

HAWTHORN METROPOLITAN DISTRICT NO. 2

SPECIAL MEETING

Leyden Rock Clubhouse

17685 W. 83rd Drive, Arvada, Colorado

Monday, December 4, 2017

2:00 PM

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|-------------------------------------|------------------|
| Christopher Elliott, President | Term to May 2018 |
| Corey Elliott, Treasurer | Term to May 2018 |
| Matthew Cavanaugh, Secretary | Term to May 2020 |
| Krystal Bigley, Assistant Secretary | Term to May 2020 |
| Carly Fenton, Assistant Secretary | Term to May 2020 |

Agenda

1. Call to Order
2. Declaration of Quorum/Director Qualifications/Reaffirmation of Disclosures
3. Approval of Agenda
4. Public Comment – Members of the public may express their views to the Board on matters that affect the District. Comments will be limited to three (3) minutes per person. Please sign in.
5. Consent Agenda
 - a. Approval of Minutes from the September 11, 2017 Special Meeting (**enclosure**)
 - b. Approval of Minutes from the September 14, 2017 Special Meeting (**enclosure**)
 - c. Ratify Engagement of J3 Engineering Consultants, Inc. (Underdrain Review Services) (**enclosure**)
 - d. Adoption of 2018 Annual Administrative Resolution (**enclosure**)
 - e. Approval of Amended and Restated Public Records Request Policy (**enclosure**)
 - f. Ratify Check Numbers 1032-1036 (**enclosure**)
 - g. Approval of Renewal of Insurance and SDA Membership (**enclosure**)
 - h. Approval of Extension of Independent Contractor Agreement and Fee Decrease with Waste Management of Colorado, Inc. for 2018 Services (**enclosure**)
 - i. Approval of Independent Contractor Agreement with Metco Landscape, Inc. for 2017/2018 Snow Removal Services (**enclosure**)
 - j. Approval of Independent Contractor Agreement with Metco Landscape, Inc. for 2018 Landscape Maintenance Services (**enclosure**)
 - k. Renewal of Independent Contractor Long Corporation d/b/a Poop 911 for 2018 Pet Waste Clean Up Services (**enclosure**)
6. Legal Matters
 - a. Consider Adoption of Resolution Calling May 2018 Election (**enclosure**)
 - b. Consider Adoption of Resolution Regarding Acceptance District Eligible Costs for Public Improvements Hawthorn Development, Inc. pursuant to the

Infrastructure Acquisition and Reimbursement Agreement dated December 7, 2015 (**enclosure**)

- i. Engineer's Report and Certification from Manhard Consulting, Ltd. (**enclosure**)

7. Facilities/Management

- a. Stillwater/Manager Update
- b. Appointment of Additional Members to the District Advisory Committee
- c. 2018 Management
 - i. Recommendation from Advisory Committee
 - ii. Consider Engagement of Manager for 2018
- d. Consider Appointment of Architectural Review Committee
- e. Discuss Status of Repairs made by Hawthorn Development, Inc.
- f. Discuss Neighborhood Watch Program

8. Financial Matters

- a. Financials/Claims Payable (**enclosures**)
- b. Consider Engagement of Dazzio & Associates, P.C. to Perform 2017 Audit (**enclosure**)
- c. Conduct 2018 Budget Hearing and Consider Adoption of Resolution to Adopt 2018 and Set Mill Levies (**enclosure**)
- d. Conduct 2017 Budget Amendment Hearing and Consider Adoption of Resolution to Amend 2017 Budget (**enclosure**)
- e. Consider Approval of Amendment to Resolution Imposing an Operations Fee (**enclosure**)
- f. 2017 Refunding Bonds
 - i. Consider Approval of North Slope Capital Advisors for External Financial Advisor Certificate (**enclosure**)
 - ii. Consider Approval of Engagement Letter with DA Davidson & Co. for Investment Banking Services (**enclosure**)
 - iii. Consider and Make a Final Determination to Issue or Incur General Obligation Indebtedness Consisting of (a) General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Bonds, Series 2017A; (b)

