

MINUTES OF THE JOINT REGULAR MEETING OF  
THE BOARDS OF DIRECTORS OF

HAWTHORN METROPOLITAN DISTRICT NOS. 1 & 2

Held: Monday the 3<sup>rd</sup> day of November, 2014, at 1:30  
p.m. at: 5740 Olde Wadsworth Boulevard, Arvada,  
Colorado 80002

Attendance

The joint regular meeting of the Boards of Directors of the Hawthorn Metropolitan District Nos. 1 & 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 Boards, were in attendance:

Chris Elliott  
C. Regan Hauptman  
P. Ron Hauptman  
Matthew Cavanaugh  
Corey Elliott

All director absences are deemed excused unless otherwise specified.

Also present: Kristin Bowers Tompkins, Esq., White Bear Ankele Tanaka & Waldron, Attorneys at Law, District General Counsel; Sarah Hunsche, CliftonLarsonAllen, LLP, District Accountant; Doug Edwards, Remington Homes; and Scott Bristol and Jill Strose, Stillwater Community Management.

Call to Order

It was noted that a quorum of the Boards were present and the meeting was called to order.

Combined Meeting

The Boards of Directors of the Districts have determined to hold joint meetings of the Districts and to prepare joint minutes of actions taken by the Districts in such meetings. Unless otherwise noted herein, all official action reflected in these minutes shall be deemed to be the action of each District. Where necessary, action taken by an individual District will be so reflected in these minutes.

Conflict of Interest  
Disclosures

Ms. Tompkins advised the Boards that pursuant to Colorado law, certain disclosures by the directors may be required prior to

taking official action at the meeting. The Directors reviewed the agenda for the meeting, following which each Board member confirmed the contents of any written disclosure previously made stating the fact and summary nature of any matters as required under Colorado law to permit official action to be taken at the meeting. Additionally, the Boards determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the Boards to act.

Written disclosures of conflicts of interest were filed with the Secretary of State at least 72 hours prior to the meeting.

Agenda	Ms. Tompkins presented the proposed agenda to the Boards. After consideration, the Boards unanimously approved the agenda.
Public Comment	None.
Approval of Minutes from the August 11, 2014 Meeting	The Boards reviewed the minutes from the August 11, 2014 meeting. Following discussion, upon a motion duly made and seconded, the Boards unanimously approved the minutes.

**Legal Matters**

Consider Approval of Independent Contractor Agreement with Metro Landscape, Inc. for Snow Removal Services	Ms. Tompkins presented the Boards with the Independent Contractor Agreement with Metro Landscape, Inc. for Snow Removal Services. Following discussion, upon a motion duly made and seconded, the Boards unanimously approved the Independent Contractor Agreement with Metro Landscape, Inc. for Snow Removal Services, subject to a reduction of the scope of services to just Gilbert Street and authorized Mr. Bristol to obtain additional proposals if Metro Landscape, Inc. determines to not sign the Independent Contractor Agreement.
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Discuss Tracts B and E and Approval of Maintenance Agreement with Hawthorn Development, Inc.	The Boards discussed Tracts B and E and Approval of Maintenance Agreement with Hawthorn Development, Inc. No action was taken.
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Ratify Independent Contractor Agreement with Waste Management of Colorado, Inc. for Waste/Recycle Services	Ms. Tompkins presented the Boards with the Independent Contractor Agreement with Waste Management of Colorado, Inc. for Waste/Recycle Services. Following discussion, upon a motion duly made and seconded, the Boards unanimously ratified the Independent Contractor Agreement with Waste Management of Colorado, Inc. for Waste/Recycle Services.
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Consider Approval of Extension of Independent	Mr. Bristol presented the Boards with the Extension of Independent Contractor Agreement (District Management) with
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Contractor Agreement  
(District Management) with  
Stillwater Community  
Management, LLC

Stillwater Community Management, LLC. Following discussion, upon a motion duly made and seconded, the Boards unanimously approved the Extension of Independent Contractor Agreement (District Management) with Stillwater Community Management, LLC.

Ratify Engagement of Kutak  
Rock, LLP as District Bond  
Counsel

Ms. Tompkins presented the Engagement Letter from Kutak Rock, LLP as District Bond Counsel. Following discussion, upon motion duly made and seconded, the Boards unanimously ratified the Engagement Letter from Kutak Rock, LLP as District Bond Counsel.

Discuss Status of  
Conveyance of Underdrain  
System to District No. 1 for  
Maintenance

Director Cavanaugh informed the Board of District No. 1 that the underdrain system is ready for conveyance to District No. 1. He believes the costs were previously verified by Ken Brown. The Board of District No. 1 will consider acceptance at the next board meeting.

Discuss Status of  
Conveyance of Tracts to  
District No. 1

The Board of District No. 1 was informed that Director Cavanaugh and Mr. Bristol are still working on this matter.

