

MINUTES OF THE JOINT SPECIAL MEETING OF THE  
BOARDS OF DIRECTORS OF

HESS RANCH METROPOLITAN DISTRICT NOS. 1-3

Held: Friday, April 26, 2019, at 3:30 p.m. at: 7353 S. Alton  
Way, Suite A100, Englewood, CO

**Attendance**

The joint special meeting of the Boards of Directors of the Hess Ranch Metropolitan District Nos. 1-3, was called and held as shown above and in accordance with the applicable statutes of the State of Colorado. The following directors, having confirmed their qualification to serve on the Boards, were in attendance:

Chris Elliott  
Christian Matt Janke  
Corey Elliott

All director absences are deemed excused unless otherwise specified.

Also present: Kristin B. Tompkins, Esq., and Megan J. Murphy, Esq., White Bear Ankele Tanaka & Waldron, Attorneys at Law, District General Counsel; Ben Houghton, CliftonLarsonAllen, District Accountant; Laci Knowles and Zach Bishop (*via telephone*), D.A. Davidson, District Underwriter; and Sarah Hunsche, E5X Management.

**Call to Order**

It was noted that a quorum of the Boards were present and the meeting was called to order.

**Combined Meeting**

The Boards of Directors of the Districts have determined to hold joint meetings of the Districts and to prepare joint minutes of actions taken by the Districts in such meetings. Unless otherwise noted herein, all official action reflected in these minutes shall be deemed to be the action of all Districts. Where necessary, action taken by an individual District will be so reflected in these minutes.

**Conflict of Interest  
Disclosures**

Ms. Murphy advised the Boards that, pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. Ms. Murphy reported that disclosures for those directors with potential or existing conflicts of interest were filed with the Secretary of State's Office and the Boards at least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged by the Boards. Ms. Murphy noted that a quorum was present and inquired into whether members of the Boards had any additional disclosures of potential or existing conflicts of interest with regard to any matters scheduled for discussion at the meeting. Each director noted he was a member of the Board of the Trails at Crowfoot Owner's Association, a

homeowner's association located within the boundaries of the Districts. The Boards determined that the participation of the members present was necessary to obtain a quorum or to otherwise enable the Boards to act.

**Agenda**

Ms. Murphy presented the Boards with the agenda for the meeting for consideration. Following discussion, upon a motion duly made and seconded, the Boards unanimously approved the agenda.

**Appointment of Director and Administer Oath of Office**

The Boards engaged in a discussion regarding the appointment of a director to the Boards. Following discussion, upon a motion duly made and seconded, the Boards unanimously appointed Ms. Hunsche to the Boards and administered the oath of office.

Election of Officers

The Boards engaged in a discussion regarding the election of officers. Following discussion, upon a motion duly made and seconded, the Boards unanimously elected Director Hunsche as Treasurer.

It was noted that Ms. Hunsche was not eligible to vote on items before the Board until such time as her oath of office is filed with the Division of Local Government, County Clerk and Recorder, and District Court.

**Public Comment**

None.

**Consent Agenda**

Following a summary by Ms. Murphy, the items on the consent agenda were approved by one motion duly made, seconded, and vote unanimously carried.

1. Approve Minutes from November 1, 2018 regular meeting
2. Approve 2018 Annual Report
3. Ratify 2018 Audit Exemption Applications
4. Ratify License Agreement between District No. 3 and HR935, LLC
5. Ratify Independent Contractor Agreement between District No. 1 and Ranger Engineering, LLC

**Legal Matters**

Consider Approval of Amended and Restated Service Plan

Ms. Murphy presented the Boards with the Amended and Restated Service Plans for consideration. Following discussion, upon a motion duly made and seconded, the Boards unanimously approved the service plans subject to any final comments and approval from the Town and legal counsel.

Authorize Execution of Petition for Exclusion of Property owned by District No. 1 from the boundaries of District No. 1

Ms. Murphy presented the Boards with the Petition for Exclusion of Property owned by District No. 1 from District No. 1 for consideration. Following discussion, upon a motion duly made and seconded, the Boards unanimously authorized the execution of the petition.

Authorize Execution of  
Petition for Inclusion of  
Property owned by District  
No. 1 into the boundaries of  
District No. 2

Ms. Murphy presented the Boards with the Petition for Inclusion of Property owned by District No. 1 into the boundaries of District No. 2 for consideration. Following discussion, upon a motion duly made and seconded, the Boards unanimously authorized the execution of the petition.

Conduct Public Hearings and  
Consider Adoption of  
Resolutions and Orders  
Regarding the Inclusion of  
Real Property into District  
No. 2 owned by the following  
entities: Taylor Morrison of  
Colorado, Inc., Polestar Hess  
Ranch, LLC, Hess Ranch  
Metropolitan District No. 1,  
HR935, LLC, Trails at  
Crowfoot Master  
Association, Inc.