Subordinate Limited Tax General Obligation Refunding Bonds, Series 2017B; and (c) Limited Tax Junior Lien Subordinate General Obligation Bonds, Series 2017C, in an aggregate principal amount not to exceed \$10,000,000, and in connection therewith, adopt resolutions authorizing the issuance of same and authorizing the Trust Indentures, a Bond Purchase Agreement, Continuing Disclosure Agreement, Limited Offering Memorandum, and other related documents; approving, ratifying, and confirming the execution of certain documents; making determinations and findings as to other matters related to such transaction; authorizing incidental action; and repealing prior inconsistent actions **(to be distributed)**

- iv. Consider Termination of Infrastructure Acquisition and Reimbursement Agreement with Hawthorn Development, Inc. dated December 7, 2015, contingent upon closing of the Bonds **(enclosure)**

g. Other Financial Matters

9. Other Business

10. Adjourn

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 reseeding, 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.

MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF

HAWTHORN METROPOLITAN DISTRICT NO. 2

Held: Thursday, September 14, 2017, at 6:00 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
Matthew Cavanaugh
Krystal Bigley
Carly Fenton

Director Corey Elliott was absent. All director absences are deemed excused unless otherwise specified.

Also present were:

Kristin B. Tompkins, Esq., and Megan J. Murphy, Esq., White Bear Ankele Tanaka & Waldron, Attorneys at Law, District General Counsel; Frank Walker, Division President, Lennar Colorado, homebuilder; Kourtney Hartmann, Deputy County Attorney, Jefferson County Attorney's Office; Pat O'Connell, Jefferson County Planning and Zoning; Shawn Fitzhugh, Manager of Field Services, CTL-Thompson, Inc.; Scott Bristol, Stillwater Community Management, District Manager; and 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.

Approval of Agenda

Ms. Tompkins presented the Agenda to the Board for consideration. Following discussion, upon a motion duly made by Director. Elliott, seconded by Director. Bigley the Board unanimously approved the Agenda.

Underdrain Matters

Update from Lennar
Colorado, LLC

Mr. Fitzhugh gave a presentation to the community regarding the underdrain system and answered questions from community members. Mr. Fitzhugh explained the historical information on the underdrain system within the community and that Jefferson County required builders to install underdrain systems for the last 10 years. The main underdrain system is a 6-8 inch pipe that runs below the streets and underneath the sanitary sewer main lines.

Individual lots have a foundation drain system that surrounds the basement footprint and is designed to drain water via gravity to the sump pit or to the main underdrain system depending on each individual lot. On an individual lot, the underdrain is a 4-6 inch perforated pipe that is designed with a specific slope for each individual lot. The pipe flows around the home and connects to the main underdrain system. The underdrain system does not drain into the sump pit. There can be one or two pipes that flow into the sump pit, those are separate from the underdrain.

Mr. Walker also discussed the underdrain system and answered questions from the community members. Mr. Walker explained that homes with walk-out basements are not able to accomplish the proper slope so they also have sump pumps in addition to the underdrain. These walk-outs may have one or two sump pits and each walk-out has a sump pump. Each home has a different underdrain, sump pit and sump pump design depending on the specific design of the home and the lot.

Mr. Fitzhugh explained that the underdrain pipe is dug into a trench surrounding the basement footprint and surrounded with rock and covered in fabric approximately 12-18 inches below the surface. The underdrain system is not directly connected to the sump pits. A pipe exiting the sump pits can connect to the underdrain depending on lot location and elevation. The foundation underdrain is connected to the main underdrain and discharges underneath the street into the main underdrain system. The sump pit and sump pump are designed to discharge to the surface.

Mr. Walker described that the goal is to remove water away from the home's foundation to maintain structural integrity. The underdrain system also preserves the sidewalks and streets by draining water away from the home's foundation below the surface. Walk-out homes will discharge water into their backyard from the sump pump, not from the underdrain. Drainage problems can be caused when homeowners over water their landscaping and the soil becomes saturated and water begins to drain to the foundation. If the sump pit is the lowest point of collection, the water will bypass the underdrain system and go into the sump pit. In some areas, Lennar has raised the sump pump so the pipes are able to work with the gravity design and so less water is collected into the sump pit allowing the sump pump to be less active. The first several years in a new community can be challenging, as the landscaping is establishing the drainage issues should subside. Any water collected from the rear of the garage will drain to the underdrain and forward of the garage will drain to the streets and the sidewalks.

