

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF SADDLER RIDGE METROPOLITAN DISTRICT

Held: Wednesday, August 11, 2021 at 11:00 a.m. at
9 Timber Ridge Parkway, Severance, CO

Attendance

The meeting referenced above was called and held in accordance with the applicable statutes of the State of Colorado. The following directors were in attendance:

Gene Osborne
Kenji Matsuda

All directors' absences are deemed excused unless a contrary notation is recorded in these minutes.

Also present were: Ashley B. Frisbie, White Bear Ankele Tanaka & Waldron, Attorneys at Law, District Manager; Angela Elliott, Teleos, LLC, Covenant Enforcement Manager; Dave Seidl, resident; and Doug Carter and Julie Capp, 174 Power Global (for a portion of the meeting).

Also present (*via* teleconference) were: Eric Weaver and Krista Koenig, Marchetti & Weaver, LLC, District Accountant (for a portion of the meeting); Jack Powell and Beth Kelsey, Liberty Savings Bank ("LSB"); and Jake Pault, resident.

Call to Order/Declaration of Quorum

Ms. Frisbie noted that a quorum of the Board was present and the meeting was called to order.

Director Disclosures

Ms. Frisbie advised the Board that, pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. Ms. Frisbie reported that disclosures for those directors that provided White Bear Ankele Tanaka & Waldron with notice of potential or existing conflicts of interest were filed with the Secretary of State's Office and the Board at least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged by the Board. Ms. Frisbie inquired into whether members of the Board had any additional disclosures of potential or existing conflicts of interest with regard to any matters scheduled for discussion at the meeting. No additional disclosures were noted. The participation of the members present was necessary to obtain a quorum or to otherwise enable the Board to act.

Approval of Agenda

The Board reviewed the proposed agenda for the meeting.

Following review, upon a motion duly made and seconded, the Board unanimously approved the agenda as presented.

Director Matters

Acknowledge Resignations of Directors John Notter and Andrew Dudley

The Board acknowledged the resignations of Directors John Notter and Andrew Dudley.

Recognition of Director Jack Fatchett for Years of Service on the Board of Directors

The Board recognized Director Jack Fatchett for his years of service on the Board of Directors.

Discuss Onsite Memoriam for Director Jack Fatchett

Director Osborne reported that he has ordered a plaque that will be placed on a stone column in the park, in honor of Director Jack Fatchett's service and dedication to the District. Ms. Elliott reported that LSB had also offered to provide a memoriam for Director Jack Fatchett, and it was recommended that a tree be planted near the stone column and plaque.

Discuss Board Vacancies

Director Osborne reported that there are currently three vacancies on the Board, and that two representatives from Richfield Homes, a builder within the District, had expressed an interest in filling two of the vacancies.

Mr. Seidl also expressed an interest in being appointed to the Board. Following discussion, upon a motion duly made and seconded, the Board unanimously appointed Mr. Seidl to the Board, subject to confirmation of his qualifications. Ms. Frisbie noted that she will coordinate with Mr. Seidl to administer the oath of office.

Consider Election of Officers

The Board determined to defer this matter.

Public Comment

Mr. Seidl expressed concerns about the safety of children swimming in the pond, and reported that the Severance Police Department was called but indicated that they were not able to enforce the no swimming rule.

Mr. Seidl inquired about the status of resolve for the pond leak issue. Director Osborne provided an update, noting that it was confirmed that the pond was leaking. Once the water has gone below the irrigation inlet, North Weld County Water District ("NWCWD") will switch the water over to potable water, the District will pump out the rest of the remaining water, and a repair and remodel will be completed on the pond and pond lining. Mr. Seidl requested that the cottonwood trees and Russian olives near the pond and on the island be removed during the remodel, and that the area surrounding the pond be converted from native to turf.

Mr. Pault inquired about the current cleanup of the pond area. Ms. Elliott reported that Hired Gun Weed & Pest Control, LLC

will be out next week to provide weed mitigation services at the pond.

Mr. Pault expressed concern about District board meetings routinely being canceled. Ms. Frisbie noted that monthly board meetings were originally scheduled, with the intent of canceling if there was no District business requiring immediate attention or direction. The Board will consider setting an alternate regular meeting schedule for 2022 to help eliminate confusion and frustration. Mr. Seidl and Mr. Pault indicated that quarterly meetings would be agreeable and sufficient.

Mr. Powell introduced himself to the residents, and expressed gratitude and acknowledgement for Director Jack Fatchett's contribution to the District, noting that he will be sorely missed by LSB. Mr. Powell noted that he appreciates everyone's involvement in the District and thanked the Board and staff for their work. Mr. Osborne thanked Mr. Powell for the continued support from LSB.

Consent Agenda

The Board was presented with the consent agenda items. Upon a motion duly made and seconded, the Board unanimously took the following actions:

- a. Approved Minutes from April 21, 2021 meeting
- b. Acknowledged Relocation of District Trail in Phase 2
- c. Approved First Addendum to Independent Contractor Agreement with Foothills Landscape Maintenance for Landscape Maintenance Services
- d. Ratified Independent Contractor Agreement with Teleos, LLC for Covenant Enforcement Services
- e. Approved First Addendum to Independent Contractor Agreement with Teleos, LLC
- f. Ratified Independent Contractor Agreement with LAI Design Group of Colorado, LLC for Design Review Services
- g. Approved Contract with Hired Gun Weed & Pest Control, LLC for Pond Weed Mitigation Services

Financial Matters

Financials/Payables

Mr. Weaver presented the June 30, 2021 unaudited financial statements to the Board for consideration. Mr. Weaver noted that NWCWD mistakenly applied the \$118,000 intended for the water meter vaults as credit for the District's water billing. His office continues to work with NWCWD to have this error corrected.

