

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF

HAWTHORN METROPOLITAN DISTRICT NO. 2

Held: Monday, April 4, 2022, at 2:00 p.m. via Teleconference

This meeting was held via teleconference.

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:

Krystal Bigley
Carly Fenton
Andrea Stewart
Brittany Lutz

Also present were Trish Harris, Esq. and Jon Wagner, Esq. White Bear Ankele Tanaka & Waldron, District General Counsel; Alex Fink, CliftonLarsonAllen, LLP, District Accountant; Matt Chorske, Underwriter with Piper Sandler; Raven Whitaker, Manager with MSI; and Stephen Daniels, Julie Sullivan, and Jerry Wyman; members of the public.

Call to Order

It was noted that a quorum of the Board was present and Director Bigley called the meeting to order at 2:01 p.m.

Conflict of Interest Disclosures

Ms. Harris advised the Board that, pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. Ms. Harris reported that disclosures for those directors that provided White Bear Ankele Tanaka & Waldron with notice of 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. Harris 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 participation of the members present was necessary to obtain a quorum or to otherwise enable the Board to act.

Approval of Agenda

Director Bigley presented the agenda to the Board for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the agenda.

Consent Agenda

Director Bigley reviewed the items on the consent agenda with the Board. Director Bigley advised the Board that any item may be removed from the consent agenda to the regular agenda upon the request of any director. Upon a motion duly made and seconded, the following items on the consent agenda were unanimously approved, ratified and adopted:

- Minutes from December 6, 2021 Special Meeting

Financial Matters

Acceptance of Unaudited Financials and Approval of Claims

Mr. Fink presented the Unaudited Financials and Claims to the Board. Following discussion, upon a motion duly made and seconded, the Board unanimously accepted the financials and approved the claims.

Acceptance of 2021 Audit

Mr. Fink presented the draft 2021 Audit, and highlighted that the Special Revenue Fund will be eliminated from the 2022 financials as the District terminated the maintenance fee and instead, those expenses are now covered through the tax revenue generated by the general fund mill levy. It was noted that a 2021 budget amendment is not needed in relation to the 2021 audit. Upon a motion duly made and seconded, the board unanimously accepted the 2021 accepted, subject to legal and auditor review and comments.

Discussion of Possible Bond Refinancing

Mr. Chorske presented to the Board, noting that the 2017 bonds are callable in December 2022. This District is in a position now to refinance its existing debt to lower interest rates. Mr. Chorske presented two options: (1) convertible loan (taxable until 90 days prior to the call date, 20 year maturity, 30 year amortization), or (2) investment grade bonds (would seek an investment grade rating for the District or insurance on the bonds). The Board directed Piper Sandler to proceed both options on parallel tracks, and directed Ms. Harris to reach out to North Slope to provide an engagement letter to act as an External Financial Advisor to the District in relation to the transaction. A special meeting will be held for Mr. Chorske to present proposals, and for the Board approve engagement letters with North Slope, Piper Sandler, and other consultants.

Facilities/Management Matters

Consider Ratification of Third Amendment to Independent Contractor Agreement (Landscape Maintenance) with Environmental Landworks regarding irrigation controller

Director Bigley presented the Third Amendment to Independent Contractor Agreement with Environmental Landworks. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the amendment.

Consider Approval of Amendment to Independent Contractor Agreement with MSI regarding status letters

Ms. Harris and Mr. Wagner presented and discussed the need for the Amendment to the Independent Contractor Agreement with MSI regarding status letters. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the amendment.

Consider Proposal from Environmental Landworks for Seeding Work

Director Bigley presented the proposal from Environmental Landworks for seeding work. The Board directed Ms. Whitaker to research and present other possible options that she may have been seen in other communities that she has worked with.

Review and Discuss Manager's Violation Summary

Ms. Whitaker discussed the primary violations and will present a written report for the next scheduled meeting.

