

MINUTES OF A REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
HERITAGE RIDGE METROPOLITAN DISTRICT
HELD
November 7, 2016

A regular meeting of the Board of Directors of the Heritage Ridge Metropolitan District (referred to hereafter as "Board") was convened on Monday, the 7th day of November, 2016, at 10:00 A.M., at Pinnacle Consulting Group, Inc., 1638 E. 18th Street, Loveland, Colorado.

ATTENDANCE

Directors In Attendance Were:

Kenneth Mitchell, President
Karen Mitchell, Assistant Secretary
Russell Baker, Assistant Secretary
Brian M. Powers, Treasurer (via telephone)

Directors Absent but Excused:

Jim Birdsall, Assistant Secretary

Also In Attendance Were:

Megan Becher, Esq.; McGeady Becher P.C. (via telephone)
Shana Morgan, Jason Woolard, Casey Milligan, Eric Harris
and Brendan Campbell; Pinnacle Consulting Group Inc.

Chairman Ken Mitchell called the meeting to order at 10:07 A.M.

Chairman Ken Mitchell declared that a quorum of the Board is present, with four of five Board members in attendance.

ADMINISTRATIVE
MATTERS

Disclosure of Potential Conflicts of Interest: Attorney Becher discussed the requirements of Colorado law to disclose any potential conflicts of interest or potential breaches of fiduciary duty of the Board of Directors to the Secretary of State. The members of the Board were requested to 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 statute. It was noted by Attorney Becher that disclosures of potential conflicts of interest were

filed with the Secretary of State for all Directors.

Meeting Location/Notice: 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. The Board further noted that notice of this location was duly posted and that it has not received any objections to the location or requests that the meeting place be changed by residents or taxpaying electors within the District's boundaries.

Agenda: Ms. Morgan distributed for the Board's review and approval a proposed agenda for the regular meeting. Ms. Morgan noted that Notice of the Regular Board Meeting had been properly posted within the District's boundaries at least 72 hours in advance of the meeting and a copy of the Notice was sent to the Larimer County Clerk and Recorder for posting on the bulletin board, as required by statute. The Notice also included the agenda items. Upon motion duly made by Director Powers, seconded by Director Baker and, upon vote, unanimously carried, the Board approved the agenda, as presented.

Minutes: The Board reviewed the minutes of the September 13, 2016 Special Meeting. Following review, upon motion duly made by Director Powers, seconded by Director Baker and, upon vote, unanimously carried, the minutes of the September 13, 2016 Special Meeting were approved, subject to review by legal counsel.

Discuss Insurance Renewal and Insurance Schedules: Ms. Morgan reported that Workers Compensation and General Liability policy renewals had been submitted for 2017 and that limits were in accordance with statutory requirements.

Operations and Maintenance Fee Review: The Board discussed the possibility of charging an Operations and Maintenance Fee to assist with the gap in funding between now and 2018 when revenue will begin to be received on AV's from developed lots. Director Ken Mitchell suggested sending a letter to homeowners explaining the "deficit funding" paid on behalf of the developer and outlining what to expect in 2017 versus 2018. The Board agreed to this course of action and determined the letter should be sent after January 1, 2017. Director Ken Mitchell will draft the initial

letter and provide it to Attorney Becher for review.

Architectural Control Committee (ACC) Review Fees: The Board discussed ACC Review Fees. Following review, upon motion duly made by Director Powers, seconded by Director Karen Mitchell and, upon vote, unanimously carried, the Board approved ACC Review Fees in the amount of \$50 per submission, allowing for fencing and landscaping to be submitted together as one submittal.

Snow Removal Services - Metco Landscape, Inc.: Mr. Milligan presented the Service Agreement with Metco Landscape, Inc. for snow removal services. Mr. Milligan noted that the snow tolerance for removal is three inches. Following review and discussion, upon motion duly made by Director Karen Mitchell, seconded by Director Ken Mitchell and, upon vote, unanimously carried, the Board approved the Service Agreement with Metco Landscape, Inc. for snow removal services.

Holiday Lighting - Alpine Studios: Mr. Milligan presented the Services Agreement with Alpine Studios for Holiday Lighting. The Board reviewed the three options proposed by Alpine. Following review and discussion, upon motion duly made by Director Ken Mitchell, seconded by Director Karen Mitchell and, upon vote, unanimously carried, the Board approved the Services Agreement with Alpine Studios for Holiday Lighting, in an amount not to exceed \$3,609.45, subject to the developers review and approval.

