

# RECORD OF PROCEEDINGS

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## MINUTES OF THE REGULAR MEETING OF SOUTHSHORE METROPOLITAN DISTRICT NO. 2 HELD FEBRUARY 11, 2020

A Regular Meeting of the Board of Directors (the “**Board**”) of the Southshore Metropolitan District No. 2 (the “**District**”) was held at 304 Inverness Way South, Suite 220, Englewood, Colorado, on February 11, 2020 at 10:00 a.m.

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### ATTENDANCE

#### Directors in Attendance were:

Jerry B. Richmond, III, Chairman  
P. Joseph Knopinski, Vice President and Secretary/Treasurer  
Aaron L. Clutter, Vice President and Assistant Secretary/Treasurer  
Nate Fogg \*arrival where noted  
Nathan Kennedy \*arrival where noted

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#### Absent (excused):

None.

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#### Also in Attendance were:

Cathy Hamilton of Simmons & Wheeler  
John Simmons of Simmons & Wheeler \*arrival where noted  
David A. Greher of Collins Cockrel & Cole  
Brock Chapman, District No. 1 Board Member \*arrival where noted  
Kurtis Williams, District No. 1 Board Member  
Ross Garrett, resident  
Kevin Stadler, Resident

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### CONFLICTS OF INTEREST

Chairman Richmond disclosed that he is an employee of RainTree Investment Corporation (“**RainTree**”), which is the exclusive agent for Paulson Property Management, LLC (“**Paulson**”), which has significant ownership and/or investment interests in the property within the District through its subsidiary Southshore Recovery Acquisition, LLC (“**SSRA, LLC**”), and further disclosed that he is the

Secretary of the Southshore Master Association, Inc., the homeowners association for the community within the District's boundaries.

Director Knopinski disclosed that he provides consulting services to SSRA, LLC.

Director Clutter disclosed that he is an officer and employee of J.R. Engineering, LLC ("**JR Engineering**"), which is a consultant of SSRA, LLC and which have entered into a Construction and Management Services Agreement with the District. Director Clutter further stated that input in matters related to the requisition of project funds from the proceeds of bonds issued by the District to pay JR Engineering for services performed under the Construction Management Contract, to be discussed later in this meeting, represents a conflict of interest but his participation is necessary to obtain a quorum. All Directors present stated that their participation in the meeting was necessary to obtain a quorum of the Board or otherwise enable the Board to act; that written disclosures of such potential conflicts of interest had been filed with the Board and the Secretary of State in accordance with statutory requirements; and that the nature of their private interests related to employment relationships as set forth above.

After each Director had summarily stated for the record the fact and nature of his private interests and had further stated that the determination to participate in voting or take any other action on any contract or other matter in which he may have a private interest would be made in compliance with Section 24-18-201(1)(b)(V), C.R.S., on an ad hoc basis, the Board turned its attention to the agenda items.

All disclosures of potential conflict of interest statements previously filed are deemed continuing for all purposes and are incorporated into the record of the meeting.

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MINUTES

The Board then considered the Minutes of the January 27, 2020 continued special Board meeting. After discussion and upon motion duly made, seconded and unanimously carried, the Minutes of the Board meeting were approved as presented.

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REGULAR  
MEETING DATES,

Mr. Greher reviewed the Resolution Establishing Meeting Date, Time and Location. Upon discussion, upon motion duly made, seconded and unanimously carried, the Board approved such resolution and has

TIME AND  
LOCATION

noted that the Board will hold regular meetings at the offices of Simmons & Wheeler, P.C., 304 Inverness Way South, Suite 490, Englewood, Colorado 80112 second Tuesday of February, May, August and November at 10:00 a.m.

\*Nate Fogg then joined the meeting

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PUBLIC COMMENT

Kevin Stadler introduced himself. Mr. Stadler has been living in the District for almost 2 years. He noted that he submitted self-nomination form for the May 5, 2020 Director Election. Mr. Stadler stated that he wanted to see how the Board operates. He has previously met with Chairman Richmond, Mr. Greher and Director Kennedy to discuss District operations. Mr. Stadler also talked about the possibility of combining the Homeowners Association with the District.