Mr. Fitzhugh explained the over excavation performed and the swelling soils in Colorado. Colorado is an arid climate which can result in expansive soils, up to 20% expansion in some places. In the Hawthorn community, the soil was excavated 10-12 feet below the basements. The soil was then mixed with water to create saturated soil which is then placed below the home to reduce swelling. The allowable amount of swelling with saturated soil is 2%. There is no evidence of the soil drying below the sub-excavation and there is a buffer of saturated soil between the bedrock and the foundation of the home.

Mr. Pate asked if it was normal for the sump pit to have 2 feet of water in the bottom that is below the pump valve. Mr. Fitzhugh responded that it is typical to have some water in the bottom of the sump pit.

Mr. Pate asked if it was normal to have more than one pipe draining into the sump pit. Mr. Fitzhugh responded that some homes may have one pipe and some homes may have two pipes draining into the sump pit depending on elevation and lot location.

A homeowner asked what the red flags are that indicate there is a drainage problem. Mr. Walker responded that a non-walk out home with one sump pump – the sump pump should not run continuously and homeowners should check their sump pump every six months to ensure it is working.

Ms. Bestafka thanked Lennar and CTL for attending the meeting but asked what does everyone do next to fix the drainage issues. Mr. Walker responded that CTL and Jefferson County have inspected all the underdrain systems and that the foundation underdrain systems are connected to the main underdrain system and are functioning properly. If there is water getting into the sump pit it is because the water has bypassed the underdrain system. Lennar has raised the sump pit in two homes and are monitoring 19 homes within the community based on a list of homes provided by Jefferson County.

Ms. Bestafka stated that Jefferson County told them all water is intended to drain into the underdrain and not the sump pits. Mr. O'Connell responded that the intent of the plat is for the underdrain system to be the main drainage system and the sump pump to be a secondary drainage system. The advantage of the underdrain is that it uses gravity to collect and discharge water below the surface rather than mechanical systems. Mr. O'Connell noted that Jefferson County does not want water to drain on the sidewalk or the road.

Mr. Walker stated that Lennar has regraded some yards to address drainage issues. Ms. Berman responded that she feels there is nothing to do because Lennar is stating the drainage system is working as it is intended even though the County is saying it's not. Mr. Walker responded that each homeowner needs to responsibly water their landscaping correctly.

A homeowner asked if there is any settlement around the foundation that could be caused by the failure to drain. Mr. Walker responded that settlement around the foundation is normal and this is described in warranty documents as the "backfill zone." Settlement around the foundation is not related to drainage issues. The underdrain system uses gravity to drain water and there can be periodic obstructions or backups and that the system requires periodic maintenance and that is why the sump pit and sump pump system is also installed as a secondary system. If drainage is causing a problem downstream to neighbors, Lennar needs to address that issue and work on regrading. Mr. Walker noted that two customer representatives, Ky and Ross are available to address individual issues and can be found on mylennar.com. Mr. Walker noted all warranty requests should be made via mylennar.com.

Ms. Bestafka asked how long before the foundation settles and what is an acceptable amount of surface drainage. Mr. Walker responded that it depends on the watering, topography, season, 3 car or 2 car garage. Based on his 16 years' experience, after 3-5

years there are typically no drainage issues in a new community.

Ms. Bestafka provided a list of approximately 50 homes she believes are having drainage issues to Mr. Walker.

Mr. Killian stated that Lennar should look at every home within the community to determine which homes have drainage issues so each homeowner is not required to have an individual investigation. Mr. Walker responded that Lennar will send a letter to each homeowner in the Hawthorn community and that each homeowner needs to report any issues through mylennar.com.

Mr. Walker stated that Lennar is not aware of any foundation issues at this time. If there were foundation issues, homeowners would see cracks in the drywall along with doors and windows not closing. Lennar provides a ten-year structural warranty which is in addition to the one-year warranty many homes have already purchased.

Mr. Killian requested that the letter from Lennar describe the scope of the drainage problem. Mr. Walker responded that individual homeowners should document their claims on mylennar.com and review warranty documents along with soils reports.

A homeowner requested Lennar send a picture with a letter to all homeowners that shows how the system is designed to work. Mr. Walker responded that Lennar would think about it and homeowners can refer back to the soils report that was provided when they bought the home. Lennar stated if any homeowner, and specifically any second buyers, needed these documents, Lennar could provide them with same.