SDICO GIS System for Covenant Enforcement: Ms. Morgan requested the Board consider the SDICO GIS system for covenant enforcement and ownership tracking. Ms. Morgan noted that there was a set-up fee and a monthly access fee per each user. Following review and discussion, upon motion duly made by Director Baker, seconded by Director Powers and, upon vote, unanimously carried, the Board approved the SDICO GIS system.

Temporary Encroachment Easement with Sage Communications: Mr. Milligan presented to the Board the Temporary Encroachment Easement with Sage Communications for installation of a Comcast cable line. Director Ken Mitchell noted that Comcast had an opportunity to install their lines during construction. Following review and discussion, upon motion duly made by Director

Powers, seconded by Director Baker, and upon vote, with Directors Powers, Baker, and Ken Mitchell voting "Aye", and Director Karen Mitchell voting "No", the Board approved the ratification of the Temporary Encroachment Easement with Sage Communications.

Annual Administrative Resolution: Ms. Morgan presented to the Board the Annual Administrative Resolution noting that it outlines the operations of the Board, directs District legal counsel and consultants in their administration of the District, and directs them to make all necessary compliance filings. Following review and discussion, upon motion duly made by Director Baker, seconded by Director Powers and, upon vote, unanimously carried, the Board approved the Annual Administrative Resolution, as presented.

FINANCIAL
MATTERS

Engagement Letter - John Cutler & Associates: Mr. Harris presented to the Board the Engagement Letter with John Cutler & Associates for the 2015 financial audit. Following review and discussion, upon motion duly made by Director Baker, seconded by Director Karen Mitchell and, upon vote, unanimously carried, the Board ratified the Engagement Letter with John Cutler & Associates for the 2015 financial audit.

Claims and Budget to Actual Report: Mr. Harris reviewed with the Board the claims for the period ending October 31, 2016, totaling \$851,840.40. Following discussion, upon motion duly made by Director Baker, seconded by Director Karen Mitchell and, upon vote, unanimously carried, the Board ratified the approval of payment of the claims for the period ending October 31, 2016, in the amount of \$851,840.40.

Authorized Signers for First Bank Operating Account: Mr. Harris discussed authorizing additional signers for the First Bank account, noting that the same policy of two, non-related, Board member signatures would apply for checks over \$5,000. Following discussion, upon motion duly made by Director Baker, seconded by Director Ken Mitchell and, upon vote, unanimously carried, the Board approved authorizing Directors Baker and Birdsall as signers on the First Bank Operating Account.

Capital Fund Summary: Mr. Harris reviewed the Capital

Fund Summary with the Board and answered questions.

2016 Budget Amendment: Upon motion duly made by Director Ken Mitchell, seconded by Director Baker and, upon unanimous vote, the public hearing to consider the 2016 budget amendment was opened. Ms. Morgan reported that publication of Notice stating that the Board would consider adoption of the proposed amended 2016 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 or public comments were received prior to this public hearing, and there was no public present. The public hearing was closed.

Mr. Harris reviewed the 2016 budget amendment with the Board. Following review and discussion, upon motion duly made by Director Powers, seconded by Director Baker and, upon vote, unanimously carried, the Board approved Resolution No. 2016-11-01 to Amend the 2016 Budget, subject to approval of the Amended Funding Agreement.

2017 Budget Hearing: Upon motion duly made by Director Ken Mitchell, seconded by Director Baker and, upon unanimous vote, the public hearing to consider the proposed 2017 budget was opened. Ms. Morgan reported that publication of Notice stating that the Board would consider adoption of the proposed 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 or public comments were received prior to this public hearing, and there was no public present. The public hearing was closed.

Mr. Harris reviewed the draft budget for 2017, estimated 2017 revenues, and proposed 2017 expenditures with the Board. Following review and discussion, upon motion duly made by Director Baker, seconded by Director Karen Mitchell and, upon vote, unanimously carried, the Board approved Resolution No. 2016-11-02 to adopt the 2017 budget, appropriate sums of money and set mill levies, and authorized the District Accountant to prepare and sign DLG 70 Mill Levy Certification form for certification to the Board of County Commissioners of Larimer County, the Division of Local Government and the Division of Property Taxation, not later than December 15, 2016, subject to approval of the Amended Funding Agreements.

