

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS

OF

WESTERLY CREEK METROPOLITAN DISTRICT

Held: Wednesday, October 17, 2018, at 8:00 A.M. at 7350 East 29th Avenue, Suite 200, Denver, Colorado.

ATTENDANCE

The meeting was held in accordance with the laws of the State of Colorado. The following directors were in attendance:

Katie Dell
Tim Thornton
Justin Ross
Tom Downey
David Ungemah

Also present were:

- Jennifer Gruber Tanaka, Esq., WHITE BEAR ANKELE TANAKA & WALDRON, Attorneys at Law, District General Counsel;
- John Simmons, Simmons & Wheeler, District Accountant;
- Andrew Johnston and Jason Simmons, City and County of Denver Finance Department; and
- Brian Fennelly, Vice President and Chief Financial Officer of Forest City Stapleton, Inc.
- Pat Teegarden and Tammy Holloway, SDC
- Robbi Jones, Kipling Jones
- Dawn Bookhardt, Esq., Butler Snow LLP

ADMINISTRATIVE MATTERS

Call to Order

The meeting was called to order.

Declaration of Quorum and Confirmation of Director Qualifications

Ms. Tanaka noted that a quorum for the Board was present and that the directors had confirmed their qualification to serve.

Reaffirmation of Disclosures of Potential or Existing Conflicts of Interest

Ms. Tanaka advised the Board that, pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. Ms. Tanaka reported that disclosures for those directors with 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. Ms. Tanaka noted that a quorum was present and 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 Board determined that the participation of the members present was necessary to obtain a quorum or to otherwise enable the Board to act.

Approval of Agenda Ms. Tanaka presented the Board with the proposed agenda for the meeting. Upon motion of Mr. Downey, seconded by Mr. Ungemah, the Board unanimously approved the agenda as presented.

PUBLIC COMMENT None.

CONSENT AGENDA The Board was presented with the consent agenda items. Upon motion of Mr. Thornton, seconded by Mr. Ungemah, the Board unanimously took the following actions:
a. Approved the Minutes from September 4, 2018 Special Meeting
b. Accepted the August 31, 2018 Financial Statements

SDC MATTERS Mr. Teegarden reported that he committed to attend the District meetings going forward and is here in that capacity. He noted that the company no longer refers to itself to as Stapleton Development Corporation but rather as SDC due to community sensitivities with the name. He reported that Kevin Marchman from SDC will be working on the project going forward. Mr. Teegarden apologized for his tone at the previous meeting and noted he believes Mr. Marchman’s involvement going forward will be helpful and positive. He noted that SDC understands the District’s concerns and desires and they are committed to working with the District on these going forward.

Mr. Johnston requested that he be the point person for the transition plan going forward and noted he will be participating in the various meetings in the community to ensure clear and complete communications among the parties.

TREASURER’S REPORT

September 30, 2018 Unaudited Financial Statements The Board reviewed the September 30, 2018 Monthly Unaudited Financial Statements. Upon motion of Mr. Thornton, seconded by Mr. Ungemah, the Board unanimously accepted the unaudited financial statements.

Draft 2019 Budget

Mr. Simmons reviewed the draft 2019 budget with the Board. Mr. Simmons noted that the assessed valuation is continuously in flux and the ultimate valuation is not known at this time. Mr. Johnston noted that it will be finalized by the statutory deadline. Mr. Simmons noted it should not change drastically since 2018 was not a revaluation year.

Mr. Downey inquired into whether there are any unusual items that the District should plan for in 2019. Ms. Tanaka and Mr. Simmons noted not to their knowledge. Mr. Downey also inquired into whether the upcoming gubernatorial election is expected to impact the rate of residential assessment that would, in turn, impact the District’s budget. Ms. Tanaka and Mr. Simmons noted that any changes would not impact the District’s 2019 budget and there is nothing solid indicating whether there will be a change in the near future.

Ms. Tanaka noted that the November regular meeting falls the day before Thanksgiving Day and inquired into whether the Board wanted to find an alternate date to meet to consider adoption of the budget. Ms. Tanaka also noted that the bonds will be close to needing approvals by that time and perhaps the meeting could cover both issues. The Board determined to hold the meeting on November 28, 2018, at 1:00 P.M.

LEGAL MATTERS

Public Hearings on Inclusions Mr. Fennelly summarized the inclusions for the Board.

Conduct Public Hearing on Inclusion of Section 10 North, Former Rail Spur in the District and Consider Adoption of Resolution No. 2018-10-01: Order for Inclusion of Real Property (Section 10 North, Former Rail Spur)

Ms. Dell opened the public hearing on the Inclusion of Section 10 North, Former Rail Spur in the District and Consider Adoption of Resolution No. 2018-10-01: Order for Inclusion of Real Property (Section 10 North, Former Rail Spur). Ms. Tanaka reported that the notice for the public hearing was published in accordance with Colorado law and no written objections were received prior to the hearing. There being no public present, the public hearing was closed.

