

RECORD OF PROCEEDINGS

MINUTES OF A MEETING OF
THE BOARD OF DIRECTORS OF
THE CANYONS METROPOLITAN DISTRICT NO. 7 (THE "DISTRICT")
HELD
NOVEMBER 9, 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, November 9, 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

Director Hager was absent and excused.

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 9:01 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 Miller, seconded by

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Director McDonagh and, upon vote, unanimously carried, the Board approved the Agenda, with the removal of Item D on the Consent Agenda.

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 Kershisnik and, upon a vote, the Board unanimously took the following actions:

- a. Approval of Minutes of October 12, 2022 Regular Meeting
- b. Adoption of 2023 Annual Administrative Matters Resolution
- c. Approval of District Website Maintenance and Management with Heatherly Creative for Website Maintenance Services
- d. Approval of Easement for Gas Lines and Appurtenances to Black Hills Colorado Gas, Inc d/b/a Black Hills Energy

FINANCIAL MATTERS

Payables: Ms. Clymer reviewed the Payables 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 Payables in the amount of \$947,618.05, as presented.

September 30, 2022 Financial Statements: Ms. Clymer reviewed the September 30, 2022 Financial Statements with the Board. Following review and discussion, upon a motion duly made by Director Kershisnik, seconded by Director McDonagh and, upon vote, unanimously carried, the Board accepted the September 30, 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 Kershisnik, seconded by Director McDonagh and, upon vote, unanimously carried, the Board approved the Schedule of Cash Position and Property Tax Reconciliation, as presented.

Public Hearing on Amendment to 2022 Budget: Ms. Clymer noted that an amendment to the 2022 Budget was not needed.

Public Hearing on 2023 Budget: Upon a motion duly made by Director Kershisnik, seconded by Director Miller and, upon vote, unanimously carried the Board opened the public hearing to consider the proposed 2023 Budget and to discuss related issues at 9:26 a.m.

It was noted that Notice stating that the Board would consider adoption of the 2023 budget and the date, time and place of the public hearing was published

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pursuant to statute. No written objections were received prior to the public hearing.

No public comments were received, and the public hearing was closed at 9:26 a.m.

The Board reviewed the estimated 2023 expenditures and the proposed 2023 expenditures.

Upon motion duly made by Director Kershisnik, seconded by Director Kappes and, upon vote, unanimously carried, the Board approved the 2023 Budget and imposing Mill Levy and Appropriating Funds. The Board will be having further discussion on the Capital Project Fund and if needed an amendment will be completed in 2023.

DLG70 Certification of Tax Levies: Following discussion, upon a motion duly made by Director Kershisnik, seconded by Director Kappes and, upon vote, unanimously carried, the Board appointed the Board Treasurer to sign the DLG70 form.

2022 Audit Preparation: Following discussion, upon motion duly made by Director Kershisnik, seconded by Director Kappes and, upon vote, unanimously carried, the Board approved the engagement of Dazzio and Associates, PC to perform the District's 2022 Audit.

Other: None.

LEGAL MATTERS

Resolution Calling the May 2, 2023 Election: Attorney White reviewed the resolution with the Board. Following discussion, upon a motion duly made by Director Miller, seconded by Director Kappes and, upon vote, unanimously carried, the Board approved the Resolution Calling the May 2, 2023 Election and directed the notice of call for nominations to be posted to the website.

Discussion on Website Contact Information: Attorney White discussed with the Board a requirement to have director contact information the website and discussed the contact options. The Board directed the creation of an email address to be monitored by legal and management.

Other: None.

MANAGER / OPERATIONS MATTERS

Managers' Report: There were no items to note.

Covenant Enforcement Report: Ms. Odewumi reviewed the report with the Board noting that this is an updated report with escalations and notes for owners she has received responses from and asked the Board to let her know if they would like any additional information.

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Mediation Overview: It was noted that a call was held with Director Kappes and Director Miller with the attorney and that the only outstanding item is the driveway extension at this time. Further detail will be held in executive session.

Other: None.

CONSTRUCTION MATTERS

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

Independent Contractor Agreements: None.

Change Orders:

Change Order No. 8 to Canyons – Ramble Park II Construction Agreement with Brightview Landscape Development in the amount of \$6,666.00: Mr. McDermid reviewed the proposed Change Order with the Board. Following review, upon a motion duly made by Director Miller, seconded by Director McDonagh and, upon vote, unanimously carried, the Board approved of Change Order No. 8 to Canyons – Ramble Park II Construction Agreement with Brightview Landscape Development in the amount of \$6,666.00, as presented.

