

**RECORD OF PROCEEDINGS**  
**MINUTES OF THE JOINT ORGANIZATIONAL MEETING**  
**OF THE BOARDS OF DIRECTORS OF**  
**SW DOWNTOWN METROPOLITAN DISTRICT NOS. 1 AND 2**

**HELD:** Thursday, December 14, 2017 at 1:00 p.m. at 111 S. Tejon Street, Suite 222, Colorado Springs, Colorado

**ATTENDANCE:**

The joint organizational meeting of the Boards of Directors of the SW Downtown Metropolitan District Nos. 1 and 2, City of Colorado Springs, Colorado was called and held as shown above and in accordance with the applicable statutes of the State of Colorado, with the following directors present and acting:

Christopher S. Jenkins  
David D. Jenkins  
Delroy L. Johnson  
Jeffrey A. Finn  
Russell T. Tutt, IV

Also in attendance were Russell W. Dykstra of Spencer Fane LLP, Carrie Bartow and Josh Miller of CliftonLarsonAllen LLP

No Directors were absent. There are no vacancies on the Boards.

**CALL TO ORDER:**

Mr. Dykstra noted for the record that a quorum was present, and on behalf of the Boards, called the meeting to order at approximately 1:06 p.m. and explained the purpose of the organizational meeting.

**QUALIFICATION OF BOARD MEMBERS:**

Mr. Dykstra reported that all of the Board members had their oaths of office administered before a notary. Thereupon, the Directors present assumed their duties as members of the Boards of Directors.

**DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST:**

Mr. Dykstra discussed the state law requirements for disclosure of potential conflicts of interest with the Directors, noting that completed disclosure statements had been filed for each of the Directors with the Secretary of State at least three days prior to the meeting. In addition, Mr.

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Dykstra noted that each Director is to verbally reveal his/her potential conflicts of interest to the Boards prior to beginning the discussion in which a conflict may arise.

**DISCUSSION OF SERVICE PLAN, DISTRICT ORGANIZATION, DISTRICT POWERS:**

Mr. Dykstra noted for the benefit of the Boards that the general powers of the Districts are outlined in the Special District Act and the Service Plan for District Nos. 1 and 2, and that the Districts' shall have the power and authority to provide the public improvements and limited operation and maintenance services within and, if pursuant to an Approved Development Plan, without the boundaries of the Districts as such power and authority is described in the Special District Act, and other applicable statutes, common law and the Constitution, subject to the limitations set forth in the Service Plan.

**DISCUSSION OF OPEN MEETINGS REQUIREMENTS:**

Mr. Dykstra discussed the open meeting requirements and the posting requirements for the Districts, noting that any non-social meeting of three or more of the directors constituted an official meeting, and that notice of a meeting for the Districts is to be (1) provided to each Board member, and (2) posted in at least three public places within the Districts at least 72 hours in advance of the meeting, and (3) at the same time, a copy of such notice is to be posted at the office of the County Clerk and Recorder. If possible, the posting should include specific agenda information. Mr. Dykstra further noted that notice of this joint organizational meeting had been so posted.

**DUTIES: BOARD, PRESIDENT, VICE-PRESIDENT, TREASURER, SECRETARY AND ASSISTANT SECRETARY:**

Mr. Dykstra briefly reviewed the duties of the Officers of the Districts.

**ELECTION OF OFFICERS:**

Following discussion and the receipt of nominations, upon motion duly made, seconded, and unanimously approved, the Boards elected Christopher S. Jenkins as President, David D. Jenkins as Secretary, Delroy L. Johnson as Treasurer, Jeffrey A. Finn as Assistant Secretary and Russell T. Tutt, IV as Assistant Secretary.

**ADOPTION OF SEAL:**

Upon motion duly made, seconded, and unanimously approved, the Boards adopted seals consisting of the word "Seal" circled by "SW Downtown Metropolitan District No. 1" and "SW Downtown Metropolitan District No. 2."