Ross Garrett then introduced himself. Mr. Garrett has been living in District about a year and a half. He started to get involved with the District due to drainage issues within the District. He noted injuries due to drainage problems. His father-in-law also sustained injuries because of drainage issues. Chairman Richmond has assisted in organizing private bidding in getting drainage in sidewalks. Mr. Garret noted that another injury occurred over the weekend. The City is pulling back from constructing drains and he is very appreciative of Chairman Richmond's assistance to privately install drains. Chairman Richmond noted that he is having the same issues with his home in Highlands Ranch.

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STATUS REPORT

Chairman Richmond updated the Board on current activities and discussed the following:

Lots in the final Filing, Filing No. 19 are under contract with RAH. Due diligence will end in February. RAH hopes to close by the end of March. Construction drawings have been sent to the City for permit and is hopeful to get the permit 6 weeks. Fences will start being installed. Chairman Richmond visited the Build America Mutual site on February 10, 2020. He also walked model homes for the builders.

Chairman Richmond then discussed the 2019 bond issuance. Insurance on the Senior bonds look good. He had a call with Moody's February 7, 2020 to review the documentation. It sounds as

though an investment grade rating from Baa3 to Baa1 is likely. Chairman Richmond gave D.A. Davidson & Co information on the builders regarding closing, sold, etc. Toll has 30 homes sold but not closed in 2019; the average price is over \$900,000. RAH has 23 homes in that category; the average price is over \$600,000. William Lyons Homes has 18 homes in that category; the average price is over \$500,000. Century has one home in that category. Chairman Richmond discussed the possibility of insurance on the Subordinate Bonds.

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ACCOUNTANT'S  
REPORT

Ms. Hamilton reviewed the financials with the Board. She then presented a list of checks to ratify and invoices to be approved totaling an aggregate amount of \$39,267.91.

Following discussion, motions were made, seconded and unanimously carried, the Board (a) approved and confirmed the disbursements as presented and (b) approved the checks totaling an aggregate amount of \$39,267.91.

*\*Director Chapman then joined the meeting.*

*\*John Simmons then joined the meeting.*

*\*Director Kennedy then jointed the meeting*

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PRELIMINARY  
LIMITED OFFERING  
MEMORANDUM

After discussion and upon motion duly made, seconded and unanimously carried, the Preliminary Limited Offering Memorandum was approved by the Board.

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REQUISITION  
REQUESTS FOR  
DISTRICT NO. 1

Following discussion, a motion was made, seconded and unanimously carried, the Board approved the Resolution of District No. 2 Requesting District No. 1 to Approve Requisition No. 25, in the amount of approximately \$662,827.51.

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PUBLIC HEARING  
ON 2020 BUDGET  
AMENDMENT

Mr. Greher opened the public hearing on the 2020 budget amendment for the District, notice of which had been published in accordance with the Local Government Budget Law. A few members of the general public were in attendance and did not register any objections

or offered any modifications to the amended 2020 budget. The public hearing was closed.

Mr. Stadler questioned the budgeting through District No. 1. Mr. Simmons explained that the full amount of the net bond proceeds is budgeted in 2020 although not all proceeds are expected to be spent in 2020.

Mr. Simmons reviewed the budget amendment for the District and noted that additional expenditures in the Debt Service and Capital Projects Funds were necessary resulting in expenditures in excess of appropriations for the 2020 fiscal year, that such additional expenditures were contingencies which could not have been reasonably foreseen at the time of adoption of the budget, and that funds were available for such expenditures from unanticipated revenue (other than property taxes) or other surplus funds in the Debt Service and Capital Projects Funds.

Upon motion duly made, seconded and unanimously carried, the Board approved the Resolution to Adopt the Amended 2020 Budget, a copy of which is attached hereto.

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2019 ANNUAL  
REPORT

Mr. Greher reviewed the 2019 annual report with the Board. Following discussion and upon motion duly made, seconded and unanimously carried, the Board approved the 2019 annual report, and directed Collins Cockrel & Cole, P.C. to file the report with the City of Aurora pursuant to the requirements of the Service Plan on or before the March 1, 2020 deadline.

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DISTRICT  
BOUNDARIES

Mr. Greher discussed that twenty-eight lots were accidentally not included in the District in 2007 and that the District would be looking to address this issue as soon as possible.

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EXECUTIVE  
SESSION

Tabled.

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OTHER MATTERS

Mr. Greher discussed that the bond Underwriter fees were based on the FirstBank deal. Upon motion duly made, seconded and

unanimously carried, the Board approved Chairman Richmond to negotiate and execute a revised Underwriter's Agreement to reflect the new structure and reduced pricing per the Bond.

