

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

HAWTHORN METROPOLITAN DISTRICT NOS. 1 & 2

Held: Monday, December 5, 2016, at 2:00 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 Tompkins, Esq. and Megan L. Taggart, Esq., White Bear Ankele Tanaka & Waldron, Attorneys at Law, District General Counsel; Sarah Hunsche, CliftonLarsonAllen, LLP, District Accountant; Scott Bristol, Stillwater Community Management, District Manager; Carly Fenton, homeowner and board applicant; and Krystal Bigley, homeowner and board applicant.

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 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 Boards 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 Boards with the agenda for the meeting for consideration. Following discussion, upon a motion duly made and seconded, the Boards unanimously approved the agenda as amended.

Public Comment

None.

Administrative Matters

Election of Officers
following May 2016 Director
Election

Ms. Tompkins noted that the Boards are required by statute to have a Chairperson, a Treasurer, and a Secretary, which Secretary position is not required to be a member of the Boards. Following discussion, upon a motion duly made and seconded, the Boards unanimously appointed Mr. Christopher Elliott as President, Mr. Corey Elliot as Treasurer, Mr. Cavanaugh as Secretary, Mr. C. Regan Hauptman as Assistant Secretary, and Mr. P. Ron Hauptman as Assistant Secretary.

Consent Agenda

Upon a motion duly made and seconded, the Boards unanimously approved the consent agenda items as follows:

- Minutes from the April 4, 2016 Regular Meeting
- Disclosure Notice Pursuant to § 32-1-809, C.R.S. (District No. 2)
- Ratification of 2015 Annual Report
- Engagement of Dazzio & Associates, P.C. to Perform 2016 Audit (District No. 2)
- Cash Access Addendum to Engagement Letter dated March 17, 2016 with CliftonLarsonAllen, LLP (District No. 2)
- Renewal of Independent Contractor Agreement with Long Corporation d/b/a Poop 911 for 2017 Pet Waste Station Services (District No. 2)
- Renewal of Independent Contractor Agreement with Waste Management of Colorado, Inc. for 2017

Waste/Recycle Services (District No. 2)

Legal Matters

Consider Adoption of 2017 Administrative Matters Resolution (District No. 2)

Ms. Tompkins presented the Board of District No. 2 with the 2017 Administrative Matters Resolution. Following discussion, upon a motion duly made and seconded, the Board of District No. 2 unanimously adopted the resolution.

Insurance (District No. 2)

Ms. Tompkins presented the Board of District No. 2 with the Property and Liability Schedule Limits for 2017. Following discussion, upon a motion duly made and seconded, the Board of District No. 2 unanimously determined to maintain the same insurance as 2016 for 2017, approved the T. Charles Wilson Agency Fee Agreement, approved the Special District Association Membership Renewal, and approved the Workers' Compensation Coverage. The Board of District No. 2 also determined to obtain \$2,000,000 in Excess Liability Coverage.

Consider Adoption of Resolution Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges Replacing the District's Prior Policy (District No. 2)

Ms. Tompkins presented the Board of District No. 2 with the Resolution Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges. Following discussion, upon a motion duly made and seconded, the Board of District No. 2 unanimously adopted the resolution.

Consider Approval of Assignment and Acceptance of Surface Groundwater Collection System Maintenance Plan between District No. 1 and District No. 2

Ms. Tompkins presented the Boards with the Assignment and Acceptance of Subsurface Groundwater Collection System Maintenance Plan from District No. 1 to District No. 2. Following discussion, upon a motion duly made and seconded, the Boards unanimously approved the assignment.

Facilities Management

Management Update

None.

Discuss Status of Conveyance of Improvements and Property to District No. 2, approved in February 2016

Ms. Taggart informed the Board of District No. 2 that all items have been received with the exception of a final engineer's certificate from Consilium Design. Ms. Taggart noted that District No. 2 is currently maintaining and insuring the Improvements and Property.

Consider Adoption of Resolution Adopting a Park and Open Space Use Policy

Ms. Tompkins presented the Board of District No. 2 with the Resolution Adopting a Park and Open Space Use Policy. Following discussion, upon a motion duly made and seconded,

(District No. 2)

the Board of District No. 2 unanimously adopted the resolution.

Consider Approval of Fee Increase and Renewal of Independent Contractor Agreement with Stillwater Community Management, LLC for 2017 Management Services (District No. 2)

Ms. Tompkins presented the Board of District No. 2 with the Independent Contractor Agreement with Stillwater Community Management, LLC for 2017 Management Services, noting the fee increase. Following discussion, upon a motion duly made and seconded, the Board of District No. 2 unanimously approved the agreement.

