

MINUTES OF A STATUTORY ANNUAL MEETING OF
THE BOARD OF DIRECTORS OF THE
BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 5 (THE “DISTRICT”)
HELD
NOVEMBER 19, 2024

A statutory annual meeting of the Board of Directors of the Banning Lewis Ranch Metropolitan District No. 5 (referred to hereafter as the “Board”) was convened on Tuesday, November 19, 2024, at 8:30 a.m., at The Barn, 9150 Braemore Heights, Colorado Springs, 80927 and via Microsoft Teams. The meeting was open to the public.

ATTENDANCE

Directors in attendance were:

Steve Langer, President
Dawson Hubert, Vice President
Bob Burnett, Director
J. Larson, Secretary
Joy Blum, Treasurer

Also, In Attendance Were:

Krista Baptist and Rob Lange, CliftonLarsonAllen LLP (“CLA”)
Collin Mielke; Seter, Vander Wall & Mielke, P.C.

ADMINISTRATIVE MATTERS

Location of Meeting, Posting of Meeting Notice:

It was noted that notice of the time, date and location was duly posted and that no objections to the location or any requests that the meeting place be changed by taxpaying electors within the District’s boundaries have been received.

Presentation regarding the status of public infrastructure projects within the District and outstanding debt:

Mr. Lange provided the presentation regarding the status of public infrastructure projects within the District and outstanding debt.

Review unaudited financial statements, including year-to-date revenue and expenditures of the District in relation to its adopted budget, for the calendar year:

Mr. Lange reviewed the September 30, 2024 unaudited financial statements, including year-to-date revenue and expenditures of the District in relation to its adopted budget, for the calendar year.

Public Questions:

Public questions received and discussed. Detail of discussion items is provided as an attachment to these minutes.

ADJOURNMENT

There being no further business to come before the Board at this time, the meeting was adjourned at 9:57 a.m.

Respectfully submitted,

By  _____
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Secretary for the Meeting

Public Infrastructure projects – Schedio to Discuss

- Schedio is not here today to join us
- One person from Oakwood here to update on public infrastructure.
- Roads, etc. are all passed their certifications
- BARN – is the only part of the discussion
- Checklist items still open
- From Rob’s Schedio conversation on Friday, they are still receiving costs from Oakwood as of Friday.
- They will determine what is considered public or not.
- CLA holds on to the invoices
- Once we verify and accept the Schedio report, then the BARN can get transferred to the district.
- Oakwood wants the transfers done by end of 2024.
 - District (MD1) has to accept the costs and the Schedio report.
 - We don’t have the report as of this date
 - He can’t tell without the Schedio report what is public and what isn’t.
 - District 5 won’t own the barn.
 - Similar to the other districts, assets are transferred to MD1 to maintain.
 - Their job to maintain it.
- On the sales cycle, residents were told that they would “own” the barn. This is not true. As it stands with the current agreements, we will not own the barn.
- Sales office – will be very similar to this, owned by MD1, for use by MD5.
- Tyler Jones with Oakwood, and MD1.
 - Primary contact now.
- Is there a rush to get it done? (Steve’s questions).
- Drive to transfer the barn, it’s been in use for many years, MD1/Oakwood is paying the tax bill, and rush to transfer
- On the tax rolls - 9120 is the pool, 9150 is the barn, 9158 is the sales center.
 - Is it both the 9120 and the 9150? YES, according to Tyler.
 - Pool has been a major problem – leaks in the barn recently – we have a punch list of items.
 - J - Part of what we don’t want to do is accept until it’s actually complete. (J)
 - Tyler - MD1 is saying that it’s substantially complete and that will drive the transfer process.
 - Oakwood is looking into the notice on the roof leaks
 - Tyler is getting up to speed somewhat with CLA on this
 - Tyler - We’ll get things complete/simultaneously with conveyance.
 - Where is the CO (certificate of occupancy)?
 - It’s a temporary permit. Tyler believes it’s a CO.

- Chip –Advance, Acquisition and Reimbursement Agreement (common name is the developer advance agreement) – doesn't define "substantially complete", it says "complete".(2e and 2 of agreement)
 - Colin – final acceptance is after the punch list items are complete
 - District vs. Oakwood paying the taxes
 - District isn't covering the taxes, Oakwood would benefit from not paying the taxes
- Rob, what is the impact on us?
 - It's sitting with Rob's boss and MD1 legal – his written step by step in terms of the conveyance
 - Carrie /Lisa Myers have to sign off on it.
 - Draft content that Rob shared:
 - we would accept the barn, transfer to #1, liability on the books for future payment on the barn, similar to Developer advance.
 - A portion would be added
 - Like the BOND, MD 5 would keep the debt and pay it off.
 - Let's say that we don't want to accept the barn
 - Oakwood now has the asset and they would get their money back, via fees and rentals, etc.
 - But once the Schedio report is available, more details available.

