

RECORD OF PROCEEDINGS

MINUTES OF A MEETING OF
THE BOARD OF DIRECTORS OF
THE CANYONS METROPOLITAN DISTRICT NO. 7 (THE "DISTRICT")
HELD
OCTOBER 12, 2022

A regular meeting of the Board of Directors of The Canyons Metropolitan District No. 7 (referred to hereafter as the "Board") was convened on Wednesday, October 12, 2022, at 9:00 a.m. This meeting was held via Zoom and was open to the public.

ATTENDANCE

Directors In Attendance Were:

Jeff Kappes, President
Michele Miller, Vice-President/Secretary
Teresa Kershisnik, Treasurer
Jessica McDonagh, Assistant Secretary
Skyler Hager, Assistant Secretary

Also, In Attendance Were:

Denise Denslow, Stephanie Odewumi and Shelby Clymer; CliftonLarsonAllen LLP ("CLA"), District Manager and Accountant
Zachary P. White, Esq.; White Bear Ankele Tanaka & Waldron P.C., District General Counsel; and
Dave Birt, Eric Sandri and Ryan McDermed; Shea Canyons, LLC, Construction Managers

ADMINISTRATIVE MATTERS

Call to Order/Declaration of Quorum: Denise Denslow called the meeting to order at 9:03 a.m. A quorum was confirmed.

Director Conflict of Interest Disclosures: Attorney White advised the Board that, pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. Attorney White 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. Attorney White 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 Agenda for the meeting. Following review, upon motion duly made by Director Kershisnik, seconded by Director McDonagh and, upon vote, unanimously carried, the Board approved

RECORD OF PROCEEDINGS

the Agenda, as presented.

Public Comment: None.

CONSENT AGENDA

Ms. Denslow presented the Board with the Consent Agenda items. Upon motion duly made by Director Miller, seconded by Director McDonagh and, upon a vote, the Board unanimously took the following actions:

- a. Approval of Minutes of September 14, 2022 Regular Meeting

FINANCIAL MATTERS

Payables: Ms. Clymer reviewed the Payables with the Board. Following review, upon a motion duly made by Director Kershisnik, seconded by Director McDonagh and, upon vote, unanimously carried, the Board approved the Payables in the amount of \$2,692,325.06, as presented.

August 31, 2022 Financial Statements: Ms. Clymer reviewed the August 31, 2022 Financial Statements with the Board. Director Kershisnik asked if they expect the O&M to catch up. Ms. Clymer stated yes, and it is currently higher than budgeted and projected to exceed.

Following review and discussion, upon a motion duly made by Director McDonagh, seconded by Director Kershisnik and, upon vote, unanimously carried, the Board accepted the August 31, 2022 Financial Statements, as presented.

Schedule of Cash Position and Property Tax Reconciliation: Ms. Clymer reviewed the Schedule of Cash Position and Property Tax Reconciliation with the Board. Following review, upon a motion duly made by Director McDonagh, seconded by Director Kershisnik and, upon vote, unanimously carried, the Board approved the Schedule of Cash Position and Property Tax Reconciliation, as presented.

2023 Draft Budget: Ms. Clymer reviewed the draft 2023 budget with the Board. Director Kershisnik inquired about the \$40 fee and the mill levy and asked which is better to reduce. She also asked to look at re-payment of developer advances. Following discussion, the Board appointed Director Kershisnik and Director McDonagh as Budget reviewers.

Other: None.

LEGAL MATTERS

Second Amendment to Funding and Reimbursement Agreement (Operations and Maintenance) with Shea Canyons, LLC: Attorney White reviewed with the Board. Following review, upon a motion duly made by Director Kershisnik, seconded by Director Kappes and, upon vote, unanimously carried, the Board approved the Second Amendment to Funding and

RECORD OF PROCEEDINGS

Reimbursement Agreement (Operations and Maintenance) with Shea Canyons, LLC.

District vs. Shea Canyons, LLC Drive Construction: Attorney White provided an overview of having Shea Canyons, LLC take over the construction of items vs. the District. No action was taken.

Other: None.

MANAGER / OPERATIONS MATTERS

Managers' Report: Ms. Odewumi provided an update noting that design review is starting to slow down and covenant enforcement is still picking up, and she is still working with legal regarding the enforcement for driveway extensions.

Covenant Enforcement Report: Ms. Odewumi reviewed the report with the Board noting that most of the violations are for landscaping matters.

Independent Contractor Agreement with Douglas County Maintenance & Repair, Inc. for 2022-2023 Snow Removal Services: Following review, upon a motion duly made by Director Miller, seconded by Director Kappes and, upon vote, unanimously carried, the Board approved the Independent Contractor Agreement with Douglas County Maintenance & Repair, Inc. for 2022-2023 Snow Removal Services, subject to final review from Director Miller and Director Kershisnik.

