

RECORD OF PROCEEDINGS

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS

OF THE

HERITAGE TODD CREEK METROPOLITAN DISTRICT

Held: Monday, November 27, 2023 at 2:00 p.m., 8455 Heritage Drive, Thornton, CO 80602.

Attendance

The special 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
Paul Ozanich, Vice President
Robert Tade, Treasurer
John Laatsch, Secretary
Jon Rarick, Asst. Secretary

Absent: None.

Also in attendance were: Barbara T. Vander Wall and Joel Drew, Seter & Vander Wall, P.C.; Diane Wheeler* and Georgia Harland, Simmons & Wheeler, P.C.; Cody Conry, IDES; Melissa Kupferer, AdvanceHOA, District Manager; Katie Cooksey*, Piper Sandler; Kim Reed*, Ballard Spahr, and residents/members of the public: Greg Huffman, Mary Truax, William Raper, and Mark Ertle, members of the public.

[*Arrived/departed where indicated.]

Call to Order

Director Stone noted a quorum of the Board was in attendance and called the special meeting of the Board of Directors of the Heritage Todd Creek Metropolitan District to order at 2:00 p.m.

Conflict of Interest / Disclosure Matters

The Board had been previously advised that pursuant to Colorado law certain disclosures by the Board members may 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.

No additional conflict disclosures were announced.

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Approval of Agenda The Board reviewed the agenda. Upon motion, second and unanimous vote, the agenda was approved as presented.

Approval of Minutes The Board reviewed the draft minutes of the September 25, 2023 regular meeting and the October 23, 2023 special meeting. Upon motion duly made, seconded and unanimously carried, both sets of minutes were approved as presented.

Public Comment A homeowner presented a complaint about an abandoned race car on golf course property which abuts his home. Director Stone noted that this is not District property.

[*Ms. Cooksey and Ms. Reed arrived during this discussion.]

There was no additional public comment offered at this time.

2023 G.O. Refunding Loan Ms. Cooksey, with Piper Sandler, and Ms. Reed, with Ballard Series 2023A-1 and 2023A-2 Spahr, were introduced as underwriter/placement agent and bond counsel in connection with the proposed refunding loan.

Ms. Reed presented the proposed loan agreement with Western Alliance Bank and the parameters resolution for adoption by the Board. She described the two loans, 2023A-1 which will issued to refund the District's 2015 bonds which have a December 1, 2024 redemption date, and the 2023A-2 loan, which will be issued to refund the District's 202A and 2007B bonds. The 2023A-1 loan will be initially taxable; District funds for the 2024 payoff will be held in escrow by UMB until eligible for payoff in 2024, after which it will convert to tax-exempt. The 2023A-2 loan is tax-exempt at issuance. The loan provides for a maximum mill levy pledge of 50 mills, plus applicable specific ownership taxes, but the mill levy required to pay annual debt services is expected to be much lower. Under the resolution, the District covenants that it cannot pre-pay the loan for five years, until December 1, 2028, and that it cannot issue additional debt without the consent of Western Alliance, with the exception of restricted subordinate debt.

Approval of the resolution authorizes the related bond documents, including escrow agreement, placement agent agreement, and the omnibus certificate of the District. The parameters resolution identifies the maximum principal amount authorized by the Board, which will be adjusted downward upon the locking in of the interest rate prior to closing.

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Ms. Cooksey presented numbers proposed for the resolution that she received today: the 2023A-1 loan will have a 7.19%, and the A-2 loan will have a 5.68% interest rate, which will allow the Board to impose a 34.7 debt service mill levy to cover its obligations. This equates to an approximate \$1,200 annual savings per home. Ms. Reed acknowledged that these rates may be put in the resolution, with the maximum principal amount of \$33,000,000. The Board agreed to appoint the District president as the “sell delegate” for the transaction.

The closing date is scheduled to take place on December 7, 2023. Ms. Reed made arrangements with the appropriate members of the Board for execution of documents to take place on December 4, 2023, in preparation for the closing.

Upon motion by Director Rarick, second by Director Tade, and unanimous vote, the Board agreed to lock in the interest rates as discussed, and approved the loan resolution and related documents with the interest rate, the maximum principal amount, and sell delegate as discussed.

The Board further approved the engagement letters for Ballard Spahr, serving as District counsel, and Piper Sandler, as underwriter/placement agent, as presented.

[*Ms. Cooksey and Ms. Reed departed at this time.]

Financial Report:

- Financial Report /
Payment of Claims

Ms. Wheeler reviewed the claims updated through September 30, 2023 in the amount of \$129,012.13 for approval. Director Tade pointed out the claim for the stop sign repair in Amendment 10 on Quince Street, in the amount of \$932.81; he had previously questioned this claim and acknowledged it was appropriate to pay. Upon motion, second and unanimous vote, the Board approved the claims as presented.

Ms. Wheeler reviewed the financial statements for the period ending September 30, 2023. Following discussion, and upon motion, second and unanimous vote, the Board accepted the financial report as presented.

- Other

Public Hearing on 2023 Budget Amendment

There were no additional financial items presented at this time.

Ms. Wheeler presented the District’s proposed 2023 budget amendment, and 2024 budget.

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She described the need to amend the District's 2023 budget to increase the debt service fund from \$2,759,033 to \$38,900,000 as a result of the bond refunding.

Director Stone opened the public hearing on the District's 2023 budget amendment; with no public comment presented, Director Stone closed the public hearing.

Upon motion by Director Rarick, second by Director Laatsch, the 2023 budget amendment was approved.