Director Janke opened the public hearings on the inclusion of property owned by Taylor Morrison of Colorado, Inc., Polestar Hess Ranch, LLC, Hess Ranch Metropolitan District No. 1, HR935, LLC, Trails at Crowfoot Master Association, Inc. into District No. 2. Ms. Murphy noted that notice for the public hearings was made in accordance with Colorado statutes and published in the *Douglas County News Press* on April 25, 2019. A copy of the Affidavit of Publication is attached to these minutes and incorporated herein by reference. No written objections were received prior to the public hearings. After no public comment was made, the public hearings were closed.

Ms. Murphy presented the Board of District No. 2 with the Resolutions and Orders regarding the Inclusion of Real Property owned by Taylor Morrison of Colorado, Inc., Polestar Hess Ranch, LLC, Hess Ranch Metropolitan District No. 1, HR935, LLC, and Trails at Crowfoot Master Association, Inc., into the District. Following discussion, upon a motion duly made and seconded, the Board unanimously adopted the resolutions.

Conduct Public Hearings and  
Consider Adoption of  
Resolutions and Orders  
Regarding the Exclusion of  
Real Property from District  
No. 1 owned by the following  
entities: Taylor Morrison of  
Colorado, Inc., Polestar Hess  
Ranch, LLC, Hess Ranch  
Metropolitan District No. 1,  
HR935, LLC, Trails at  
Crowfoot Master  
Association, Inc.

Director Janke opened the public hearings on the exclusion of property owned by Taylor Morrison of Colorado, Inc., Polestar Hess Ranch, LLC, Hess Ranch Metropolitan District No. 1, HR935, LLC, Trails at Crowfoot Master Association, Inc. from District No. 1. Ms. Murphy noted that notice for the public hearings was made in accordance with Colorado statutes and published in the *Douglas County News Press* on April 25, 2019. A copy of the Affidavit of Publication is attached to these minutes and incorporated herein by reference. No written objections were received prior to the public hearings. After no public comment was made, the public hearings were closed. Ms. Murphy presented the Petitions and Resolutions and Orders Regarding the Exclusion of Real Property to the Board of District No. 1. Following discussion, upon a motion duly made and seconded, the Board unanimously made the following findings and adopted the resolutions:

- Exclusion of the Properties is in the best interests of the Properties.
- The extraordinary benefits to excluding the Properties outweigh the costs of the exclusions.
- The District's ability to provide economical and sufficient service to the Properties and all of the properties within the District's boundaries will not be diminished following exclusion of the Properties.
- After exclusion, economical and sufficient services will still be available to the Properties from Hess Ranch Metropolitan District No.

2.

- After exclusion from the District, the Petitioners intend to include the Properties within the boundaries of Hess Ranch Metropolitan District No. 2, which other special district will provide similar services to the Properties at a reasonable cost and will be able to pace the development of public improvements and services, and financing of the same, based on the needs of the community.
- The denial of the Petitions will result in the inability of the Petitioners to proceed with their development plans, which will result in the inability to create construction jobs and will have a negative economic impact on the region, the District, the surrounding area, and the State as a whole.
- There is economically feasible alternative service available to the Properties from Hess Ranch Metropolitan District No. 2.
- There will be no additional costs levied on other property within the District if the exclusion is granted.

Conduct Public Hearing and Consider Adoption of Resolution and Order Regarding the Inclusion of Real Property into District No. 3 owned by HR935, LLC

Director Janke opened the public hearing on the inclusion of property owned by HR935, LLC into District No. 3. Ms. Murphy noted that notice for the public hearing was made in accordance with Colorado statutes and published in the *Douglas County News Press* on April 25, 2019. No written objections were received prior to the public hearing. After no public comment was made, the public hearing was closed.

Ms. Murphy presented the Board of District No. 3 with the Resolution and Order regarding the Inclusion of Real Property owned by HR935, LLC, into the District. Following discussion, upon a motion duly made and seconded, the Board unanimously adopted the resolution.

Conduct Public Hearing and Consider Adoption of Resolution and Order Regarding the Exclusion of Real Property from District No. 2 owned by HR935, LLC

Director Janke opened the public hearing on the exclusion of property owned by HR935, LLC from District No. 2. Ms. Murphy noted that notice for the public hearing was made in accordance with Colorado statutes and published in the *Douglas County News Press* on April 25, 2019. A copy of the Affidavit of Publication is attached to these minutes and incorporated herein by reference. No written objections were received prior to the public hearing. After no public comment was made, the public hearing was closed. Mr. Elliott and Mr. Janke on behalf of the petitioner, HR935, LLC, presented the Petition for Exclusion to the Board.

Ms. Murphy presented the Board of District No. 2 with the Resolution and Order Regarding the Exclusion of Real Property. Following discussion, upon a motion duly made and seconded, the Board unanimously made the following findings and adopted the resolution:

- Exclusion of the Property is in the best interests of the Property.
- The extraordinary benefits to excluding the Property outweigh the costs of the exclusions.