Mr. Walker again stated the primary drainage system for walk-out homes is the sump pump and Lennar will reach out to everyone on the list provided by Ms. Bestafka and Lennar is already working with the 19 homeowners on the list from Jefferson County.

Mr. O'Connell stated that the notes in the plat did not differentiate between walk-out homes and full basement homes. As much as possible the intent is for the underdrain system to be the primary drainage system but each home is a unique set of circumstances.

Mr. Walker stated that to find a drainage problem, Lennar will perform an irrigation pressure test to ensure there is not a water leak, possibly relocate the sump pump discharge, or raise the sump pump within the sump pit. Homes with walk-out basements

will always have water discharging on the surface in the backyard.

Ms. Berman asked if it is possible for Lennar to install a sump pump to drain into the underdrain. Mr. O'Connell stated that there are mechanical options to make water discharge uphill. Mr. Walker stated that some drainage may be considered nuisance discharge, that the sump pumps going off a of couple times a day is normal, and that a sump pump constantly running is not normal.

Ms. Munville stated that Lennar needs to perform a systemic review of the drainage issues to ensure it is not impacting the foundation. Mr. Walker responded that issues documented in mylennar.com will be addressed by the customer service representatives.

Ms. Kirby stated that her home has been resurveyed and regraded but she is still having drainage issues. Mr. Walker responded that Lennar is monitoring the 19 homes provided by Jefferson County to check surface grading and the location of the swales.

Mr. Walker again stated that Lennar will send out a letter to all homeowners in the Hawthorn community and will send a customer service representative to any home that has a documented complaint through mylennar.com. He also noted that there are so many variables, there is not one fix for all homes that may be experiencing drainage issues.

Ms. Bestafka expressed concerns about the one year full coverage warranty that is coming to a close and there is no fix for the drainage issues. Mr. Walker stated that anyone who has started a claim through mylennar.com will be addressed and reiterated the ten year structural warranty. Mr. Walker responded that Lennar may address that issue in the letter. Ms. Bestafka asked when they can expect the letter to be mailed out and when will Lennar come out to inspect the homes. Mr. Walker stated that it will take approximately 10 days to mail the letter and Lennar may follow up with a second letter detailing the status of the issues discovered. Mr. Walker expressed that Lennar is committed to this community and urged each homeowner to read the soils report and their warranty.

Other Business

The Board discussed the request from Ms. Berman to be appointed to District Advisory Committee. The Board discussed that the community was previously notified of the agenda item for the appointment of committee members and the Board appointed members at the July special meeting. Director Bigley requested

that if the District is considering reopening the appointment of committee members, that it open up two seats to the entire community. The Board requested that Stillwater provide notice to the community on the website, via an email blast, and via mail for requests of two additional homeowners to be appointed to the Advisory Committee. Interested persons should submit a letter of interest with a resume. The Board will consider appointments to the committee at the next meeting.

Next Meeting

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

INDEPENDENT CONTRACTOR AGREEMENT
(Underdrain Review Services)

This INDEPENDENT CONTRACTOR AGREEMENT, including any and all exhibits attached hereto (the "Agreement"), is entered into as of the 24th day of October, 2017, by and between HAWTHORN METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado (the "District"), and J3 ENGINEERING CONSULTANTS, INC., a Colorado corporation (the "Contractor"). The District and the Contractor are referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, the District was organized pursuant to and in accordance with the provisions of §§ 32-1-101, *et seq.*, C.R.S. for the purpose of constructing, financing, operating and maintaining certain public facilities and improvements for itself, its taxpayers, residents and users; and

WHEREAS, pursuant to § 32-1-1001(1)(d)(I), C.R.S., the District is empowered to enter into contracts and agreements affecting the affairs of the District; and

WHEREAS, pursuant to § 32-1-1001(1)(i), C.R.S., the District is empowered to appoint, hire and retain agents, employees, engineers and attorneys; and

WHEREAS, the District desires to engage the Contractor to perform certain services as are needed by the District to serve the property within and without its boundaries; and

WHEREAS, the Contractor has represented that it has the professional experience, skill and resources to perform the services, as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and stipulations set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