Upon motion of Mr. Ungemah, seconded by Mr. Thornton, the Board unanimously approved the inclusion of property as presented and adopted the corresponding inclusion of real property resolution.

Conduct Public Hearing on Inclusion of District IV West of CPB, Parcel 1 in

Ms. Dell opened the public hearing on the Inclusion of District IV West of CPB, Parcel 1 in the District and Consider Adoption of Resolution No. 2018-10-02: Order for Inclusion of Real

the District and Consider Adoption of Resolution No. 2018-10-02: Order for Inclusion of Real Property (District IV West of CPB, Parcel 1)

Property (District IV West of CPB, Parcel 1). Ms. Tanaka reported that the notice for the public hearing was published in accordance with Colorado law and no written objections were received prior to the hearing. There being no public present, the public hearing was closed.

Upon motion of Mr. Ungemah, seconded by Mr. Thornton, the Board unanimously approved the inclusion of property as presented and adopted the corresponding inclusion of real property resolution.

Conduct Public Hearing on Inclusion of NW Corner – Intersection of 51st Avenue & Havana Street, Parcel 1 in the District and Consider Adoption of Resolution No. 2018-10-03: Order for Inclusion of Real Property (NW Corner – Intersection of 51st Avenue & Havana Street, Parcel 1)

Ms. Dell opened the public hearing on the Inclusion of NW Corner – Intersection of 51st Avenue & Havana Street, Parcel 1 in the District and Consider Adoption of Resolution No. 2018-10-03: Order for Inclusion of Real Property (NW Corner – Intersection of 51st Avenue & Havana Street, Parcel 1). Ms. Tanaka reported that the notice for the public hearing was published in accordance with Colorado law and no written objections were received prior to the hearing. There being no public present, the public hearing was closed.

Upon motion of Mr. Ungemah, seconded by Mr. Thornton, the Board unanimously approved the inclusion of property as presented and adopted the corresponding inclusion of real property resolution.

Conduct Public Hearing on Inclusion of District IV East of CPB, Parcels 1 & 2 in the District and Consider Adoption of Resolution No. 2018-10-04: Order for Inclusion of Real Property (District IV East of CPB, Parcels 1 & 2)

Ms. Dell opened the public hearing on the Inclusion of District IV East of CPB, Parcels 1 & 2 in the District and Consider Adoption of Resolution No. 2018-10-04: Order for Inclusion of Real Property (District IV East of CPB, Parcels 1 & 2). Ms. Tanaka reported that the notice for the public hearing was published in accordance with Colorado law and no written objections were received prior to the hearing. There being no public present, the public hearing was closed.

Upon motion of Mr. Ungemah, seconded by Mr. Thornton, the Board unanimously approved the inclusion of property as presented and adopted the corresponding inclusion of real property resolution.

DEVELOPMENT UPDATES

Mr. Fennelly reported that there is one more parcel of land to take down and include into the district. This has to be purchased by May 2019 pursuant to Forrest City’s contract but is expected to be completed in December 2018.

All four lanes of the CPP bridge were expected to open this month but will now open in November. Mr. Ungemah noted there are some illumination issues on the bridge. Mr. Fennelly will follow up on this.

The MLK Boulevard approvals from CDOT have been obtained and the construction contract has been awarded with ground breaking starting in November. It is expected to take 1 year to complete the project. The road is approximately 1 mile long and there are not many utilities involved in the area which will keep the total construction time shorter than normal.

**MATTERS RELATED TO
PARK CREEK
METROPOLITAN
DISTRICT**

Update from Park Creek
Metropolitan District

2018 Bond Issuance

Ms. Jones noted it is time again for Park Creek Metropolitan District (“Park Creek”) to convert its higher rated debt to lower interest rate debt. She noted that the transaction will be the substantially the same as last year with the only difference being the size of the issuance and the interest rate. It is anticipated that this year’s issuance will be around \$40 Million with approximately \$28 Million being tax-exempt. She noted that closing is anticipated to be around December 20, 2018.

Mr. Ungemah inquired into the impact of this issuance on the long-term debt for Park Creek and the District and how this issuance fits in with the overall plan for debt in Park Creek and the District. Ms. Jones noted that the recent increases in interest rates are lower than what was projected initially so there has not been a negative impact on the issuance. When those projections are run they are run very conservatively in order to anticipate any possible market changes. She does not foresee anything that would have a serious impact on final payoff dates for the bonds.