- The District’s ability to provide economical and sufficient service to the Property and all of the properties within the District’s boundaries will not be diminished following exclusion of the Property.
- After exclusion, economical and sufficient services will still be available to the Property from Hess Ranch Metropolitan District No. 3.
- After exclusion from the District, the Petitioner intends to include the Property within the boundaries of Hess Ranch Metropolitan District No. 3, which other special district will provide similar services to the Property at a reasonable cost and will be able to pace the development of public improvements and services, and financing of the same, based on the needs of the community.
- The denial of the Petition will result in the inability of the Petitioner to proceed with its development plans, which will result in the inability to create construction jobs and will have a negative economic impact on the region, the District, the surrounding area, and the State as a whole.
- There is economically feasible alternative service available to the Property from Hess Ranch Metropolitan District No. 3.
- There will be no additional costs levied on other property within the District if the exclusion is granted.

Consider Adoption of Resolutions Changing the District Names to Trails at Crowfoot Metropolitan District Nos. 1-3

Ms. Murphy presented the Boards with the Resolutions Changing the District Names to Trails at Crowfoot Metropolitan District Nos. 1-3. Following discussion, upon a motion duly made and seconded, the Boards unanimously adopted the resolutions.

Consider Approval of Partial Termination of Debt Allocation and Cost Sharing Agreement with Hess Ranch Metropolitan District Nos. 4-8

Ms. Murphy presented the Boards with the Partial Termination of Debt Allocation and Cost Sharing Agreement with Hess Ranch Metropolitan District Nos. 4-8 for consideration. Following discussion, upon a motion duly made and seconded, the Boards unanimously approved the partial termination subject to Town and legal counsel approval and effective as of approval by the Town of the Amended and Restated Service Plans.

Consider Approval of Transaction Based Informed Consent to Representation related to the Amended and Restated District Operating Agreement from White Bear Ankele Tanaka & Waldron

Ms. Murphy presented the Boards with the Transaction Based Informed Consent to Representation related to the Amended and Restated District Operating Agreement. Ms. Tompkins stated that the Districts have a right to engage independent counsel in regards to this agreement. Following discussion, upon a motion duly made and seconded, the Boards **unanimously approved Transaction Based Informed Consent to Representation.**

Consider Approval of Amended and Restated District Operating Agreement among the Districts

Ms. Murphy presented the Boards with the Amended and Restated District Operating Agreement for consideration. Following discussion, upon a motion duly made and seconded, the Boards unanimously approved the agreement subject to Town and legal counsel approval.

Discuss status of Mahoney Easement Issues

Director Janke discussed the status of the Mahoney Easement Issues with the Boards and stated that as of the date of this meeting, the Mahoney's and their attorney have not contacted Kelley Trucking. It was also noted that the work within the easement area is complete.

**Financial Matters**

Financials/Claims Payable

This matter was deferred to the next meeting.

*2019 Bond Issuance (District No. 3)*

Consider Ratification of Engagement Letter with Metrostudy for Market Study and CMA Analysis

Ms. Knowles presented the Board of District No. 3 with the Engagement Letter with Metrostudy for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously ratified the engagement.

Consider Approval of Term Sheet

Ms. Knowles presented the Board of District No. 3 with the Term Sheet for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the Term Sheet.

Consider Approval of Engagement Letter with Kutak Rock as District Bond Counsel

Ms. Murphy presented the Board of District No. 3 with the Engagement Letter with Kutak Rock as District Bond Counsel for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the engagement.

Consider Approval of Engagement Letter with Sherman & Howard as District Disclosure Counsel

Ms. Murphy presented the Board of District No. 3 with the Engagement Letter with Sherman & Howard as District Disclosure Counsel for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the engagement.

Consider Approval of Engagement Letter with D.A. Davidson & Co as District Underwriter

Ms. Knowles presented the Board of District No. 3 with the Engagement Letter with D.A. Davidson & Co as District Underwriter for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the engagement.

Consider Approval of WBA Special Disclosure of Costs for Legal Services in Connection with the 2019 Bonds

Ms. Murphy presented the Board of District No. 3 with the WBA Special Disclosure of Costs for Legal Services for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the disclosure.

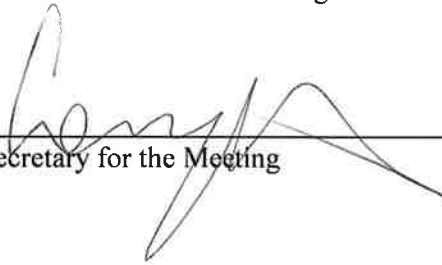
**Other Business**

None.

Adjournment

The Boards determined to continue this meeting to Tuesday, April 30, 2019 at 4:30 p.m.

The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.

  
Secretary for the Meeting