

RECORD OF PROCEEDINGS

MINUTES OF THE COMBINED SPECIAL MEETING OF THE BOARDS OF DIRECTORS OF THE SEVERANCE SHORES METROPOLITAN DISTRICTS NOS. 1-4 TOWN OF SEVERANCE, WELD COUNTY, COLORADO

HELD: Monday, September 21, 2020 at 1:30 p.m. at 7251 20th Street, L-200, Greeley, CO
Via ZOOM - <https://www.zoom.us>; Meeting ID: 737 3883 2088, Passcode: 1pfG3b

ATTENDANCE:

A combined special meeting of the Boards of Directors (collectively, the “Board”) of the Severance Shores Metropolitan District Nos. 1 - 4 (collectively, the “District”) was called and held as shown above and in accordance with the applicable statutes of the State of Colorado, with the following directors present and acting:

In attendance were Directors:

Larry Buckendorf – President (via telephone)
Laira Ziegler – Secretary/Treasurer
Morgan Kidder - Assistant Vice-President/Secretary/Treasurer
Darrell McAllister – Assistant Vice-President/Secretary/Treasurer
Joseph Schumacher - Assistant Vice-President/Secretary/Treasurer

Also present were:

Steve Fromm, Cathy Fromm and Megan Holmberg, Fromm & Company LLC
David S. O’Leary, Spencer Fane LLP

CALL TO ORDER:

Mr. O’Leary called the meeting to order at 1:30 p.m., noted that a quorum of the Board was present, and confirmed qualification of the Directors to serve on the Board.

DISCLOSURE OF POTENTIAL CONFLICT OF INTEREST:

Mr. O’Leary discussed the state law requirements for disclosure of potential conflicts of interest with the directors, noting that completed disclosure statements must be filed for each of the Directors with the Secretary of State and the Secretary of the District at least 72 hours prior to a meeting in which a potential conflict may arise. The Board noted that general disclosure statements had been filed on behalf of the members of the Board of Directors with the Office of the Colorado Secretary of State. Mr. O’Leary advised the Board that, pursuant to Colorado law, certain disclosures may be required prior to taking official action at the meeting. The Board reviewed the agenda for the meeting, following which they confirmed the contents of written disclosures

RECORD OF PROCEEDINGS

Severance Shores Metropolitan District Nos. 1 - 4

September 21, 2020

Page 2

previously made by the directors, stating the fact and summary nature of any matters, as required by Colorado law, to permit official action to be taken at the meeting.

APPROVAL OF RESOLUTION RE ELECTRONIC MEETINGS:

Mr. O’Leary presented a Resolution re an Electronic Board Meeting Policy, noting that the Town of Severance had provided their approval to hold meetings electronically amidst the COVID-19 Pandemic. Upon motion duly made by Director McAllister, seconded by Director Kidder, and unanimously carried, the Board approved the Resolution as presented.

APPROVAL OF THE AGENDA:

The Board reviewed the agenda. Upon motion duly made by Director McAllister, seconded by Director Schumacher, and unanimously carried, the Board approved the agenda as presented. Mr. O’Leary reported that the meeting notice and agenda had been posted to the district website at www.frommco.us/client-ssmd.html, at least 24 hours prior to the meeting, pursuant to Statute.

APPROVAL OF MINUTES:

The Board reviewed the Minutes of the special meeting held on February 18, 2020. Upon motion duly made by Director Buckendorf, seconded by Director McAllister, and unanimously carried, the Board approved the Minutes as presented.

FINANCIAL ITEMS:

a. Payment of Claims. Ms. Fromm presented the listing of claims to be ratified in the amount of \$118,889.02 and represented by check numbers 01046 - 01075. Ms. Fromm presented the current listing of claims in the amount of \$19,775.25 and represented by check numbers 01076 - 01080. Upon motion made by Director McAllister, seconded by Director Schumacher and unanimously carried, the Board approved the payables for ratification and current claims as presented, in the total amount of \$138,664.27.

b. Financial Statements. Ms. Fromm reported on the District’s current position and presented the financial statements for the period ending July 31, 2020. Discussion ensued. Upon motion duly made by Director McAllister, seconded by Director Kidder, and unanimously carried, the Board accepted and approved the Financial Statements as presented.

c. 2019 Audit Exemption Applications. Ms. Fromm presented the 2019 Audit Exemptions to the Board for ratification, noting that they had already approved them, earlier in the year. Upon

RECORD OF PROCEEDINGS

Severance Shores Metropolitan District Nos. 1 - 4

September 21, 2020

Page 3

motion duly made by Director Kidder, seconded by Director Ziegler, and unanimously carried, the Board approved the Exemptions as presented.

