

RECORD OF PROCEEDINGS

**MINUTES OF THE SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF
THE LAKES METROPOLITAN DISTRICT NO. 2
HELD DECEMBER 11, 2017**

The special meeting of the Board of Directors of The Lakes Metropolitan District No. 2 (referred to hereafter as "Board") was convened on Wednesday, December 11, 2017 at 6:30 p.m., at Anythink Brighton Library, 327 E. Bridge Street, Brighton, CO 80601. The meeting was open to the public.

ATTENDANCE

Directors in Attendance were:

Michael A. Richardson
Paula J. Lindamood
Erika L. Volling

Excused Absentee: Florine T. Richardson

Also in Attendance were:

MaryAnn McGeady, McGeady Becher P.C.
Emily Murphy, McGeady Becher P.C.
Jesse Brown, Kutak Rock LLP

Lynn Baca, 1513 Bellflower Drive, Brighton, CO
Jim and Linda Breitweiser, 1746 Trefoil Circle, Brighton, CO
Kevin Collaco, 1579 Honeysuckle Court, Brighton, CO
Cesar Kokoletzi, 1594 Red Clover Court, Brighton, CO
Sheri and Troy Farstveet, 1723 Trefoil Circle, Brighton, CO
Don and Pam Suppes, 1605 Trefoil Circle, Brighton, CO
Marv Falconburg, City of Brighton

DISCLOSURE OF
POTENTIAL
CONFLICTS OF
INTEREST &
ESTABLISH
QUORUM

Attorney McGeady noted that disclosures of potential conflict of interest statements for each of the Directors were filed with the Secretary of State by the District General Counsel, McGeady Becher P.C., seventy-two hours in advance of the meeting. Attorney McGeady requested that the directors consider whether they had any additional conflicts of interest to disclose. Attorney McGeady 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. Additionally, the Board determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the Board to act.

ADMINISTRATIVE
MATTERS

Agenda: Director Volling distributed for the Board's review and approval an Agenda for the District's special meeting.

Following discussion, upon motion duly made by Director Volling, seconded by Director Lindamood and, upon vote unanimously carried, the Agenda was approved, as presented.

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, and upon motion duly made by

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Director Volling, seconded by Director Lindamood and, upon vote, unanimously carried, the Board determined that because there was not a suitable or convenient location within the District's boundaries to conduct this meeting, it was determined to conduct the meeting at the above-stated location. 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.

Public Comment: The Board of Directors advised the public in attendance with regard to District matters, development in the surrounding area, and the Bond Resolution on the Agenda. Attorney McGeady proposed to discuss the Bond Resolution when it came up on the agenda. All persons in attendance were amenable to this proposal.

April 27, 2017 Special Meeting Minutes: The Board reviewed the Minutes of the April 27, 2017 special meeting. Following discussion, upon motion duly made by Director Volling, seconded by Director Lindamood and, upon vote, unanimously carried, the Minutes of the April 27, 2017 special meeting were approved.

November 29, 2017 Special Meeting Minutes: The Board reviewed the Minutes of the November 29, 2017 special meeting. Following discussion, upon motion duly made by Director Volling, seconded by Director Lindamood and, upon vote, unanimously carried, the Minutes of the November 29, 2017 special meeting were approved.

Resolution Establishing Regular Meeting Dates, Times and Location, and Designating Locations for Posting of 72-Hour and 24-Hour Notices: The Board discussed the Resolution and took comments from the public in attendance. The Board determined that the regular meeting dates for 2018 will be the 1st Wednesdays of June and November at 7:00 p.m. at the Anythink Brighton Library, 327 E. Bridge Street, Brighton, CO. The 24-hour posting location is the northwest corner of the District at approximately 1533 Wildflower Drive. The additional locations for the 72-hour posting will be on individual stakes next to each of the mailbox kiosks in District No. 2.

Insurance renewal, insurance schedules and renewal of Special District Association ("SDA") membership: The Board discussed the insurance renewal, insurance schedules, agency representation, and renewal of the SDA membership.

The Board approved renewal of insurance with the Colorado Special Districts Property and Liability Pool, agency fee of T. Charles Wilson, and SDA membership.

32-1-809, C.R.S. Disclosure (Transparency Notice): The Board discussed the annual Transparency Notice. The Transparency Notice will be updated on the SDA website as required. Following discussion, upon motion duly made by Director Volling, seconded by Director Lindamood and, upon vote, unanimously carried, the Board approved the filing of the Transparency Notice on the SDA website.

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FINANCIAL MATTERS

Resolution Providing for Directors' Exclusion from Workers' Compensation Coverage: The Board discussed the director's exclusion from Workers' Compensation Coverage. Following discussion, upon motion duly made by Director Volling, seconded by Director Lindamood and, upon vote, unanimously carried, the Board adopted and ratified the Resolution Providing for Directors' Exclusion From Workers' Compensation Coverage.

2016 Application for Exemption from Audit. The Board considered the engagement of SMP, LLC to prepare the Application for Exemption from Audit for 2016 and filing of same by the District Manager.

