

MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF

HAWTHORN METROPOLITAN DISTRICT NO. 2

Held: Monday, September 11, 2017, at 2:00 p.m. at 17685
W. 83rd Drive, Arvada, Colorado.

Attendance

The special meeting of the Board of Directors of the Hawthorn Metropolitan District No. 2, was called and held as shown above and in accordance with the applicable statutes of the State of Colorado. The following directors, having confirmed their qualification to serve on the Board, were in attendance:

Christopher Elliott
Krystal Bigley
Carly Fenton

Director Corey Elliott and Director Matthew Cavanaugh were absent. All director absences are deemed excused unless otherwise specified.

Also present: Kristin B. Tompkins, Esq., and Megan J. Murphy, Esq., White Bear Ankele Tanaka & Waldron, Attorneys at Law, District General Counsel; Sarah Hunsche, CliftonLarsonAllen, LLP, District Accountant; Bri Yonkers, Stillwater Community Management, District Manager; C. Regan Hauptman, Remington Homes; Zach Bishop, D.A. Davidson & Co., District Underwriter; Christian Matt Janke, E5X Management.

Members of the public in attendance at the meeting and who signed in are reflected on the attached sign-in sheet.

Call to Order

It was noted by Director Elliott that a quorum of the Board was present and the meeting was called to order.

**Conflict of Interest
Disclosures**

Ms. Tompkins advised the Board that pursuant to Colorado law, certain disclosures by the Directors may be required prior to taking official action at the meeting. The agenda for the meeting was reviewed, following which each Director confirmed that nothing appeared on the agenda for which disclosure certificates had not been filed. The disclosure certificates were reviewed by the Directors and were ordered to be made part of the official minutes of the meeting.

The Board determined that participation by the directors with potential conflicts of interest was necessary to obtain a quorum or otherwise enable lawful action to occur.

Agenda

Ms. Tompkins presented the Board with the agenda for the meeting for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the agenda as presented.

Community Updates

Developer Update –
Landscaping/Trees

Mr. Hauptman informed the Board that the developer anticipates reseeded, tree replacement, temporary irrigation systems, remediation in certain yards and sod around the playground to occur within the next 30 days. Director Fenton requested a map depicting the developer work being undertaken.

Underdrain Update

Mr. Hauptman informed the Board that the main collection line was scoped and cleaned out. The Board noted there is a community meeting scheduled for Thursday, September 14th at 6:00 p.m. with County and Lennar representatives to attend to provide updates on the underdrain system.

District Advisory Committee
Update – Status of
Management Bids

It was noted that the request for proposals was published in the *Golden Transcript* on September 7, 2017 and requests for proposals were also sent out to several management companies. Bids are due back by October 2nd. The committee will then meet to review bids and interview candidates.

Public Comment

Mr. Pate commended the Board on the most recent newsletter and the new signs.

Ms. Brooks expressed concern over bugs on the Ash trees at 58th and Gilbert and also with mountain lion sightings. Director Bigley requested that Ms. Yonkers look into the type of bugs and consider replacing trees with maples in the event the bugs are ash borer beetles. Ms. Yonkers also suggested including information on mountain lions in the next newsletter.

Consent Agenda

The following items on the consent agenda were considered routine or administrative. Following a summary by Ms. Tompkins, the items on the consent agenda were approved by one motion duly made, seconded, and vote unanimously carried.

1. Approval of Minutes from the July 26, 2017 Special Meeting

Legal Matters

Consider Approval of Independent Contractor Agreement regarding District Eligible Cost Certification Services between the District and Manhard Consulting, LTD

Ms. Tompkins presented the Board with the Independent Contractor Agreement regarding District Eligible Cost Certification Services between the District and Manhard Consulting, LTD for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the agreement.

Consider Engagement of Independent Civil Engineer related to Underdrain System Turnover

The Board engaged in a discussion regarding the engagement of an independent civil engineer in anticipation of the turnover of the main underdrain system. Following discussion, upon a motion duly made and seconded, the Board authorized Director Bigley and Director Elliott to obtain proposals and make a selection, subject to review by legal counsel.

Consider Ratification of 2016 Annual Report

Ms. Tompkins presented the Board with the 2016 Annual Report for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously ratified the report.