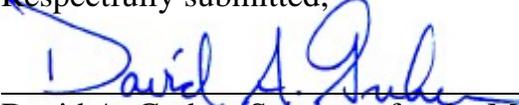
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ADJOURNMENT

There being no other matters to come before the Board, the meeting was adjourned.

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Respectfully submitted,

  
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David A. Greher, Secretary for the Meeting

APPROVED

  
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Jerry B. Richmond, III

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P. Joseph Knopinski

  
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Nathan D. Fogg

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Nathan Kennedy

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Aaron L. Clutter

APPROVED

  
Jerry B. Richmond, III

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P. Joseph Knopinski

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Nathan D. Fogg

  
Nathan Kennedy

  
Aaron L. Clutter

**AGENDA**  
**OF REGULAR MEETING OF**  
**SOUTHSHORE METROPOLITAN DISTRICT NO. 2**

Time: Tuesday, February 11, 2020, 10:00 a.m.

Location: Simmons & Wheeler, PC  
304 Inverness Way South, Suite 490  
Englewood, CO 80112

1. Disclosures of any potential conflicts of interest.
2. Approval of Minutes of January 27, 2020 Continued Special Meeting.
3. Adopt Resolution Establishing Regular Meeting Date, Time, and Location.
4. Public Comment.
5. Status report by Board Chairman.
6. Review and approval of the Preliminary Limited Offering Memorandum.
7. Accountant's Report and review and consideration of District construction and operating expenditures.
8. Review Requisition requests from District No. 1, including specifically for Requisition Nos. 30-33 (2017 Bonds), in the aggregate amount of approximately \$662,827.51 and adopt Resolution accepting Request to Requisition of Funds.
9. Public Hearing on 2020 Budget Amendment; adopt Resolution to Amend 2020 Budget.
10. Review and approval of filing of 2019 Annual Report.
11. Discussion of District Boundaries.
12. Executive Session under Section 24-6-401(4)(b) and 24-6-401(4)(e), C.R.S., to confer with District counsel for legal advice relative to matters that may be subject to negotiations, developing strategy for negotiations and instructing negotiators regarding the District's proposed Series 2020 Bonds, including the Preliminary Limited Offering Memorandum.
13. Executive Session under Section 24-6-401(4)(b), C.R.S., to confer with District counsel for legal advice regarding District Boundaries.
14. Any other matter that may come before the Board.

This meeting is open to the public.

SOUTHSHORE  
METROPOLITAN DISTRICT NO. 2

By     /s/ Jerry B. Richmond, III      
Jerry B. Richmond, III, Chairman

I hereby certify that a copy of the foregoing Agenda of Regular Meeting of Southshore Metropolitan District No. 2 was, by me personally, posted on the District's website at least 24 hours prior to the meeting.

*Katie Christopher* \_\_\_\_\_

**SOUTHSHORE METROPOLITAN DISTRICT NO. 2**

**RESOLUTION TO AMEND 2020 BUDGET**

WHEREAS, the Board of Directors of Southshore Metropolitan District No. 2 adopted the budget and appropriated funds for the 2020 fiscal year as follows:

Debt Service Fund	\$1,865,678
Capital Projects Fund	\$33,580,000

WHEREAS, additional expenditures in the Debt Service and Capital Projects Funds are necessary resulting in expenditures in excess of appropriations for the 2020 fiscal year; and

WHEREAS, such additional expenditures are contingencies which could not have been reasonably foreseen at the time of adoption of the budget; and

WHEREAS, funds are available for such expenditures from unanticipated revenue (other than property taxes) or other surplus funds in the Debt Service and Capital Projects Funds (or from surplus funds in the Debt Service and Capital Projects Funds).

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Southshore Metropolitan District No. 2 hereby adopts a supplemental budget and appropriation for the 2020 fiscal year as follows:

Debt Service Fund	\$40,382,758
Capital Projects Fund	60,920,682

BE IT FURTHER RESOLVED, that such sums are hereby appropriated for expenditure from any available funds in the Debt Service and Capital Projects Funds (and from transfers from the Debt Service and Capital Projects Funds) in accordance with the provisions of §29-1-109, C.R.S.

Dated this 11<sup>th</sup> day of February, 2020.

SOUTHSHORE METROPOLITAN  
DISTRICT NO. 2

By:   
Chairman

Attest:

  
Secretary