Independent Contractor Agreement with Brightview Landscape Service, Inc. for 2022-2023 Snow Removal Services: Following review, upon a motion duly made by Director Miller, seconded by Director Kappes and, upon vote, unanimously carried, the Board approved the Independent Contractor Agreement with Brightview Landscape Service Inc. for 2022-2023 Snow Removal Services, subject to final review from Director Miller and Director Kershisnik.

Xmas Light Installation, LLC Proposal for Christmas Light Installation: Following review, upon a motion duly made by Director Kershisnik, seconded by Director McDonagh and, upon vote, unanimously carried, the Board approved the Xmas Light Installation, LLC, proposal for Christmas Light Installation, subject to two additional wreaths added.

Other: None.

CONSTRUCTION MATTERS

Summary and Status of Construction Matters, Review Construction Manager Board Communication: Mr. McDermed provided an update to the Board.

RECORD OF PROCEEDINGS

Independent Contractor Agreements: None.

Change Orders:

Change Order No. 4 to Canyons – Canyonside Loop Road and Bridge - Construction Agreement with ESCO Construction Co. in the amount of \$3,192.00: Mr. McDermed reviewed the proposed Change Order with the Board. Following review, upon a motion duly made by Director McDonagh, seconded by Director Miller and, upon vote, unanimously carried, the Board approved of Change Order No. 4 to Canyons – Canyonside Loop Road and Bridge - Construction Agreement with ESCO Construction Co. in the amount of \$3,192.00, as presented.

Change Order No. 6 to Canyons – Canyonside Loop Bridge - Construction Agreement with HEI Civil Inc. in the amount of \$17,261.58: Mr. McDermed reviewed the proposed Change Order with the Board. Following review, upon a motion duly made by Director McDonagh, seconded by Director Miller and, upon vote, unanimously carried, the Board approved of Change Order No. 6 to Canyons – Canyonside Loop Bridge - Construction Agreement with HEI Civil Inc. in the amount of \$17,261.58, as presented.

Change Order No. 10 to Canyons – Filing 2-1st Amendment - Construction Agreement with Iron Woman Construction in the amount of \$25,545.77: Mr. McDermed reviewed the proposed Change Order with the Board. Following review, upon a motion duly made by Director McDonagh, seconded by Director Miller and, upon vote, unanimously carried, the Board approved of Change Order No. 10 to Canyons – Filing 2-1st Amendment - Construction Agreement with Iron Woman Construction in the amount of \$25,545.77, as presented.

Change Order No. 1 to Canyons- Canyonside Blvd – Construction Agreement with Martin Marietta in the amount of \$108,924.65: Mr. McDermed reviewed the proposed Change Order with the Board. Following review, upon a motion duly made by Director McDonagh, seconded by Director Miller and, upon vote, unanimously carried, the Board approved of Change Order No. 1 to Canyons- Canyonside Blvd – Construction Agreement with Martin Marietta in the amount of \$108,924.65, as presented.

Change Order No. 2 to Canyons Filing 1, 2nd Amendment, Phase 5 - Construction Agreement with Schmidt Construction Co. in the amount of \$18,162.93: Mr. McDermed reviewed the proposed Change Order with the Board. Following review, upon a motion duly made by Director McDonagh, seconded by Director Miller and, upon vote, unanimously carried, the Board approved Change Order No. 2 to Canyons Filing 1, 2nd Amendment, Phase

RECORD OF PROCEEDINGS

5 - Construction Agreement with Schmidt Construction Co. in the amount of \$18,162.93, as presented.

Change Order No. 1 to Canyons Filing 2 – 1st Amendment Construction Agreement with Schmidt Construction Co. in the amount of - \$127,005.45: Mr. McDermed reviewed the proposed Change Order with the Board. Following review, upon a motion duly made by Director McDonagh, seconded by Director Miller and, upon vote, unanimously carried, the Board approved of Change Order No. 1 to Canyons Filing 2 – 1st Amendment Construction Agreement with Schmidt Construction Co. in the amount of - \$127,005.45, as presented.

Change Order No. 3 to Canyons Filing 2 – 1st Amendment Construction Agreement with Schmidt Construction Co. in the amount of \$38,400.66: Mr. McDermed reviewed the proposed Change Order with the Board. Following review, upon a motion duly made by Director McDonagh, seconded by Director Miller and, upon vote, unanimously carried, the Board approved of Change Order No. 3 to Canyons Filing 2 – 1st Amendment Construction Agreement with Schmidt Construction Co. in the amount of \$38,400.66, as presented.

Construction Agreements: None.

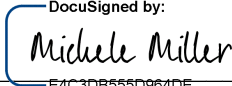
OTHER BUSINESS

Other: Director Miller asked about adding violation reports to future packets. Ms. Denslow noted they will be added moving forward.

ADJOURNMENT

There being no further business to come before the Board at this time, Ms. Denslow adjourned the meeting at 10:12 a.m.

Respectfully submitted,

By  _____
Secretary for the Meeting