

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE SPRING VALLEY METROPOLITAN DISTRICT NO. 1 AND THE BOARD OF DIRECTORS OF THE SPRING VALLEY METROPOLITAN DISTRICT NO. 1 WATER AND SEWER ACTIVITY ENTERPRISE HELD JANUARY 27, 2022

A Special Meeting of the Board of Directors of the Spring Valley Metropolitan District No. 1 (referred to hereafter as the "District") and the Board of Directors of the Spring Valley Metropolitan District No. 1 Water and Sewer Activity Enterprise (referred to hereafter as the "Enterprise", referred to hereafter collectively as the "Board"), was convened on Thursday, January 27, 2022 at 4:00 p.m. via conference call. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

James E. Marshall
Holly D. Robinson
Shelley Marshall

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Shelley Marshall and, upon vote, unanimously carried, the absence of Director Scott Marshall was excused.

Also In Attendance Were:

David Solin; Special District Management Services, Inc. ("SDMS")

MaryAnn McGeady, Esq. (for a portion of the meeting), Erica Montague, Esq. and Craig Sorensen; McGeady Becher P.C.

Eric Weaver and Cheri Curtis; Marchetti & Weaver LLC

Christopher ("CJ") Kirst; Tahoe Consulting, LLC

PUBLIC COMMENTS

There were no public comments.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosures of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State.

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Mr. Solin noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. Attorney Montague noted that Disclosure Statements have been filed for all directors. No additional conflicts were disclosed.

ADMINISTRATIVE MATTERS

Agenda: Mr. Solin distributed, for the Board's review and approval, a proposed agenda for the District's Special Meeting.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Shelley Marshall and, upon vote, unanimously carried, the agenda was approved, as amended.

Approval of Meeting Location: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Shelley Marshall and, upon vote, unanimously carried, the Board determined the meeting would be held by telephonic means, and encouraged public participation via telephone. The Board further noted that notice of the time, date and location was duly posted and that no objections to the telephonic manner of the meeting, or any requests that the telephonic manner of the meeting be changed by taxpaying electors within the District boundaries, have been received.

Designation of 24-Hour Posting Location: Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Shelley Marshall, and upon vote unanimously carried, the Board determined that notices of meetings of the District Board required pursuant to Section 24-6-402(2)(c), C.R.S., shall be posted at least 24-hours prior to each meeting on the District's website at: <https://springvalleymd1-4.colorado.gov> or if posting on the website is unavailable, notice will be posted on the water tank site - 4200 County Road 174, Elizabeth, Colorado.

FINANCIAL MATTERS

Cost Verification Report No. 24: The Board reviewed Cost Verification Report No. 24 dated January 11, 2022, and revised January 12, 2022, prepared by Schedio Group, LLC, verifying costs associated with the design and construction of public improvements in the amount of \$50,207.55.

Following discussion, upon motion duly made by Director Shelley Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board approved Cost Verification Report No. 24 dated January 11, 2022, and revised

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January 12, 2022, prepared by Schedio Group, LLC, verifying the costs associated with the design and construction of public improvements in the amount of \$50,207.55. The Board further acknowledged Spring Valley Metropolitan District No. 6 Requisition No. 1 in the amount of \$2,472,375.75 for verified costs.

LEGAL MATTERS

Waiver and Release of Reimbursement Rights among the District, MG Land Investments, LLC, and LGI Homes–Colorado, LLC: The Board reviewed the Waiver and Release of Reimbursement Rights among the District, MG Land Investments, LLC, and LGI Homes–Colorado, LLC.

Following discussion, upon motion duly made by Director Robinson, seconded by Director J. Marshall and, upon vote, unanimously carried, the Board ratified approval of the Waiver and Release of Reimbursement Rights among the District, MG Land Investments, LLC, and LGI Homes–Colorado, LLC.

Letter Agreement regarding Spring Valley Ranch Public Improvements and Services among Spring Valley Metropolitan District No. 1, Spring Valley Metropolitan District No. 6, and Century at Spring Valley Ranch, LLC: The Board reviewed the Letter Agreement regarding Spring Valley Ranch Public Improvements and Services among Spring Valley Metropolitan District No. 1, Spring Valley Metropolitan District No. 6, and Century at Spring Valley Ranch, LLC.

Following discussion, upon motion duly made by Director Robinson, seconded by Director J. Marshall and, upon vote, unanimously carried, the Board approved the Letter Agreement regarding Spring Valley Ranch Public Improvements and Services among Spring Valley Metropolitan District No. 1, Spring Valley Metropolitan District No. 6, and Century at Spring Valley Ranch, LLC.

Status of Closing on the Spring Valley Metropolitan District No. 6 General Obligation Limited Tax Bonds, Series 2021(3) and Funding for Capital Projects Pursuant to the Second Amended and Restated Facilities Funding, Construction and Operations Agreement by and between Spring Valley Metropolitan District Nos. 1, 2, 3, 4, 5 and 6: It was noted the closing on the Spring Valley Metropolitan District No. 6 General Obligation Limited Tax Bonds, Series 2021(3) took place prior to this Board meeting, on January 27, 2022.

Required District Funding Commitment under Step-In Rights Agreement between the District and Century Land Holdings, LLC dated December 10, 2021 Related to Spring Valley Filing No. 7 Connection Roads and Related Water, Sanitary Sewer and Storm Drainage Improvements:

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District Engineer's Certification of the District's Cost to Complete Construction of Public Improvements in Accordance with Step-In Rights Agreement: It was noted the acknowledgement of the District Engineer's Certification of the District's Cost to Complete Construction of Public Improvements in Accordance with Step-In Rights Agreement is not needed.