LEGAL MATTERS

Second Amendment to Operation Funding Agreement: Attorney Becher discussed the need for an amendment to the Operation Funding Agreement between the District and Heritage Ridge I, LLC to increase the maximum advance amount, stated therein. Following review and discussion, upon motion duly made by Director Baker, seconded by Director Karen Mitchell and, upon vote, unanimously carried, the Board approved the Second Amendment to the Operation Funding Agreement between the District and Heritage Ridge I, LLC.

Transparency Notice Requirements: Attorney Becher discussed the requirements related to the Transparency Notice and Mode of Eligible Elector Notification for 2017. The Board determined to post the Transparency Notice to the Districts website and on the Special Districts Association of Colorado's website, no later than January 15, 2017.

CAPITAL MATTERS

Phase 1C Infrastructure - Change Order No. 1 with Northern Colorado Geotech: Mr. Milligan presented Change Order No. 1 with Northern Colorado Geotech for additional concrete tests and site visits. Following review and discussion, upon motion duly made by Director Karen Mitchell, seconded by Director Baker and, upon vote, unanimously carried, the Board ratified the approval of Change Order No. 1 with Northern Colorado Geotech, in the amount of \$4,500.

Phase 1 Landscape and Irrigation - Change Order No. 2 with Metco Landscape, Inc.: Mr. Milligan presented Change Order No. 2 with Metco Landscape, Inc. for revisions to the planting bed at the entry sign, in the amount of \$1,723.80. Following review and discussion, upon motion duly made by Director Karen Mitchell, seconded by Director Baker and, upon vote, unanimously carried, the Board ratified Change Order No. 2 with Metco Landscape, Inc., in the amount of \$1,723.80.

Phase 1D Infrastructure - Change Order No. 1 with Premier Earthworks and Infrastructure: Mr. Milligan presented Work Order No. 1 with Premier Earthworks and Infrastructure for an 8" perforated underdrain. The Board discussed the possible need to add additional

underdrains for the existing ground water issues. Following review and discussion, upon motion duly made by Director Baker, seconded by Director Karen Mitchell and, upon vote, unanimously carried, the Board ratified Work Order No. 1 with Premier Earthworks and Infrastructure for a perforated underdrain, in the amount of \$25,237.50.

Phase 1D Street Improvements - Notice of Award and Construction Contract: Mr. Milligan discussed the public bid process with the Board, noting that Coulson Excavating and Connell Resources had submitted bids. Following a bid analysis, it was determined that Coulson Excavating had submitted the lowest, most responsive, bid. Following review and discussion, upon motion duly made by Director Powers, seconded by Director Baker and, upon vote, unanimously carried, the Board approved the Notice of Award and Construction Contract with Coulson Excavating Inc. for Phase 1D Street Improvements, in the amount of \$984,461.70.

Phase 1D Street Improvements - Addendum to Service Agreement with Pinnacle Consulting Group, Inc. for Phase 1D Street Improvements - Project Administration Services: Mr. Milligan presented the Addendum to the Service Agreement with Pinnacle Consulting Group, Inc. for Phase 1D Street Improvements Project Administration Services. Following review and discussion, upon motion duly made by Director Baker, seconded by Director Powers and, upon vote, unanimously carried, the Board approved of the Addendum to the Service Agreement with Pinnacle Consulting Group, Inc. for Phase 1D Street Improvements Project Administration Services, in an amount not to exceed \$15,000.

ADJOURNMENT

There being no further business to come before the Board, upon motion duly made by Director Baker, seconded by Director Powers and, upon vote, unanimously carried, the meeting was adjourned at 11:25 A.M.

Respectfully submitted,

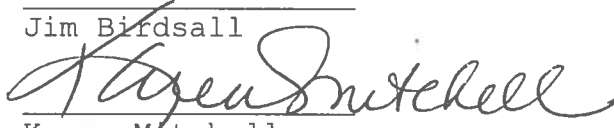
By: _____
Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL MINUTES OF
THE NOVEMBER 7, 2016 SPECIAL MEETING OF THE HERITAGE
RIDGE METROPOLITAN DISTRICT BOARD OF DIRECTORS, BY THE
DIRECTORS SIGNING BELOW:



Kenneth Mitchell

Jim Birdsall



Karen Mitchell



Russell Baker

Brian M. Powers