Following discussion, upon motion duly made by Director Volling, seconded by Director Lindamood and, upon vote, unanimously carried, the Board ratified the engagement of SMP, LLC and ratified the timely filed 2016 Application for Audit Exemption.

2017 Amended Budget Hearing: Director Richardson opened the public hearing to consider an Amendment to the 2017 Budget.

It was noted that publication of a Notice stating that the Board would consider adoption of a proposed Amendment to the 2017 Budget, and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to the public hearing. Attorney McGeady reviewed the Amendment to the 2017 Budget. There being no comments from the public, the public hearing was closed.

Following review and discussion, upon a motion made by Director Volling, seconded by Director Lindamood and, upon vote unanimously carried, the Board adopted the Resolution to Amend the 2017 Budget.

Termination of Operation Funding Agreement: The Board discussed the Termination of Operation Funding Agreement by and between the District and Brighton Lakes dated January 22, 2007 and determined it was no longer necessary.

Following discussion, upon motion duly made by Director Volling, seconded by Director Lindamood and, upon vote, unanimously carried, the Board approved the Termination of Operation Funding Agreement.

Termination of Facilities Funding, Construction and Operations Agreement: The Board discussed the Termination of Facilities Funding, Construction and Operations Agreement ("FFCOA") dated January 22, 2007 and determined it was no longer necessary.

Following discussion, upon motion duly made by Director Volling, seconded by Director Lindamood and, upon vote, unanimously carried, the Board approved the Termination of Facilities Funding, Construction and Operations Agreement.

Assignment and Assumption of Facilities Reimbursement Agreement: The Board discussed the Assignment and Assumption of Facilities Reimbursement Agreement. The Facilities Reimbursement Agreement relates to the public improvements installed in the District (Indigo Trails Phase 3) by Meritage Homes.

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Following discussion, upon motion duly made by Director Volling, seconded by Director Lindamood and, upon vote, unanimously carried, the Board approved the Assignment and Assumption of Facilities Reimbursement Agreement.

Resolution Regarding Acceptance of Engineer's Report for Certain Public Infrastructure Costs: The Board discussed the Resolution regarding Acceptance of Engineer's Report for Certain Public Infrastructure Costs. The engineer's report by EVO Consulting Services, Inc. was completed on June 10, 2016 certifying \$1,364,673.62 of District eligible expenses. Copies of the certification as well as the construction and as-built plans were made available to attendees.

Following discussion, upon motion duly made by Director Volling, seconded by Director Lindamood and, upon vote, unanimously carried, the Board adopted the Resolution Regarding Acceptance of Engineer's Report for Certain Public Infrastructure Costs.

Consent of Brighton Lakes LLC: The Board considered the Consent of Brighton Lakes LLC acknowledging the termination of the FFCOA. Following discussion the Board acknowledged the Consent of Brighton Lakes, LLC.

Calculation of Interest Owing on District Eligible Costs: The Board reviewed the Summary of Indigo Trails Capital Advances with Interest Dates Noted prepared by the District CPA. The total interest owing on the eligible costs and advances was \$228,719.71 through December 15, 2017. Following discussion, the Board acknowledged and approved the calculation of interest owing on District eligible costs.

Engagement of Kutak Rock LLP as Bond Counsel: The Board discussed the engagement of Kutak Rock LLP as bond counsel for the proposed bond issuance. Following discussion, upon motion duly made by Director Volling, seconded by Director Lindamood and, upon vote, unanimously carried, the Board ratified the engagement of Kutak Rock LLP as bond counsel relating to the proposed bond issuance.

Engagement of D.A. Davidson & Co.: The Board discussed the engagement of D.A. Davidson & Co. as placement agent for the proposed bond issuance.

Following discussion, upon motion duly made by Director Volling, seconded by Director Lindamood and, upon vote, unanimously carried, the Board ratified the engagement of D.A. Davidson & Co. as placement agent relating to the proposed bond issuance.

Engagement of King & Associates Inc.: The Board discussed the engagement of King & Associates Inc. for professional planning and economic services relating to the proposed bond issuance.

Following discussion, upon motion duly made by Director Volling, seconded by Director Lindamood and, upon vote, unanimously carried, the Board ratified the engagement of King & Associates Inc. for professional planning and economic services relating to the proposed bond issuance.

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Engagement of Piper Jaffray & Co.: The Board discussed the engagement of Piper Jaffray & Co. for the provision of a fairness opinion on the interest rate of the proposed bond issuance.

Following discussion, upon motion duly made by Director Volling, seconded by Director Lindamood and, upon vote, unanimously carried, the Board ratified the engagement of Piper Jaffray & Co. for the provision of a fairness opinion on the interest rate of the proposed bond issuance.

Resolution Authorizing the Issuance of Limited Tax General Obligation Bonds, Series 2017: Attorney McGeady reviewed in detail, the Resolution Authorizing the Issuance of Limited Tax General Obligation Bonds, Series 2017 in the aggregate principal amount of \$1,585,000 along with the financing plan. Attorney McGeady answered questions from the public. The Board then discussed the Resolution.