Consider Approval of Proxy Designation Form for the Meeting of the Colorado Special Districts Liability Pool

Ms. Tompkins presented the Board with the Proxy Designation Form for the meeting of the Colorado Special Districts Liability Pool for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the form.

Facilities Management

District Manager/Stillwater Update – Landscape Issues Architectural Review Committee

Ms. Yonkers informed the Board that she is obtaining bids for signage. She expected the new landscape bids to come in soon. She also noted she has sent out request for proposals for dog waste stations, and is working with residents on complying with backyard landscaping installation requirements.

Discuss Turnover of Architectural Review Committee from Developer to District

Ms. Tompkins noted that, pursuant to the covenants, the Architectural Review Committee authority automatically transferred from developer to the District when the last lot sold earlier in 2017.

Consider Appointment of Architectural Review Committee

The Board engaged in a discussion regarding appointment of the Architectural Review Committee. Following discussion, upon a motion duly made and seconded, the Board appointed Stillwater Community Management as the Architectural Review Committee. The Board instructed the District Advisory Committee to make a recommendation as to the appropriate Architectural Review Committee for the next meeting.

Consider Ratification of Prior Approvals of Previous Architectural Review Committee

The Board discussed the prior approvals of the previous Architectural Review Committee. Following discussion, upon a motion duly made and seconded, the Board unanimously ratified the prior approvals.

Financial Matters

Consider Acceptance of Unaudited Financial Statements dated June 30, 2017

Ms. Hunsche presented the Board with the June 30, 2017 unaudited financials. Following discussion, upon a motion duly made and seconded, the Board unanimously accepted the unaudited financials.

Consider Approval of Claims

Ms. Hunsche presented the Board with the Claims Payable. Following discussion, upon a motion duly made and seconded, the Board unanimously approved check numbers 1037 through 1048 in the amount of \$58,591.37.

Bond Matters

Discuss Potential Refinancing of Existing 2014 and 2015 Bonds (“2017 Bonds”)

Mr. Bishop presented the proposed refunding. The Board engaged in a discussion regarding the proposed refinancing, which would include the A and B series to refund the existing senior and subordinate debt. Mr. Bishop noted the senior debt is currently at 6.375% interest and the new A series is anticipated to be between 4.75% to 5% interest and the subordinate debt is currently at 8% interest and the new B series is anticipated to be between 7.25% to 7.5% interest. As of December 31, 2016, the District owes approximately \$1,531,196.00 in reimbursable costs to the developer and additional costs are in the process of being certified to the District. As part of the proposed refinancing, the District would issue a C series to reimburse the developer for a portion of outstanding amounts owed by the District. Director Elliott, as developer, indicated it was willing to waive any reimbursements remaining unpaid after the issuance of the 2017 C series. It was also noted that the mill levy for the District would not be required to go up as a result of the proposed refinancing and that the C series bonds would terminate in 2057 regardless of amounts outstanding at the time.

Consider Engagement of Sherman & Howard as District Disclosure Counsel for the 2017 Bonds

Ms. Tompkins presented the Board with the Sherman & Howard engagement letter for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the engagement.

Consider Engagement of D.A. Davidson & Co. as Underwriter for the 2017 Bonds

Ms. Tompkins presented the Board with the D.A. Davidson & Co. engagement letter for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the engagement.

Consider Engagement of Kutak Rock LLP as Bond Counsel for the 2017 Bonds

Ms. Tompkins presented the Board with the Kutak Rock, LLP engagement letter for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the engagement.

Consider Approval of the Term Sheet for the 2017 Bonds

Ms. Tompkins presented the Board with the Term Sheet for the 2017 bonds. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the term sheet.

Consider Approval of Fee Disclosure for the 2017 Bonds of White Bear Ankele Tanaka & Waldron

Ms. Tompkins presented the Board with the Fee Disclosure of White Bear Ankele Tanaka & Waldron for the 2017 bonds for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the fee disclosure.

Other Financial Matters

None.

Other Business

None.

Next Meeting

The Board noted there is a community meeting scheduled for Thursday, September 14, 2017 at 6:00 p.m. The next regular meeting is scheduled for Monday, December 4, 2017.

Adjournment

There being no further business to come before the Board, and following discussion and upon motion duly made, seconded and unanimously carried, the Board 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 4th day of December, 2017.