Change Order No. 4 to Canyons – Canyons Superblock Roads – Construction Agreement with Martin Marietta Materials, Inc. in the amount of \$62,459.18: Mr. McDermid reviewed the proposed Change Order with the Board. Following review, upon a motion duly made by Director Miller, seconded by Director McDonagh and, upon vote, unanimously carried, the Board approved of Change Order No. 4 to Canyons – Canyons Superblock Roads – Construction Agreement with Martin Marietta Materials, Inc. in the amount of \$62,459.18, as presented.

Change Order No. 11 to Canyons – Filing 2, 1st Amendment – Construction Agreement with Iron Woman Construction in the amount of \$33,717.47: Mr. McDermid reviewed the proposed Change Order with the Board. Following review, upon a motion duly made by Director Miller, seconded by Director McDonagh and, upon vote, unanimously carried, the Board approved of Change Order No. 11 to Canyons – Filing 2, 1st Amendment – Construction Agreement with Iron Woman Construction in the amount of \$33,717.47, as presented.

Change Order No. 3 to Canyons – Filing 2, 1st Amendment, Construction Agreement with ESCO Construction Co. in the amount of -\$329,185.32: Mr. McDermid reviewed the proposed Change Order with the

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Board. Following review, upon a motion duly made by Director Miller, seconded by Director McDonagh and, upon vote, unanimously carried, the Board approved of Change Order No. 3 to Canyons – Filing 2, 1st Amendment, Construction Agreement with ESCO Construction Co. in the amount of -\$329,185.32, as presented.

Change Order No. 4 to Canyons – Filing 2, 1st Amendment, Construction Agreement with ESCO Construction Co. in the amount of \$65,325.00: Mr. McDermed reviewed the proposed Change Order with the Board. Following review, upon a motion duly made by Director Miller, seconded by Director McDonagh and, upon vote, unanimously carried, the Board approved Change Order No. 4 to Canyons – Filing 2, 1st Amendment, Construction Agreement with ESCO Construction Co. in the amount of \$65,325.00, as presented.

Change Order No. 5 to Canyons – Canyonside Loop Road and Bridge (Concrete) Construction Agreement with ESCO Construction Co. in the amount of \$4,500: Mr. McDermed reviewed the proposed Change Order with the Board. Following review, upon a motion duly made by Director Miller, seconded by Director McDonagh and, upon vote, unanimously carried, the Board approved of Change Order No. 5 to Canyons – Canyonside Loop Road and Bridge (Concrete) Construction Agreement with ESCO Construction Co. in the amount of \$4,500, as presented.

Change Order No. 3 to Canyons Filing 1, 6th Amendment Construction Agreement with Fiore and Sons, Inc. in the amount of \$19,947.27: Mr. McDermed reviewed the proposed Change Order with the Board. Following review, upon a motion duly made by Director Miller, seconded by Director McDonagh and, upon vote, unanimously carried, the Board approved of Change Order No. 3 to Canyons Filing 1, 6th Amendment Construction Agreement with Fiore and Sons, Inc. in the amount of \$19,947.27, subject to additional information on the amount.

Construction Agreements:

Discussion on District Vs. Developer Director Construction: It was noted that Shea Homes is going to handle construction of all public improvements.

EXECUTIVE SESSION

Legal advice and discussing matters subject to negotiation and strategy pursuant to § 24-6-402(4)(b) & (e), C.R.S. related to Covenant Enforcement Matters at 7189 Copper Sky Cir: Upon a motion duly made by Director Miller, seconded by Director McDonagh and, upon vote unanimously carried, the Board entered into executive session at 10:04 a.m.

Upon a motion duly made by Director Kershisnik, seconded by Director

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McDonagh and, upon vote unanimously carried, the Board exited the executive session at 10:14 a.m. No concerns were voiced at this time and the recording ended at 10:14 a.m. Legal will retain the recording for 90 days.

Following discussion, upon a motion duly made by Director Kershisnik, seconded by Director McDonagh and, upon vote unanimously carried, the Board directed Director Kappes and Director Miller to negotiate mediation as directed during the executive session.

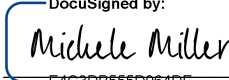
OTHER BUSINESS

Other: None.

ADJOURNMENT

There being no further business to come before the Board at this time, upon a motion duly made by Director Kappes, seconded by Director McDonagh and, upon vote unanimously carried, the Board adjourned the meeting at 10:15 a.m.

Respectfully submitted,

By  _____
Secretary for the Meeting