Consider Approval of First Amendment to Independent Contractor Agreement with Stillwater Community Management, LLC for District Management (District No. 2)

Ms. Tompkins presented the Board of District No. 2 with the First Amendment to Independent Contractor Agreement with Stillwater Community Management, LLC for District Management. Following discussion, upon a motion duly made and seconded, the Board of District No. 2 unanimously approved the First Amendment.

Consider Approval of Independent Contractor Agreement with A Touch of Class Trees Services, Inc. for Tree Trimming and Removal Services (District No. 2)

Ms. Tompkins presented the Board of District No. 2 with the Independent Contractor Agreement with A Touch of Class Trees Services, Inc. for Tree Trimming and Removal Services. Following discussion, upon a motion duly made and seconded, the Board of District No. 2 unanimously approved the agreement, subject to receipt of a Certificate of Insurance and IRS Form W-9 from A Touch of Class Trees Services, Inc.

Ms. Hunsche noted this Independent Contractor Agreement will likely require a developer advance to cover the cost.

Consider Approval of Independent Contractor Agreement with Keesen Landscape Management, Inc. for 2016-2017 Snow Removal Services (District No. 2)

Ms. Tompkins presented the Board of District No. 2 with the Independent Contractor Agreement with Keesen Landscape Management, Inc. for 2016-2017 Snow Removal Services. Following discussion, upon a motion duly made and seconded, the Board of District No. 2 unanimously approved the agreement, subject to receipt of a Certificate of Insurance from Keesen Landscape Management, Inc.

Consider Approval of Independent Contractor Agreement with Keesen Landscape Management, Inc. for 2017 Landscaping Services (District No. 2)

Ms. Tompkins presented the Board of District No. 2 with the Independent Contractor Agreement with Keesen Landscape Management, Inc. for 2017 Landscaping Services. Following discussion, upon a motion duly made and seconded, the Board of District No. 2 unanimously approved the agreement, subject to receipt of a Certificate of Insurance from Keesen Landscape Management, Inc.

Consider Approval of Independent Contractor

Ms. Tompkins presented the Board of District No. 2 with the Independent Contractor Agreement with Dave's Landscaping,

Agreement with Dave's Landscaping, LLC for Weed Removal (District No. 2)

LLC for Weed Removal. Following discussion, the Board of District No. 2 deferred action at this time because the District does not have the funds for additional weed removal services in 2017.

Consider Agreement and Reimbursement to Remington Homes Co. for Landscaping Services (District No. 2)

Following discussion, the Board of District No. 2 determined no action was needed at this time.

Discuss Establishment of Social Committee (District No. 2)

Following discussion, upon a motion duly made and seconded, the Board of District No. 2 unanimously established the Social Committee, appointed Ms. Ashley Scobey to the Social Committee, and allocated \$3,000 to the Social Committee for fiscal year 2017.

Financial Matters

Schedule of Cash Position

Ms. Hunsche presented the Board of District No. 1 with the Schedule of Cash Position dated September 30, 2016, updated as of November 18, 2016. Following discussion, upon a motion duly made and seconded, the Board of District No. 1 unanimously accepted the Schedule of Cash Position.

Claims Payable

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 ratified the Claims Payable in the amount of \$127,993.33.

Discuss Outstanding Amounts owed to Hawthorn Development, Inc. and Golden Peaks, LLC and Issuance of Subordinate Bond Evidencing Amounts Owed

Ms. Hunsche informed the Boards that the Districts owe approximately \$1,500,000 for capital costs and approximately \$80,000 for operation costs to Hawthorn Development, Inc. and Golden Peaks, LLC. Ms. Hunsche informed the Boards that interest continues to accrue at 8% per annum.

Following discussion, the Boards deferred the issuance of any subordinate bonds at this time.

Conduct 2016 Budget Amendment Hearings and Consider Adoption of Resolutions to Amend 2016 Budgets

Director Cavanaugh opened the public hearings for the 2016 budget amendments. Ms. Tompkins noted that notice for the public hearings was 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 2016 budget

amendments for consideration. Following discussion, upon a motion duly made and seconded, the Board of District No. 1 unanimously approved to amend the 2016 General Fund to \$100,000 and the 2016 Fee Operations Fund to \$150,000.

Following discussion, upon a motion duly made and seconded, the Board of District No. 2 unanimously approved to amend the 2016 General Fund to \$100,000, the 2016 Operations Fund to \$30,000, and the 2016 Capital Project Fund to \$10,000.

Conduct 2017 Budget Hearing and Consider Adoption of Resolution to Adopt 2017 Budget and Set Mill Levy (District No. 2)

Director Cavanaugh opened the public hearing for the 2017 budget. Ms. Tompkins noted that notice for the public hearing was made in accordance with the applicable Colorado statutes. No written objections were received prior to the public hearing. After no public comment was made, the public hearing was closed.