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**RATIFICATION OF PAST ACTIONS:**

Following discussion and upon motion duly made, seconded and unanimously carried, the Boards ratified the past actions of the Boards and its consultants in the organization and operation of the Districts, including without limitation actions and notifications taken, making and posting notice for this meeting, and in the organization of the Districts.

**DISCUSSION REGARDING DISTRICT COUNSEL, MANAGEMENT AND ACCOUNTANT:**

Mr. Dykstra discussed the need for the hiring of consultants to assist the Districts in its duties. Following discussion and upon motion duly made, seconded, and unanimously approved, the Boards approved the engagement of Spencer Fane LLP as legal counsel for the Districts, CliftonLarsonAllen LLP as accountants for the Districts and CliftonLarsonAllen LLP for management services.

**ADMINISTRATIVE MATTERS RESOLUTION:**

Mr. Dykstra presented a Resolution Concerning Annual Administrative Matters for 2018 for the Districts. As specified in the Resolution, the Boards determined to schedule regular meetings on the fourth Wednesday of each month at 9:30 a.m. to be held at the offices of Nor'Wood Development Group, 111 S. Tejon Street, Suite 222, Colorado Springs, Colorado. Additionally, the Board approved the following designated posting location: Building Entry, Colorado Springs, Colorado. Mr. Dykstra indicated that the Districts must establish an office and contact person for the Districts. Mr. Dykstra was named as the contact person for the Districts at the office of Spencer Fane LLP and was directed to provide the names and addresses of the Directors, the contact person, and the address and telephone number of the District to the Division of Local Government and make other filings as required by law. Following discussion and upon motion duly made, seconded, and unanimously approved, the resolution was adopted with the noted additional information.

**2018 ELECTION RESOLUTION:**

Mr. Dykstra presented a Resolution Calling the May 8, 2018 Regular Election noting that Director Finn's and Director Tutt's positions on the Boards were open for 4-year terms (2018-2022). Following discussion, and upon motion duly made, seconded and unanimously carried, the Boards approved the Resolution as presented.

**PAYMENT OF ORGANIZATIONAL COSTS:**

Mr. Dykstra discussed the Districts' financial situation and associated costs for organization and the May 8, 2018 regular elections to be held for the Districts. Following discussion, and upon motion duly made, seconded and unanimously carried, the Boards approved payment of costs for

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organization and approved the costs of the May 8, 2018 elections to be held by mail ballot, appointing Leslie Larsen of Spencer Fane LLP as the Designated Election Official.

**WORKERS COMPENSATION FOR BOARD MEMBERS:**

Mr. Dykstra discussed the need and options for worker's compensation insurance coverage for members of the Boards of Directors. Mr. Dykstra presented for each District a Resolution Providing for Directors' Exclusion from Worker's Compensation Coverage and Applications to the Department of Labor and Employment for the Exclusion of Uncompensated Public Officials. Upon motion duly made, seconded and unanimously carried, the Boards approved the Resolutions and Applications for Exclusion from Worker's Compensation Coverage and directed Spencer Fane LLP to file the documentation with the State.

**GOVERNMENTAL IMMUNITY AND INDEMNIFICATION RESOLUTION:**

Mr. Dykstra generally discussed the Colorado Governmental Immunity Act and the need and options for indemnification of employees and members of the Boards of Directors by the Districts. Upon motion duly made, seconded and unanimously carried, the Boards approved a Resolution Providing for the Defense and Indemnification of District Personnel.

**INSURANCE:**

Mr. Dykstra discussed the need and options for general liability and other coverage for the Districts and directors' and officers' errors and omissions insurance for members of the Boards of Directors. Following discussion, the Boards elected to obtain general liability.

**MEMBERSHIP IN SPECIAL DISTRICT ASSOCIATION:**

Mr. Dykstra noted that the Districts must obtain membership in the Special District Association and if insurance is obtained through the Colorado Special District Property and Liability Pool. Discussion ensued. The Boards elected to obtain membership in the Special District Association.

**SELECTION OF BANK:**

Mr. Dykstra discussed the requirement that the Boards select a banking institution for the District. Following discussion, and upon motion duly made, seconded and unanimously carried, the Boards elected to open the District's bank account with UMB Bank.