Update Regarding Erosion Near 93rd and 58th by Jefferson County

Ms. Harris updated the Board on the erosion near 93rd and 58th by Jefferson County. Ms. Harris advised that she had reached out to a contact she has at Colorado Department of Transportation, and that, to date, erosion barriers have been put in place, and the culverts created by the erosion have been graded. Ms. Harris will follow up with CDOT regarding further details and any possible long-term solution

Legal Matters

Discussion of Outstanding Collection Accounts

Mr. Wagner discussed delays regarding SDMS accounts. Six accounts currently are on hold with outstanding fees from the previous year due to the attorney turnover threshold not being met. Mr. Wagner also reported that there are several accounts that have been previously turned over to WBA, but that the foreclosure threshold has not yet been reached. Following discussion, upon a motion duly made and seconded, the Board unanimously approved to deviate from the collection policy and directed WBA to continue with collection efforts on all accounts.

Mr. Wagner also reported that there are a several accounts where the homeowners overpaid on their accounts. Following discussion,

upon a motion duly made and seconded, the Board unanimously approved reimbursement to those homeowners of such amounts that were overpaid.

Consider Amendments to the Second Amended and Restated Resolution Establishing Guidelines for the Processing and Collection of Delinquent Fees Regarding Foreclosure Threshold and Status Letters

There are no changes to the collection policy at this time and the matter was tabled until the next scheduled meeting.

Consider Engagement of Special Counsel for Foreclosure Actions

The matter is tabled until the next scheduled meeting.

Consider Ratification of Termination of the Resolution Concerning the Imposition of an Operations Fee

Director Bigley presented the Termination of the Resolution Concerning the Imposition of an Operations Fee. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the termination.

Update on the May 3, 2022 Election

Ms. Harris discussed that Ms. Lutz and Ms. Stewart have submitted self-nomination forms for the terms through 2025 and Mr. Daniels has submitted a self-nomination from for the vacant term through 2023. Because no more additional self-nomination forms have been submitted for the open positions, Ms. Harris advised that the election has been cancelled and those individuals will be deemed elected. Oaths of Office to be administered after May 3, 2022 for the Board members serving the elected terms.

Update on the Status of the Bark Yark Work

Ms. Harris discussed that the Bark Yard Work is planning to install the water and sewer lines and will continue to be in contact Bark Yard Work regarding scheduling.

Director Matters

Discussion of Paint Colors on 6172 Eldora Street

Ms. Harris and the Board discussed allowing the color variance, but upon the home needing to be repainted, the owner must paint the home in an approved color scheme. Following discussion, upon a motion duly made and seconded, the Board unanimously approved such action and directed WBA to prepare a letter to the owner regarding the same.

Discussion of Hogback Mining Initiative

Director Bigley introduced Mr. Jerry Wayman who is affiliated with “Protect the Hogback”, a nonprofit organization of concerned residents in the area. The organization is concerned with the impacts of the proposed mining on the hogback on air, water, fossils, wildlife, property values and compatibility of the mining with current residential character of the community. The organization is attempting to raise awareness and is encouraging involvement of the residents of the District. The Board discussed that the District is willing to include information in the District newsletter, send an e-blast to the community, as well as including a link to their website on the District’s website.

Discuss Assignment of Duties to Review Monthly Statements and Architectural Review Committee

Director Fenton discussed relinquishing her duties relative to reviewing bills and serving on the ARC. The Board will discuss the bill.com duties at the next meeting. The District will email notification to the community regarding the vacancy on the ARC and then consider an appointment at the next scheduled meeting.

Public Comment

Julie Sullivan addressed the Board regarding the seeding matter as well as submitting a paint color outside of pre-approved color scheme.

Other Business

None

Next Meeting

June 6, 2022 at 2:00 p.m.

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 at 4:51 p.m.

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

Carly Fenton
Carly Fenton (Jun 13, 2022 03:51 MDT)

Secretary for the Meeting

The foregoing minutes were approved by the Board of Directors on the 6th day of June, 2022.