

MINUTES OF A JOINT SPECIAL MEETING AND JOINT ORGANIZATIONAL MEETING OF THE BOARDS OF DIRECTORS

OF

LANTERNS METROPOLITAN DISTRICT NOS. 1-5

Held: Monday, February 25, 2019 at 2:00 p.m. at 10 Inverness Drive East, Suite 125, Englewood, CO

Attendance

The joint special and joint organizational meeting referenced above was called and held in accordance with the applicable statutes of the State of Colorado. The following directors, having confirmed their qualification to serve, were in attendance.

Kent Carlson
Lonny Phelps
Ryan Carlson

Also present were Clint C. Waldron and Megan J. Murphy, Esq., White Bear Ankele Tanaka & Waldron, District General Counsel; Carrie Bartow, CliftonLarsonAllen, LLP, District Accountant; Brooke Hutchens, D.A. Davidson; and Reggie Carveth, Terry Hodge and Mark Bailey, Toll Brothers.

Call to Order

Director Kent Carlson noted that a quorum of the Boards was present and called the meeting to order.

Declaration of Quorum/Director Qualifications/Reaffirmation of Disclosures

Mr. Waldron advised the Boards that, pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. Mr. Waldron reported that disclosures for those directors with potential or existing conflicts of interest were filed with the Secretary of State's Office and the Boards at least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged by the Boards. Mr. Waldron inquired into whether members of the Boards 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 Boards determined that the participation of the members present was necessary to obtain a quorum or to otherwise enable the Boards to act.

Combined Meetings

The Boards of Directors of the Districts have determined to hold joint meetings of the Districts and to prepare joint minutes of action

taken by the Districts in such meetings. Unless otherwise noted herein, all official action reflected in these minutes is the action of each of the Districts. Where necessary, action taken by an individual District will be so reflected in these minutes.

Approval of Agenda

Mr. Waldron reviewed the proposed agenda with the Boards. Following discussion, upon a motion duly made and seconded, the Boards approved the agenda as presented.

Consider Election of Officers

The Boards engaged in general discussion regarding the Election of Officers. Following discussion, upon a motion duly made and seconded, the Boards appointed Director Scott Carlson as President, Director Kent Carlson as Treasurer, Director Lonny Phelps as Vice President, Director Ryan Carlson as Secretary and Director Clay Carlson as Assistant Secretary.

Public Comment

None.

Consent Agenda

Mr. Waldron presented the items on the consent agenda to the Boards for consideration. Mr. Waldron advised the Boards that any item may be removed from the consent agenda to the regular agenda upon the request of any director. No items were requested removed from the consent agenda. Upon motion duly made and seconded, the following items on the consent agenda were unanimously approved and adopted:

- Approval of December 6, 2018 Minutes (District Nos. 1-3)
- Approval of Resolution Designating the District's 24-hour Posting Location (District Nos. 4 & 5)
- Adoption of Joint Public Records Request Policy (District Nos. 1- 5)
- Approval of Resolution Adopting the Colorado Special District Records Retention Schedule (District Nos. 4 & 5)
- Approval of Notice to Electors - § 32-1-809, C.R.S. (District Nos. 1- 5)
- Acknowledge Recording of Special District Public Disclosure Document as required by § 32-1-104.8, C.R.S. (District Nos. 4 & 5)
- Approval of Intergovernmental Agreement with the Town of Castle Rock Regarding the Service Plan (District Nos. 4 & 5)
- Approval of Resolution Adopting Personal Data Privacy Policy (District Nos. 4 & 5)
- Approval of Termination of Special District Management Services as District Manager (District Nos. 1-3)

Insurance & Liability

Discuss Director Liability Issues and Memorandum Re: Crime Coverage, Fidelity Bonds and Designated Agent Endorsements (District Nos. 4 & 5) Mr. Waldron reviewed the Director Liability Issues and Memorandum Re: Crime Coverage, Fidelity Bonds and Designated Agent Endorsements with the Boards of District Nos. 4 & 5. The Boards of District Nos. 4 & 5 engaged in general discussion. No action necessary.

Discuss Insurance Requirements (public official's liability, general liability, workers' compensation, comprehensive crime) and Consider Adoption of Resolution Approving an IGA with the Colorado Special Districts Property and Liability Pool and Authorize Membership in the Special District Association (District Nos. 4 & 5) The Boards of District Nos. 4 & 5 engaged in general discussion regarding insurance requirements. Following discussion, upon a motion duly made and seconded, the Boards of District Nos. 4 & 5 unanimously approved the Resolution Approving an IGA with Colorado Special District Property and Liability Pool and authorized legal counsel to apply for memberships with the Special District Association.

Consider Approval of Property and Liability Insurance Limits and Deductibles (District Nos. 4 & 5) The Boards of District Nos. 4 & 5 engaged in general discussion regarding Property and Liability Insurance Limits and Deductibles. Following discussion, upon a motion duly made and seconded, the Boards of District Nos. 4 & 5 unanimously approved the Property and Liability Insurance Limits and directed legal counsel to bind coverage.

Engagement of Consultants

Consider Approval of Engagement Letters with White Bear Ankele Tanaka & Waldron for Legal Services (District Nos. 4 & 5) Mr. Waldron reviewed the Engagement Letters with White Bear Ankele Tanaka & Waldron with the Boards of District Nos. 4 & 5. Mr. Waldron noted specifically the arbitration provision. Mr. Waldron stated that as he is not independent as to the engagement, the Boards are advised to have separate legal counsel review the engagement letters. The Boards declined to engage separate legal counsel to review the letters. Following discussion, upon a motion duly made and seconded, and upon a vote, unanimously carried, the Boards of District Nos. 4 & 5 approved the engagement letters with White Bear Ankele Tanaka & Waldron.