Following discussion, upon motion duly made by Director Volling, seconded by Director Lindamood and, upon vote, unanimously carried, the Board adopted the Resolution Authorizing the Issuance of Limited Tax General Obligation Bonds, Series 2017 and authorized the execution and delivery of all documents, agreements, and certificates in connection therewith.

Appointment of District Accountant to Prepare 2018 Budget: The Board discussed the ratification of appointment of SMP, LLC to prepare the 2018 Budget.

Following discussion, upon motion duly made by Director Volling, seconded by Director Lindamood and, upon vote, unanimously carried, the Board approved and ratified the appointment of SMP, LLC to prepare the 2018 Budget.

Public Hearing on 2018 Budget: Director Richardson then opened the public hearing to consider the District's proposed 2018 Budget and discuss related issues.

It was noted that publication of a Notice stating that the Board would consider adoption of the 2018 Budget, and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to the public hearing. There being no comments from the public, the public hearing was closed.

The Board discussed and Attorney McGeady explained to attendees the 2018 budget and the adjustment of mills due to the Gallagher Amendment. Two changes were to be made to the General Fund and Capital Fund budgets that no transfers to The Lakes Metropolitan District No. 1 ("District No. 1) would be made so those amounts would carry over to the 2018 beginning balance. The Board also discussed and accepted the transfer of funds from District No. 1 to the District in the amount of \$8,000 for future administrative expenses.

Following review and discussion, upon a motion made by Director Volling, seconded by Director Lindamood and, upon vote unanimously carried, the Board adopted the Resolution to Adopt the 2018 Budget and Appropriate Sums of Money

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and the Resolution to Set Mill Levies. The Board directed District Manager to certify the General Fund mill levy in the amount of 11.056 mills and Debt Service mill levy in the amount of 42.011 mills. The District directed District General Counsel and District Manager to file all required documentation with the appropriate state agencies.

Resolution Authorizing Adjustment of the District Mill Levy: The Board discussed the Resolution Authorizing Adjustment of the District Mill Levy in accordance with the Colorado Constitution, Article X, Section 3 (Gallagher adjustment).

Following review and discussion, upon a motion made by Director Volling, seconded by Director Lindamood and, upon vote unanimously carried, the Board adopted the Resolution Authorizing Adjustment of the District Mill Levy.

DLG-70 Mill Levy Certification Form: The Board considered authorizing the District Manager to prepare and sign the DLG-70 Mill Levy Certification Form for certification to the Board of County Commissioners and other interested parties.

Following discussion, upon motion duly made by Director Volling, seconded by Director Lindamood and, vote unanimously carried, the Board authorized the District Manager to prepare and sign the DLG-70 Mill Levy Certification Form for certification by District General Counsel to the Board of County Commissioners and other interested parties.

Engagement of Auditor for 2017 Audit: The Board discussed the requirements for a financial audit. Bids were solicited from L. Paul Goedecke, Schilling & Company, Inc., and Mark James & Associates. L. Paul Goedecke declined submitting a bid.

Following discussion, upon motion duly made by Director Volling, seconded by Director Lindamood and, upon vote, unanimously carried, the Board authorized the engagement of Schilling & Company, Inc. for the audit of financial statements for 2017 at a price not to exceed \$4,500.

LEGAL MATTERS

Termination of Intergovernmental Agreement Regarding Administrative Services: The Board discussed the Termination of Intergovernmental Agreement regarding Administrative Services by and between District and District No. 1 dated April 27, 2017 and determined it was no longer necessary.

Following discussion, upon motion duly made by Director Volling, seconded by Director Lindamood and, upon vote, unanimously carried, the Board approved the Termination of Intergovernmental Agreement regarding Administrative Services effective January 1, 2018.

Resolution Calling a Regular Election for Directors on May 8, 2018. The Board considered Resolution Calling a Regular Election for Directors on May 8, 2018. The Board discussed that there is currently a vacancy on the Board now and that the call for self-nominations will be available in January.

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Following discussion, upon motion duly made by Director Volling, seconded by Director Lindamood and, upon vote, unanimously carried, the Board adopted Resolution Calling a Regular Election for Directors on May 8, 2018.

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.

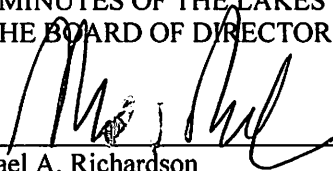
The next Regular Meeting is scheduled for June 6, 2018 at 7:00 p.m. at the Anythink Brighton Library, 327 E. Bridge Street, Brighton, CO 80601

Respectfully submitted,

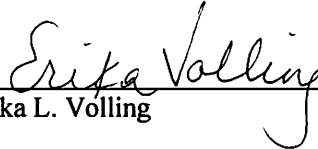
By: *Erika Volling*
Secretary for Meeting

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THESE MINUTES APPROVED AS THE OFFICIAL DECEMBER 11,
2017 MINUTES OF THE LAKES METROPOLITAN DISTRICT NO. 2
BY THE BOARD OF DIRECTORS SIGNING BELOW:

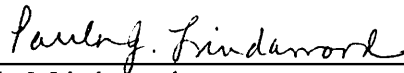


Michael A. Richardson



Erika L. Volling

Florine Richardson



Paula J. Lindamood