Following discussion, upon a motion duly made and seconded, the Board unanimously accepted the unaudited financial statements.

Mr. Weaver presented the payables, dated August 11, 2021, to the Board for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously ratified the payables.

Long-Range Financial Plan

Mr. Weaver presented the Long-Range Financial Plan to the Board, noting that the General Fund will need more subsidies from LSB, and that the District won't be able to make its full debt service payments, as the interest rate is scheduled to increase from 1% to 5% on January 1, 2022. Mr. Powell noted that LSB is interested in negotiating the interest rate to assist the District with its debt service payments.

Mr. Powell reported that LSB is engaging a commercial realtor to help develop the commercial portion of the District.

Mr. Osborne reported that his development company may acquire Tracts 9 and 10 from LSB; however, NWCWD's water issues are infringing on development of those tracts and they have withdrawn their Will Serve Letter. NWCWD has not yet provided a response as to when water will be available for those tracts and the Town of Severance (the "Town") will not allow the recordation of the plat until water is available.

Mr. Weaver reported that once the residential and commercial lots are built-out, the District should be able to become self-sufficient. The mill levy and fee model that are currently in place should be sustainable, although some fluctuation may be needed.

Legal Matters

Proposals for Legal Covenant Enforcement Services

Ms. Frisbie presented the Board with proposals for Legal Covenant Enforcement Services, noting that although the District does not historically have a lot of legal activity related to covenant enforcement, it is still recommended that the District engage counsel as soon as possible to ensure counsel is in place if an account does need to be turned over to legal.

Following discussion, the Board determined to defer this matter until an account is ready to be turned over to legal. The Board requested that Ms. Elliott inform the Board when this service may be needed.

Long Term Maintenance of Weld County Road 19 ("WCR 19")

Director Osborne provided an update on the long term maintenance of WCR 19, noting that Nickel Road Operating did previously move their drill site to an alternate location; however, the alternate location still requires the use of WCR19, so they have been providing road maintenance assistance. No action was needed by the Board at this time.

Future Development of Saddler Phase 2b and Saddler Southern

There was no update at this time.

Presentation by 174 Power Global on Black Hollow Solar Project

Mr. Carter presented the details of the Black Hollow Solar Project to the Board. Mr. Carter and the Board discussed the possibility of future collaboration on the maintenance of WCR 19. The Board and residents in attendance indicated that they were in support of the project.

Management Matters

Management Report

Ms. Elliott presented her Management Report to the Board, noting that she met onsite with Foothills Landscape Maintenance (“FLM”) to discuss the scope of their services, including maintenance of the shoulder area on the west side of WCR 17.

Ms. Elliott provided an update on the District’s irrigation system, noting that FLM has indicated that the entire system will need to be revamped. The Board directed Ms. Elliott to obtain proposals for the work.

Mr. Seidl inquired about irrigation on the strip of turf near the entrance to the community, noting that it appears there may be some issues. Ms. Elliott noted that she will work with FLM to ensure the irrigation is working properly.

Request Regarding Allowance of Chickens

Ms. Frisbie reported that a request regarding the allowance of chickens was raised by a resident at the last meeting. Ms. Frisbie noted that the Town allows up to six hens (no roosters) and requires a permit. The residents in attendance at the meeting indicated that they were not in favor of allowing chickens in the community. The Board determined to defer this matter.

Operations and Maintenance Matters

Discuss Water Issue near Pond

This matter was discussed above under Public Comment.

Update on Installation of Water Meter Vaults

Director Osborne reported that NWCWD has not yet installed the water meter vaults.

Update on Pond Maintenance

This matter was discussed above under Public Comment.

Update on Wastewater Treatment Plant

There was no update at this time.

Discuss Backup Power for Wastewater Treatment Plant

Director Osborne provided an update on backup power for the wastewater treatment plant, noting that the plant does have a backup diesel generator; however, there is no backup power supply for the eOne pumps. Mr. Seidl provided an explanation

on how the eOne pumps work, noting that most of the homes have an eOne pump that moves wastewater out of the home and into the mainline. If power goes out to the homes, the pumps will not work, and it is recommended that homeowners not flush toilets or run water through the drains until the power has been restored.

Update on eOne Pumps

There was no update at this time.

Update on Construction Matters

Multi-Family Infrastructure Project

There was no update at this time.

Construction of Tracts 7 and 8

Director Osborne reported that this project is currently on hold.

Update on Lot Sales

Director Osborne reported that all available lots are currently under contract with builders.

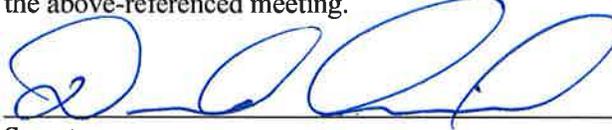
Other Business

There was no other business.

Adjourn

There being no further business to come before the Board, and upon motion duly made, seconded, and unanimously carried, the meeting was adjourned.

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



Secretary

The foregoing minutes were approved on the 17th day of November, 2021.