Public Hearing on 2024 Budget

Ms. Wheeler reviewed the proposed 2024 budget for the District, prepared with assistance from the District's budget committee. She noted that the District's assessed valuation has increased from \$47,894,400 to \$62,822,120 and estimates the mill levy necessary to generate the required debt service funds to be 35 mills. The Board discussed that Proposition HH did not pass, and that the bill passed in the recent special legislative session has created additional changes to property valuations and valuation assessment ratios, which will impact the final numbers.

Director Stone opened the public hearing on the District's 2024 budget. There was a comment inquiring as to when the final budget would be available for viewing; with a response that it would be posted on the District's website by January 30, 2024. With no further comments, Director Stone closed the public hearing.

Director Ozanich suggested adding a line item to the budget for tree removal expenses. The Board agreed to add line items to the budget in the amount of \$15,000 for tree removal expenses, and \$10,000 for tree replacement expenses. The Board discussed adding sub categories to line items for additional clarification.

Upon motion by Director Rarick, second by Director Tade, and unanimous approval, the Board approved the proposed 2024 budget and appropriated the funds as discussed.

Upon motion by Director Laatsch, second by Director Tade, the Board approved the certification of the District's debt service mills with the estimated 35 mills for debt service, sufficient to raise \$2.2m for the bond refunding, and 10 mills for its general fund mill levy.

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The Board acknowledged that its approvals incorporate flexibility as necessary to accommodate changes resulting from the recent legislative session.

[*Ms. Wheeler departed at this time.]

Committee Reports

- Budget Committee

Director Ozanich referred to the refunding and budget discussions as the update from the budget committee at this time.

- Engineering Committee

District engineer Cody Conry provided an update on the ABC asphalt contract, noting that final payment is about to be released. Amendment 11 public improvements still need an additional walk through before final acceptance. Amendment 10 public improvements need to have punch list items corrected prior to initial acceptance. There is a sink hole area to be addressed. Director Stone asked Mr. Conry to revisit this to make sure it hasn't previously been accepted.

Director Stone noted that he has had communications with Lennar on proposed mill and overlay work on Heritage Drive. Lennar has provided an engineering analysis of the roadway which concludes that mill and overlay work is not needed at this time, but suggested more discussion may be had as it may affect funding needs in Amendments 14 and 16.

Director Stone inquired as to street lighting issues. Ms. Kupferer identified two areas where a light is out. Radiant Lighting is doing the work, but is not sure specifically as to what they are doing. There are new lights at 148th Place and Syracuse.

Director Ozanich noted that the District is paying for two street lights at 144th, but the District does not own any property at this location. Ms. Harland stated that she will review the District's accounts for payments as noted.

- Landscape Committee / Community Landscaping Advisory Special Committee:

Director Stone reported that the District is still dealing with the stucco wall repairs. Lennar has a new contractor to fix the stucco wall, and is paying for the stucco bottom and crack fill. The District is funding the painting of the stucco.

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The holiday lights are nearly all installed; the contractor ran out of materials and is acquiring more. The fall cleanup is still in process by BrightView. The detention pond mitigation work is still in process. The advisory committee is performing a dead plant count as part of concluding BrightView's work with the District. The recent snow clearing services were done well under the new contract with JC Landscape.

Ms. Harland asked about the addresses for the street lights for her research. She also asked about the procedures for the reimbursement of snow removal costs attributable to Lennar.

Director Stone noted that the BrightView bill for irrigation repairs performed in October was authorized for payment by the District.

- Traffic Calming
Special Committee

On behalf of the committee, Mr. Conry reported on the traffic study analytics for the 15 identified sites within the District, and highlights from a comparison study performed in 2020, noting that average speeds are noticeably lower than in 2020. He did not have any further action to recommend at this time. Director Ozanich stated that the committee has not yet convened to review the traffic study, but is scheduled to do so at their next meeting. He noted that based on the data, it appears that the majority of the users are exceeding the 25 mph speed limits. He believes they will be able to use the information to identify traffic patterns. Director Ozanich advised that after the traffic calming committee's review, they will provide recommendations for the Board to consider.

Manager's Report

Ms. Kupferer reviewed her monthly report with the Board, including maintenance activities, current projects and action items. Homeowner Mark Ertle inquired about community access to the pedestrian gate. Ms. Kupferer described the options for key distribution, which she makes available on a weekly basis.

Legal Status Report:

Ms. Vander Wall referred the Board to her legal status report. She provided updated information regarding obligations for website accessibility and expectations from the proposed vendor, Streamline.

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- First Amendment to Agreement for Reimbursement of Snow Removal Expenses
Legal counsel presented the amendment to snow removal reimbursement agreement with Lennar, to update the areas which are still under Lennar's responsibility, but are being included with the District's snow removal contract for purposes of efficiencies. Upon motion, second and unanimous vote, the Board ratified and approved the contracts as presented.

Other Business

Director Tade reported on the District's gate and access improvements, noting that the District is now able to lock the gate open, which will be useful for snow storm events. He inquired about the possibility of replacement of work key pads, and potentially lighted keypads at the gates. Ms. Kupferer agreed to obtain proposals for this.

Director Laatsch asked about preparing a base map with location of facilities and District ownership notations. Mr. Conry stated that he could assist with that.

Public Comment


There was a comment regarding the upcoming annual meeting and lack of email blast notice. The Board stated that the notices are posted on the District's website.

There was no additional public comment presented at this time.

Adjournment

The next regular meeting of the Board of Directors is scheduled for January 22, 2024 at 1:00 p.m.

The meeting was adjourned at approximately 4:53 p.m.


Secretary for Meeting