Consider Adoption of 2015  
Joint Annual Administrative  
Resolution

Ms. Tompkins presented the Boards with the 2015 Annual Administration Resolution. Following discussion, upon a motion duly made and seconded, the Boards unanimously adopted the 2015 Annual Administration Resolution.

Consider Approval of  
Special District Disclosure  
Pursuant to § 32-1-104.8  
C.R.S.

Ms. Tompkins presented the Boards with the Special District Disclosure Pursuant to § 32-1-104.8 C.R.S. Following discussion, upon a motion duly made and seconded, the Boards unanimously approved the Special District Disclosure Pursuant to § 32-1-104.8 C.R.S. and instructed legal counsel to record as required by Colorado law.

2015 Insurance Renewal

Ms. Tompkins presented the Boards with the Crime Coverage, Fidelity Bonds and Designated Agent Endorsements Memorandum. Following discussion with legal counsel and accounting, the Board determined there was sufficient coverage and internal controls at this time, and that no additional coverage is necessary.

Discuss Rules and  
Regulations and Design  
Guidelines

The Boards discussed that under the Covenants the Developer has Architectural Review Committee and Covenant Enforcement powers until such time as the Developer designates the District or the last lot is sold. The existing Rules and Regulations that are in place are causing confusion with homeowners that the Districts are providing the services. Following discussion, upon a motion

duly made and seconded, the Boards terminated the existing Rules and Regulation and authorized legal counsel to work with the Architectural Review Committee on establishing design guidelines for the current Architectural Review Committee to use, and the Districts will take over in the future. The Boards also discussed amending the Covenants due to some confusion in the Covenants and rules that the Districts cannot enforce.

## **Financial Matters**

Schedule of Cash Position  
Dated September 30, 2014,  
Updated as of October 28,  
2014 (District No. 1)

Ms. Hunsche presented the Board of District No. 1 with the Schedule of Cash Position Dated September 30, 2014, updated as of October 28, 2014. Following discussion, upon a motion duly made and seconded, the Board of District No. 1 unanimously accepted the Schedule of Cash Position.

Consider Approval of Claims  
(District No. 1)

Ms. Hunsche presented the Board of District No. 1 with the Claims Payable. Following discussion, upon a motion duly made and seconded, the Board of District No. 1 unanimously approved check numbers 1017 through 1020 in the amount of \$19,512.84, subject to funding.

Public Hearings on 2014  
Budget Amendments

Director Cavanaugh opened the public hearings for the 2014 budget amendments. Ms. Tompkins noted that notice for the public hearings were made in accordance with the applicable Colorado statutes. No written objections were received prior to the public hearings. After no public comment was made, the public hearings were closed. It was noted that no budget amendment was needed for District No. 1.

Ms. Hunsche presented the Board of District No. 2 with the 2014 budget amendment for consideration. Following discussion, upon a motion duly made and seconded, the Board of District No. 2 unanimously approved to amend the 2014 General Fund to \$9,930, the Capital Project Fund to \$10,200,000, and the Debt Service Fund to \$100,000.

Public Hearings on 2015  
Budgets

Director Cavanaugh opened the public hearings for the 2015 budgets for the Districts. Ms. Tompkins noted that notice for the public hearings were made in accordance with the applicable Colorado statutes. No written objections were received prior to the public hearings. After no public comment was made, the public hearings were closed.

Ms. Hunsche presented the Boards with the 2015 budgets for consideration. Following discussion, upon a motion duly made and seconded, the Boards unanimously approved the 2015

budgets and budget resolutions, and certified the following mill levies:

District No. 1: 0.00 mills

District No. 2: 12.500 mills in the General Fund and 50.000 mills in the Debt Service Fund

The Boards also directed legal counsel and the Districts' accountant to certify the Districts' mill levies by December 15, 2014 and to file the 2015 budgets by January 30, 2015.

Consider Engagement of CliftonLarsonAllen, LLP for 2015 Accounting Services

Ms. Hunsche presented the Boards with the Engagement Letter from CliftonLarsonAllen, LLP for 2015 Accounting Services. Following discussion, upon a motion duly made and seconded, the Boards unanimously approved the Engagement Letter with CliftonLarsonAllen, LLP.

Other Financials

The Board of District No. 2 discussed the engagement of an auditor to perform the 2014 Audit. The Board of District No. 2 authorized Ms. Hunsche to obtain proposals and select the auditor.

### **Construction Matters**

Discuss Status of Construction of Water and Sanitary Sewer System and Conveyance to North Table Mountain Water and Sanitation District

The Boards discussed the status of construction of the water and sanitary sewer system and conveyance to North Table Mountain Water and Sanitation District. Director Cavanaugh indicated that the system was complete and conveyed, and that fees need to start being paid to North Table Mountain Water and Sanitation District in 2015. The Boards directed Ms. Hunsche to include this cost in the 2015 budget.

### **Management Update**

None.

### **Other Business**

The Boards determined to cancel the December 1, 2014 meeting.

Adjournment

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