**DESIGNATION OF OFFICIAL CUSTODIAN:**

Mr. Dykstra briefly explained the need for the Districts to appoint an "official custodian" for purposes of the Public Deposit Protection Act. Following discussion, upon motion duly made, seconded, and unanimously approved, the position of Treasurer was appointed as official

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custodian for the Districts and the Boards authorized the completion and submission of the application for assignment of Public Deposit Protection Act numbers.

**FEDERAL EMPLOYERS IDENTIFICATION NUMBER:**

Following discussion and upon motion duly made, seconded, and unanimously carried, the Boards authorized the execution of the applications for Federal Employers Identification Number as prepared by Spencer Fane LLP and directed Spencer Fane LLP to file the applications with the Internal Revenue Service.

**SALES TAX IDENTIFICATION NUMBER:**

Following discussion and upon motion duly made, seconded, and unanimously carried, the Boards authorized the execution of the application for a sales tax identification number for the Districts and directed Spencer Fane LLP to file the applications with the Colorado Department of Revenue.

**NOTIFICATION OF NEW DISTRICTS/INTENT TO LEVY:**

Following discussion and upon motion duly made, seconded and unanimously carried, the Boards: directed Spencer Fane LLP to submit the notices to the Board of County Commissioners and the County Assessor of the existence and boundaries of the Districts and the Districts' intent to levy ad valorem property taxes as approved by the electors of the Districts and directed Spencer Fane LLP to ensure that the official notices required by Section 39-1-110(1), C.R.S., are filed with the appropriate jurisdictions

**2018 BUDGET HEARINGS:**

Upon motion duly made, seconded and unanimously carried, the public hearings were opened on the proposed budgets for fiscal year 2018 for SW Downtown Metropolitan District Nos. 1 and 2. Mr. Dykstra reported that notice of the public hearings had been published in accordance with statutory requirements and presented the proposed 2018 budgets to the Boards. Following discussion the public hearings were closed.

The Boards reviewed resolutions adopting the 2018 budgets and appropriating funds. Following discussion and upon motion duly made, seconded and unanimously carried, the Boards: (1) approved and adopted the 2018 budgets as presented; (2) authorized the appropriation of funds for the expenditures set out in the budgets; (3) authorized the President and the Secretary to sign the necessary documentation; and (4) directed Spencer Fane LLP, to file the budgets with the Division of Local Government.

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**RESOLUTION CONCERNING COLORADO OPEN RECORDS ACT FEE SCHEDULE:**

Mr. Dykstra explained the Colorado Open Records Act Fee Schedule. Following discussion and upon motion duly made, seconded, and unanimously approved, the resolution adopting the Colorado Open Records Act Fee Schedule was approved by the Boards.

**DEVELOPMENT IN THE DISTRICT:**

The Boards discussed future development in the Districts. No formal action was taken.

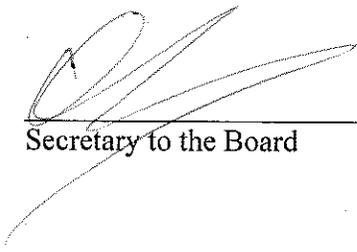
**OTHER BUSINESS:**

- a. REIMBURSEMENT AGREEMENT: Mr. Dykstra presented the Reimbursement Agreement to the Boards. Following discussion and upon motion duly made, seconded and unanimously carried, the Boards approved the Reimbursement Agreement.
- b. FACILITIES FUNDING AND REIMBURSEMENT AGREEMENT: Mr. Dykstra presented to the Boards the Facilities Funding and Reimbursement Agreement for consideration. Following discussion, and upon motion duly made, seconded and unanimously carried, the Boards approved and executed the Agreement.

**ADJOURNMENT:**

There being no further business to come before the Boards and upon motion duly made, seconded and unanimously carried, the meeting was adjourned at approximately 1:35 p.m.

The foregoing minutes constitutes a true and correct copy of the minutes of the above-referenced meeting and was approved by the Board of Directors of the SW Downtown Metropolitan District Nos. 1 and 2.



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Secretary to the Board