The Board discussed the stability of the development and growth within the community which has contributed to the lower interest rates. Ms. Dell inquired into how much debt remains to be converted after this year’s issuance. Mr. Fennelly estimated that approximately \$140 Million will be remaining after this year’s issuance.

Mr. Ross inquired into what happens if development slows down and how Forrest City handles those undeveloped parcels. Mr. Fennelly noted that they own the parcels and pay taxes on these parcels and are incentivized to develop them or to sell them for development. Forrest City will develop some of the remaining parcels themselves but others they may sell to another builder so that it can develop more quickly. He noted that it depends on the location of the various parcels and intended use. Mr. Fennelly noted he is not sure what Brookfield's plan is with the parcels. Ms. Jones reported that she recently attended a meeting where it was noted that the trend in development is away from commercial and retail development because of how people shop and work. People are now looking at industrial uses for distribution purposes, similar to Amazon. From a tax base standpoint, these are more profitable than commercial and retail.

The Board thanked Ms. Jones for attending the meeting and providing the update.

Bond Fee Disclosure Agreement for Bond Issuance Ms. Tanaka presented the Board with a Bond Fee Disclosure Agreement for her firm's general counsel role in the bond issuance noting that the fee is estimated to be the same as last year's bond issuance and fee, which is \$10,000. Upon motion of Mr. Thornton, seconded by Mr. Ungemah, the Board unanimously approved the bond fee disclosure agreement.

Transition of Park Creek Metropolitan District to Westerly Creek Metropolitan District Mr. Fennelly noted that he heard the Board's desires from the last meeting with regard to the eventual dissolution of Park Creek and transition of matters to the District. He presented the Board with an estimated timeline for the completion of residential and commercial development, which anticipates that all development will be complete in 2025. It is anticipated that, depending on the tax base and interest rates, that all debt will be issued by the end of 2026. At that time, when these items are complete, the Park Creek Service Plan requires Park Creek to dissolve.

Mr. Downey thanked Mr. Fennelly for his presentation and noted this is exactly what the District has been looking to have from Park Creek and what he, personally, has been requesting for a while. He noted he previously stated he would not vote in favor of additional bond issuances and inclusions until this information was provided. He noted that Mr. Fennelly's provision of the information eliminates his concerns and he is no longer of the position that he will not vote in favor of these items and will, instead, be a yes vote going forward. He also thanked Ms.

Holloway for her work and assistance with matters involving SDC.

Mr. Downey inquired into what needs to be done with the Park Creek proposal set forth in Mr. Fennelly's memorandum and presentation. Ms. Tanaka noted that the memorandum summarizes the Districts' Service Plan requirements and estimates times for the completion of those events but is not necessarily a formal proposal that needs to be accepted or agreed to but could perhaps be acknowledged.

Mr. Downey noted he would like to have the memorandum set forth more formally in an agreement in writing so that it is known by the parties going forward how everything will transition. Ms. Dell also noted the transition of the directors' parcel for Park Creek is important to determine and know. Mr. Fennelly noted that the memorandum only summarizes the Service Plan requirements and puts estimated time frames with those events. Mr. Thornton suggested an annual update in the first quarter of each year from Park Creek and SDC for the remaining commitments and issues outstanding and where the transition stands. Mr. Fennelly will ask Park Creek if the Board would be willing to do this going forward. Ms. Bookhardt noted that the annual update is a good idea given that the market changes constantly and this will allow the anticipated plan to be updated accordingly to reflect the current market conditions.

Mr. Johnston thanked Mr. Fennelly for putting the memorandum together and noted it is important to know that the dates are not set in stone. Mr. Downey acknowledged that these are milestones and not deadlines.

Mr. Ross inquired into what happens if the market conditions change so that the interest rates are higher than the developer notes. Mr. Fennelly noted that Park Creek would not issue bonds to take those notes out if it puts Park Creek and the District in a worse position. Instead, the developer would continue to hold the notes until the market conditions change.

Mr. Fennelly noted that Brookfield is in the process of buying the shares of Forrest City. The shareholders of Forrest City will vote by proxy on November 15 on the purchase. He does not have any more information on this other than that but hopes to know more next month.

Discuss Volunteers for The Board did not formally make this determination at the Attendance at Next Park meeting.
Creek Metropolitan District Meeting

Executive Session (§§ 24-6- None.
402(4)(b) and (e), C.R.S., for
purpose of discussion Park
Creek Metropolitan District

OTHER BUSINESS

Next Meeting

The next meeting of the District is scheduled for November 28, 2018.

ADJOURNMENT

There being no further business to come before the Board, upon motion, second and unanimous vote, the meeting was adjourned.

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



Secretary for the District