Bob – there's several things that aren't done – thresholds, doors, screws missing. A lot of it can be done in a couple days, to get it to acceptable completed project. When I heard that the roof was leaking, how can the roof be leaking only after 1.5 years,

- Who's going to incur all these costs if we accept this, to make all these repairs.
- We shouldn't accept it that the building is tight,
- If we sign off, and we agree to it. But until that agreement is made, we need to step back and really assess the issues with the building.

Pool issues:

- Pool deck has issues, it's already starting to lift, it's in the punch list. It's starting to separate because of the crack. With the freeze/thaw, and soils, it's getting worse.
- Infinity pump isn't working.
- We have algae in the pool, this never got addressed.
- Tile is a mess
- Pool isn't circulating properly

No one can ever answer a question. Bob has asked and asked.

Bottom line – before we accept this, it needs to be brought up speed to an acceptance level that is fair in the industry. Then we can decide how it's maintained, and then they will turn around and bill us.

Outcome: Steve – we'll share punch list with Tyler – things captured since May,

- if we patched it in May, we wouldn't have the cement raising now.
- **Who should Steve/Bob's list go to – November update – Krista B, CLA and she'll handle this.**

Open question: How do we get from substantially complete to fully complete.

Ginny – this isn't an arms length transaction,

J yes – that's why the involvement of us can put a different spin on this, yes, is it acceptable to all parties.

Roof leaks, pool issues – these are major, by including us, hearing our voice,

Debt would be paid through availability of funds through the 30 mills, contractually , if anything this debt would be something to tackle in 2050.

Maintenance issues that occur in the meantime, then yes, will come from our fees.

Open ask: Another thing we are asking about – a guarantee of 2 years. We are asking for a copy of that, what does that mean, i.e., if the roof leaks, etc. (2b of the agreement)

The Finance committee is looking at these things.

We've already paid for the barn - \$800K to Farrington. Schedio report – repay the developer, for the barn costs.

\$76K, 2021-2022? Rob: The report shows every invoice associated with that cost.

CLA is holding the report –

Open ask: Chip - Annual report on accounting of any funds (3c of the agreement) –. Has that been occurring? Rob: isn't sure, he's not aware of. Rob will look at this later to see if there's an agreement that we aren't living up to. He'll look at it closer.

Open ask: Steve is getting bills from Schedio, these are capital expenditures for engineering and they are public funds.

Chip: Dev advance contract – we aren't obligated to pay for these, until the barn is transferred. (2a of the agreement)

- Contract that we are operating under says it's the sole responsibility of MD1 until the barn is transferred.

Rob: They are paid as a developer advance and recorded as such.

Otherwise we'd be asking Schedio to do 1.5 years of work without payment.

Rob will talk with Carrie, but every other district is doing it,

Chip isn't saying that Schedio shouldn't get paid, he's saying CLA following the contract. Rob will talk to Carrie, but these progress capital payments are being made, Couple have been paid, but not all. Why doesn't scheduio have a contract to ensure that everything is completed properly. Schedio and everyone else is time and materials. Oakwood is under contract –

A separate entity – when they certify that this has met the specifications, they can be sued if It's not the case. We need that backing.

Colin – the reason MD5 is paying Schedio, is that it's a capital proceed, paid through bond project funds if they were available, and we don't' have any, which is why it's going to a developer advance.

Chip: The Developer Advance contract – has different terms

- This wasn't answered, left open

Open ask: Definition and handling of Public: J - Once it's transferred to MD1, it will become a public facility – public meaning it's not private.

- There's discussion that in discussion to the Ranch,
- We are asking for clarification on that as well.
- Colin issue – we aren't utilizing public money , but it's for a public building.
- Colin – this will be bond , tax exempt bonds meaning that the funds is for public use, we can implement a fee to use it. And make it higher than the public would be willing to pay.
- Fees can be reviewed.
- Access – if it's public, we can restrict. We can have access fees.
- J – we don't have answers, but it's a consideration we have to look at.
- Not only MD5 is asking these questions, but it's also part of other district's questions – this is a cooperation committee topic.

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