Ms. Hunsche presented the 2017 budget to the Board of District No. 2 for consideration. Ms. Hunsche noted that it is projected that District No. 2 will have a revenue shortfall for the 2017 budget. Following discussion, upon a motion duly made and seconded, the Board unanimously determined to increase the operations and maintenance mill levy from 12.500 mills to 16.500 mills to generate an additional \$30,000 in the General Fund. The Board also unanimously adopted the 2017 budget and budget resolution, appropriated the funds as reflected in the budget, and certified 16.500 mills in the General Fund and 50.000 in the Debt Service Fund.

The Board of District No. 2 also directed legal counsel and the District's accountant to certify the District's mill levy by December 15, 2016, and to file the 2017 budget by January 30, 2017.

Other Business

Consider Adoption of Resolution Declaring Inactive Special District Status (District No. 1)

Ms. Tompkins presented the Board of District No. 1 with a Resolution Declaring Inactive Status. Following discussion, upon a motion duly made and seconded, the Board of District No. 1 unanimously adopted the resolution.

Discuss Destruction of District Property by Lennar Homes (District No. 2)

Following discussion, upon a motion duly made and seconded, the Board unanimously authorized Mr. Bristol, Ms. Fenton and Ms. Bigley to work with Lennar Homes to repair the fences and stop destruction of district property. If negotiations are unsuccessful, Mr. Bristol is authorized to work with legal counsel to draft a cease and desist letter.

Review Bids for Management Services (District No. 2)

Following discussion, upon a motion duly made and seconded, the Board of District No. 2 unanimously appointed Director Corey Elliott and Director Cavanaugh to work with the prospective management companies to refine their scope of services, answer outstanding questions, and interview management companies to bring a recommendation to the Board at the next meeting.

Following discussion, upon a motion duly made and seconded, the Board of District No. 2 unanimously accepted a late bid from Stillwater Management Company, LLC.

Acknowledge Resignation of Mr. C. Regan Hauptman

The Board of District No. 2 acknowledged the resignation of Mr. C. Regan Hauptman effective at 3:32 p.m. on December 5, 2016.

Acknowledge Resignation of Mr. P. Ron Hauptman

The Board of District No. 2 acknowledged the resignation of Mr. P. Ron Hauptman effective at 3:32 p.m. on December 5, 2016.

Consider Appointment of Directors to Fill Board Vacancies for a Term Ending May 2020 and Administer Oaths of Office (District No. 2)

Ms. Tompkins noted that there are currently two vacancies on the Board of District No. 2. Ms. Fenton and Ms. Bigley expressed interest in being appointed to the Board and confirmed their qualifications for such appointment. Following discussion, upon a motion duly made and seconded, the Board of District No. 2 unanimously appointed Ms. Fenton and Ms. Bigley to the Board of District No. 2 and administered their Oaths of Office.

Consider Election of Officers

Ms. Tompkins noted that the Boards are required by statute to have a Chairperson, a Treasurer, and a Secretary, which Secretary position is not required to be a member of the Boards. Following discussion, upon a motion duly made and seconded, the Boards unanimously appointed Mr. Christopher Elliott as President, Mr. Corey Elliot as Treasurer, Mr. Cavanaugh as Secretary, Ms. Fenton as Assistant Secretary, and Ms. Bigley as Assistant Secretary.

Discuss Issuance of iPads to Directors

Following discussion, upon a motion duly made and seconded, the Board of District No. 2 unanimously determined to purchase iPads for Director Fenton and Director Bigley, subject to a District policy regarding use of the iPads.

Discuss Payment of Director Fees

Following discussion, upon a motion duly made and seconded, the Board of District No. 2 unanimously determined to pay Director Fenton and Director Bigley director fees authorized by Section 32-1-902(3)(a)(II), C.R.S.

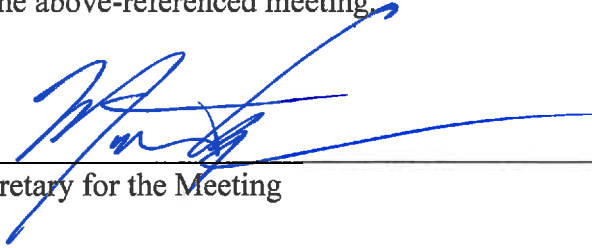
Next Meeting

The next regular meeting is scheduled for March 6, 2017 at 2:00 p.m. at 5740 Olde Wadsworth Boulevard, Arvada, Colorado 80002.

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.

A handwritten signature in blue ink, consisting of several fluid, overlapping strokes, positioned above a horizontal line.

Secretary for the Meeting