landscaping on the west side of Uinta, inside the entrance gate. This area has already been accepted by the District. The District agreed to allow this work to take place and will take over maintenance of the newly landscaped areas.

A walk through of fencing along Ehler Parkway and Quebec

RECORD OF PROCEEDINGS

Street is expected to take place in the next few weeks.

A walk through of streets expected to be dedicated and/or finally accepted by the District is tentatively scheduled to occur in April or May. Director Stone and Director Anderson will ensure any walk through occurs prior to the expiration of any warranty so that any identified issues may be addressed.

Lennar has agreed to quitclaim certain tracts in the north-east portion of the District back into Lennar's name as the improvements to be constructed on them, primarily roadways, have not been completed yet. Director Stone will work with Lennar on this.

- Temporary
Construction Access
Easements

A written acknowledgement of no further need for repairs was presented to the Board for consideration of approval. This document certifies that all necessary repair work has been completed, the easement will be abandoned, this allows Lennar to recover any funds remaining in escrow. Upon motion made, seconded, and by unanimous approval, the Board approved abandoning the easement, signing the written acknowledgement, and closing the escrow account.

Three new temporary construction access easements were presented for review. One access is located off of Quebec, and two accesses are located off of Yosemite. Each easement uses emergency access easements identified on plats. Each agreement required a \$10,000 escrow to secure repairs at the conclusion of use. One entrance on Yosemite and the entrance on Quebec are already in use.

Director Kettle inquired if \$10,000 was sufficient to pay for repairs. Mr. Richards clarified the escrow was not necessarily to pay for repairs, but rather as an investment in the process.

Upon motion made, seconded, and by unanimous approval, the Board approved granting the new easements and signing the easement and associated escrow agreements. Legal counsel will transmit the documents to Lennar for execution.

The Board discussed that a construction access easement may be desirable on Quebec, north of the entrance gate, for purposes of building homes in that area. There appears to be a suitable location and this may eliminate the need for construction traffic to use the Quebec entrance gate. Lennar has not requested such

RECORD OF PROCEEDINGS

an access to date but Director Stone agreed to bring the matter to Lennar's attention.

- Main Gate Access Agreements

Director Stone discussed Lennar's construction access through the main gates at Heritage, Quebec, and Ehler. Agreements have been discussed by District legal counsel and Lennar's attorney, but discussions have stalled regarding how damages would be paid for. Director Stone noted that Lennar has agreed to take care of issues related to construction traffic use, and suggested communicating this information to Lennar's attorney for resolution of the issue. This would include damage to the gate loop that controls the gate opening and damage to the asphalt as a result of heavy truck use. Legal counsel agreed to follow up with Lennar's attorney.

Director Stone noted Lennar will be adding DJ Hubbell, CCMC maintenance supervisor, to the contact list for Western Access Controls, so that if there are gate issues, CCMC can directly request service instead of going through Lennar. This should expedite problem resolution.

District Managers Report

Mr. Dudley presented the District Manager's report, including a written report which was provided to the Board. District residents have complained about a lack of lighting at the mailboxes; solar lights may help address the issue. District residents have suggested painting house numbers on curbs to make addresses easier to find. Complaints of non-functioning entrance gates have continued, and work on the gates, is ongoing. Director Stone indicated he will facilitate communication between CCMC and Western Access Controls and Lennar. The issue of sump pump discharge was discussed. Legal counsel and Mr. Dudley agreed to correspond further on available options and possible coordination with the City of Thornton for resolution.

Legal Status Report

Ms. Vander Wall presented the legal status report, including a written report which was provided to the Board. An update on the Yosemite Street bridge work and improvements was provided. The project is currently being reviewed by Adams County.

A proposed replatting of lots on future Quince Court into Filing No. 1, Amendment No. 13, has been proposed by Lennar. The District, as the owner of a landscaping and drainage tract in the

RECORD OF PROCEEDINGS

proposed replatting, is required to sign off on the plat. Mr. Richards stated the proposed plat is appropriate for execution. Upon motion made, seconded, and unanimously carried, the Board approved signing the proposed Filing No. 1, Amendment No. 13, plat.

Old Business

- Traffic Control Update

Director Stone noted this issue had been covered earlier in the meeting.

New Business

Director Gomer discussed Board communications with the other Directors. He noted the District has many pending issues and suggested looking into a way to receive, review, and communicate on relevant issues and documents. Ms. Vander Wall discussed the state open meetings law requirements which affect some of the communication options. The Board agreed to share information judiciously, in conformance with open meetings laws, and in a manner which does not promote a "meeting" or which may otherwise create confusion.

Public Comment

No additional public comment was offered.

Other Business

No other business was brought before the Board.

Adjournment

There being no further business to come before the Board, the meeting was adjourned at 4:25 P.M. The next regular meeting of the Board is scheduled for January 22, 2018.


Secretary for the Meeting