Consider Approval of Engagement Letter with Ms. Bartow reviewed the Engagement Letter with CliftonLarsonAllen, LLP for Accounting Services with the Boards of

CliftonLarsonAllen LLP for Accounting Services (District Nos. 4 & 5) District Nos. 4 & 5. Following discussion, upon a motion duly made and seconded, the Boards of District Nos. 4 & 5 unanimously approved the engagement letter with CliftonLarsonAllen LLP for accounting services.

Legal Matters

Consider Adoption of 2019 Amended and Restated Joint Annual Administrative Resolution (District Nos. 1-5) Mr. Waldron reviewed the 2019 Amended and Restated Joint Annual Administrative Resolution with the Boards. Following discussion, upon a motion duly made and seconded, the Boards unanimously adopted the resolution.

Discuss and Consider Adoption of Joint Resolution Providing for the Defense and Indemnification of Directors and Employees of the Districts (District Nos. 4 & 5) Mr. Waldron reviewed the Joint Resolution Providing for the Defense and Indemnification of Directors and Employees of the Districts with the Boards of District Nos. 4 & 5. Following discussion, upon a motion duly made and seconded, the Boards of District Nos. 4 & 5 unanimously adopted the joint resolution.

Discuss and Consider Approval of Funding and Reimbursement Agreement (Operations) (District No. 1) Deferred.

Discuss Infrastructure Acquisition and Reimbursement Agreement Deferred.

Other Legal Matters None.

Financial Matters

Consider Approval/Acceptance of Financials and Claims Ms. Bartow reviewed the December 31, 2018 unaudited financials with the Board of District No. 1. Following discussion, upon a motion duly made and seconded, the Board of District No. 1 unanimously accepted the financials.

Ms. Bartow reviewed the check registrar with the Board of District No. 1. Following discussion, upon a motion duly made and seconded, the Board of District No. 1 unanimously ratified check Nos. 1421 through 1430 in the amount of \$25,894.

Consider Approval of Execution of (1) Form SS-4 Application for Federal The Boards of District Nos. 4 & 5 engaged in general discussion regarding the application for Federal Employer Identification Numbers, Colorado Sales Tax Exemption Numbers, and PDPA

Employer Identification Numbers. Following discussion, upon a motion duly made and seconded, the Boards of District Nos. 4 & 5 directed legal counsel to obtain Federal Employer Identification Numbers, Colorado Sales Tax Exemption Numbers, and PDPA Numbers.

Application for Assignment of PDPA Numbers (District Nos. 4 & 5)

Discuss and Consider Establishment of Bank Accounts and Authorize Signers on the Accounts (with all checks requiring two signatures) (District Nos. 4 & 5)

The Boards of District Nos. 4 & 5 engaged in general discussion regarding establishing bank accounts. Following discussion, upon a motion duly made and seconded, the Boards of District Nos. 4 & 5 unanimously approved opening bank accounts and authorized any two Directors as signers on the accounts.

Public Hearing on 2019 Budget (District No. 4)

Director Kent Carlson opened the public hearing on the 2019 Budget for District No. 4. Mr. Waldron noted that the public hearing was posted in accordance with Colorado law in three locations within the Boundaries of District No. 4 on February 21, 2019. No written objections have been received prior to the meeting. There being no public comment, the hearing was closed.

Consider Approval of Resolution Adopting the 2019 Budget (District No. 4)

Ms. Bartow reviewed the proposed 2019 Budget with the Board of District No. 4. Following discussion, upon a motion duly made and seconded, the Board of District No. 4 unanimously approved the resolution adopting the 2019 Budget and appropriating funds therefore.

Public Hearing on 2019 Budget (District No. 5)

Director Kent Carlson opened the public hearing on the 2018 Budget for District No. 5. Mr. Waldron noted that the public hearing was published in accordance with Colorado law in three locations within the Boundaries of District No. 5 on February 21, 2019. No written objections have been received prior to the meeting. There being no public comment, the hearing was closed.

Consider Approval of Resolution Adopting the 2019 Budget (District No. 5)

Ms. Bartow reviewed the proposed 2019 Budget with the Board of District No. 5. Following discussion, upon a motion duly made and seconded, the Board of District No. 5 unanimously approved the resolution adopting the 2019 Budget and appropriating funds therefore.

Other Financial Matters None.

Directors' Items None

Other Business

Discuss Current Boundary Maps and Geolocation Services The Board engaged in general discussion regarding Boundary Maps and Geolocation Services. The Board determined not to move forward with Geolocation Services.

Consider Approval of Resolution Declaring Special District Notice of Inactive Status (District Nos. 2-5) Mr. Waldron reviewed the Resolutions Declaring Special District Notice of Inactive Status with the Boards of District Nos. 2 through 5. Following discussion, upon a motion duly made and seconded, the Boards of District Nos. 2 through 5 unanimously adopted the Resolutions Declaring Inactive Status.

Adjourn

There being no further business to come before the Boards, and following discussion and upon motion duly made, seconded and unanimously carried, the Boards determined to adjourn the meeting.

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


Secretary for the Meeting

The foregoing minutes were approved on the 23 day of May, 2019.