DISTRICT MANAGER ITEMS:

Discussion ensued regarding the non-potable water system and the status of the common area tree replacements. It was noted that the water system would be shut-off on October 15th, for the Season. Mr. Fromm reported that the dead trees within the common areas had been removed and were in the process of being replaced.

LEGAL ITEMS:

a. Revisions to Residential Improvement Guidelines & Site Restrictions. Mr. O'Leary noted that it had been determined that some items needed to be clarified within the landscaping and fencing sections of the Severance Shores Metropolitan District Nos. 1 - 4 RIGSR, to resolve ongoing inquiries and misunderstandings. The revised RIGSR was presented. Upon motion duly made by Director Ziegler, seconded by Director McAllister, and unanimously carried, the Board approved the revised Residential Improvement Guidelines & Site Restrictions as presented.

b. Approval of Request for Acceptance of Capital Improvements – Non-Potable Water System. Mr. O'Leary presented the improvement acquisition notice and request for acceptance of improvements by Severance Shores Investments, LLC for the non-potable water improvements and related expenses for the Severance Shores Subdivision. The documents and certifications of construction and related costs and expenses of the Developer for that subdivision were provided along with certification by the District Engineer for dedication to the Hunters Overlook Water Activity Enterprise ("HOWAE"), an enterprise of the Hunters Overlook Metropolitan District No. 1 in accordance with the Developer funding and reimbursement agreements and the Agreement to Acquire Irrigation Facilities and Non-Potable Water Infrastructure (Non-Pot Agreement) dated effective May 1, 2019 between the Developer and HOWAE. The improvements are to be dedicated to HOWAE for ownership, operation and maintenance by HOWAE. Mr. O'Leary reviewed provided an overview of the process and procedure for certification and request for dedication and acceptance by the District and/or HOWAE as appropriate. After discussion, upon motion duly made by Director Ziegler, seconded by Director Schumacher, and unanimously carried, the Boards approved and accepted the certification and dedication of public improvements related to the non-potable water system and improvements for the Severance Shores Subdivision, in the amount of \$1,509,259.64. Ms. Fromm was directed to update the HOWAE and District Capital Promissory Notes as appropriate. Further discussion ensued regarding current insurance coverage.

DN 4338033.1

RECORD OF PROCEEDINGS

Severance Shores Metropolitan District Nos. 1 - 4

September 21, 2020

Page 4

c. Approval of Resolution to Reimburse Developer for Public Improvements (Non-Potable Water System). Mr. O'Leary provided an overview of the Resolution and to reimburse the Developer for the public improvements certified to HOWAE and/or the Districts. Discussion ensued. Upon motion duly made by Director Schumacher, seconded by Director McAllister and unanimously carried, the Boards approved the Resolution to accept the dedication of capital improvements related to the non-potable water system and agreed to reimburse the appropriate Developer in accordance with District funding and reimbursement agreements, and the Agreement to Acquire Irrigation Facilities and Non-Potable Water Infrastructure (Non-Pot Agreement) dated effective May 1, 2019 between the Developer(s) and HOWAE as presented. The Board further directed that updates to HOWAE and/or the District capital promissory notes be completed to reflect the acceptance of improvements, any interest accruals, and further updates.

OTHER MATTERS:

Political Signage. Ms. Holmberg noted that political signage had become an issue within the Community and requested some clarification on the enforcement process. Discussion ensued. The Board directed Fromm & Company to allow political signage, within reason, for the current election season. After the Election is over, Fromm & Company is to resume normal enforcement procedures, pursuant to Section 2.49 of the Residential Improvement Guidelines & Site Restrictions.

PUBLIC COMMENT:

There were no public comments.

ADJOURNMENT:

There being no further business to come before the Board and upon motion made my Director McAllister, seconded by Director Ziegler, and unanimously carried, the meeting was adjourned at 1:45 p.m.

The foregoing Minutes constitute a true and correct copy of the Minutes of the above-referenced combined meeting and were approved by the Boards of Directors of the Severance Shores Metropolitan District Nos. 1 - 4.

Respectfully Submitted,



Secretary for the Meeting

DN 4338033.1