District Accountant's Certification of the District's Deposit of Funds for the Construction of Public Improvements in Accordance with Step-In Rights Agreement: The Board entered into discussion regarding the District Accountant's Certification of the District's Deposit of Funds for the Construction of Public Improvements in Accordance with Step-In Rights Agreement.

Following discussion, the Board acknowledged the District Accountant's Certification of the District's Deposit of Funds for the Construction of Public Improvements in Accordance with Step-In Rights Agreement, in the amount of \$3,500,000.

Resolution No. 2022-01-01 of the Board of Directors of Spring Valley Metropolitan District No. 1 Appropriating, Encumbering and Committing Funds for Spring Valley Ranch Filing No. 7 Connection Roads and Related Water, Sanitary and Storm Drainage Improvements: The Board reviewed Resolution No. 2022-01-01 of the Board of Directors of Spring Valley Metropolitan District No. 1 Appropriating, Encumbering and Committing Funds for Spring Valley Ranch Filing No. 7 Connection Roads and Related Water, Sanitary and Storm Drainage Improvements.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Shelley Marshall and, upon vote, unanimously carried, the Board adopted Resolution No. 2022-01-01 of the Board of Directors of Spring Valley Metropolitan District No. 1 Appropriating, Encumbering and Committing Funds for Spring Valley Ranch Filing No. 7 Connection Roads and Related Water, Sanitary and Storm Drainage Improvements.

Letter Agreement between Spring Valley Metropolitan District No. 1 and Spring Valley Metropolitan District No. 6 regarding reimbursement of Spring Valley Land Investments II, LLC: The Board reviewed the Letter Agreement between Spring Valley Metropolitan District No. 1 and Spring Valley Metropolitan District No. 6 regarding reimbursement of Spring Valley Land Investments II, LLC, pursuant to the Second Amended and Restated Facilities Funding, Construction and Operations Agreement by and between Spring Valley Metropolitan District Nos. 1, 2, 3, 4, 5 and 6, for funds previously advanced by Spring Valley Land Investments II, LLC related to the Spring Valley Filing No. 7 Connection Roads and Related Water, Sanitary Sewer and Storm Drainage Improvements in anticipation of the Spring Valley Metropolitan District No. 6 General Obligation Limited Tax Bonds, Series 2021(3) issuance (the "Filing No. 7 Letter Agreement").

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Following discussion, upon motion duly made by Director Shelley Marshall, seconded by Director J. Marshall and, upon vote, unanimously carried, the Board approved the Filing No. 7 Letter Agreement.

Funding for Completion of Augusta Loop Project:

Reimbursement of MG Land Investments, LLC (“MG Land”) pursuant to the Facilities Funding and Acquisition Agreement between the District and MG Land dated January 24, 2019:

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Shelley Marshall and, upon vote, unanimously carried, the Board approved the reimbursement of MG Land Investments, LLC (“MG Land”) pursuant to the Facilities Funding and Acquisition Agreement between the District and MG Land dated January 24, 2019, in the amount of \$450,000 in principal (with the interest remaining payable), for funds advanced for the completion of the Augusta Loop Project in anticipation of the Spring Valley Metropolitan District No. 6 General Obligation Limited Tax Bonds, Series 2021(3) issuance.

Funding for Completion of Offsite County Roads and Lift Station Projects:

Reimbursement of MG Land Investments, LLC (“MG Land”) pursuant to the Facilities Funding and Acquisition Agreement between the District and MG Land dated January 24, 2019:

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Shelley Marshall and, upon vote, unanimously carried, the Board approved the reimbursement of MG Land Investments, LLC (“MG Land”) pursuant to the Facilities Funding and Acquisition Agreement between the District and MG Land dated January 24, 2019, in the amount of \$1,500,000, for funds advanced for the completion of the Offsite County Roads and Lift Station Projects.

Correction Deed conveying approximately 6.28 acres of property from Spring Valley Metropolitan District No. 1 to Spring Valley Land Investments II, LLC:

The Board reviewed a Correction Deed conveying approximately 6.28 acres of property from Spring Valley Metropolitan District No. 1 to Spring Valley Land Investments II, LLC.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Shelley Marshall and, upon vote, unanimously carried, the Board approved the Correction Deed conveying approximately 6.28 acres of property from Spring Valley Metropolitan District No. 1 to Spring Valley Land Investments II, LLC.

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CAPITAL IMPROVEMENTS MATTERS

Report from Construction Committee: Mr. Kirst and the Board entered into discussion regarding the status of construction projects. It was noted River Highlands Drive for Filing 7 will be built this year. The Construction Committee will be working on a design and installation of the new water holding tank. It was further noted the pond will be reused and construction on a new well will begin late this year.

Adjustment to the Parameters of the Authority of the Construction Committee to Act: No discussion was needed regarding an adjustment to the parameters of the authority of the Construction Committee to act. No action was necessary at this time.

OPERATION & MAINTENANCE

Monthly Activities Reports for September 2021: The Board deferred discussion.


OTHER BUSINESS

There was no other business.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director J. Marshall, seconded by Director Shelley Marshall, and upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By  _____
Secretary for the Meeting