TERMS AND CONDITIONS

1. **SCOPE OF SERVICES.** The Contractor shall perform the services described in **Exhibit A**, attached hereto and incorporated herein by this reference (the "Services"): (a) in a first-class manner, to the satisfaction of the District, using the degree of skill and knowledge customarily employed by other professionals performing similar services in the area of the District; (b) within the time period and pursuant to the Scope of Services specified in said Exhibit A; (c) in such a manner as to minimize any annoyance, interference or disruption to the residents, tenants, occupants and invitees within the District; and (d) in compliance with all applicable federal, state, county and local or municipal body or agency statutes, ordinances and regulations, including, without limitation, any licensing, bonding, and permit requirements, and including without limitation, any such laws relating to storage, use or disposal of hazardous

wastes, substances or materials. Exhibit A may take any form, including forms which may include price and payment terms. In the event of any conflict between terms set forth in the body of this Agreement and terms set forth in Exhibit A, the terms in the body of this Agreement shall govern. Contractor shall have no right or authority, express or implied, to take any action, expend any sum, incur any obligation, or otherwise obligate the District in any manner whatsoever, except to the extent specifically provided in this Agreement.

2. TERM/RENEWAL. This Agreement shall be effective as of the dated date hereof and shall terminate on the earlier to occur of: (i) termination pursuant to Section 18 hereof; (ii) completion of the Services; or (iii) December 31, 2018. Notwithstanding the foregoing, unless terminated pursuant to (i) or (ii) above, or unless the District determines not to appropriate funds for this Agreement for the next succeeding year, this Agreement shall automatically renew for each succeeding year for an additional one (1) year term commencing January 1 of the next succeeding year.

3. ADDITIONAL SERVICES. The District may request the Contractor to provide additional services not set forth in Exhibit A. The terms and conditions of the provision of such services shall be subject to the mutual agreement of the Contractor and the District pursuant to a written service/work order executed by an authorized representative of the District and the Contractor. Authorization to proceed with additional services shall not be given unless the District has appropriated funds sufficient to cover the additional compensable amount. To the extent additional services are provided pursuant to this Section 3, the terms and conditions of this Agreement relating to Services shall also apply to any additional services rendered.

4. REPAIRS/CLAIMS. The Contractor shall notify the District immediately of any and all damage caused by the Contractor to District property and that of third parties. The Contractor will promptly repair or, at the District's option, reimburse the District for the repair of any damage to property caused by the Contractor or its employees, agents or equipment. In addition, the Contractor shall promptly notify the District of all potential claims of which it becomes aware. The Contractor further agrees to take all reasonable steps to preserve all physical evidence and information which may be relevant to the circumstances surrounding a potential claim, while maintaining public safety, and to grant to the District the opportunity to review and inspect such evidence, including the scene of any damage or accidents. The Contractor shall be responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with the Services and shall provide all reasonable protection to prevent damage or injury to persons and property, including any material and equipment related to the Services, whether in storage on or off site, under the care, custody, or control of the Contractor or any of its subcontractors.

5. GENERAL PERFORMANCE STANDARDS.

a. The Contractor has by careful examination ascertained: (i) the nature and location of the Services; (ii) the configuration of the ground on which the Services are to be performed; (iii) the character, quality, and quantity of the labor, materials, equipment and facilities necessary to complete the Services; (iv) the general and local conditions pertaining to the Services; and (v) all other matters which in any way may affect the performance of the Services by the

Contractor. Contractor enters into this Agreement solely because of the results of such examination and not because of any representations pertaining to the Services or the provision thereof made to it by the District or any agent of the District and not contained in this Agreement. The Contractor represents that it has or shall acquire the capacity and the professional experience and skill to perform the Services and that the Services shall be performed in accordance with the standards of care, skill and diligence provided by competent professionals who perform services of a similar nature to those specified in this Agreement. If competent professionals find that the Contractor's performance of the Services does not meet this standard, the Contractor shall, at the District's request, re-perform the Services not meeting this standard without additional compensation.

b. The Services of the Contractor shall be undertaken and completed to assure their expeditious completion in light of the purposes of this Agreement. If performance of the Services by the Contractor is delayed due to factors beyond the Contractor's reasonable control, or if conditions of the scope or type of services are expected to change, Contractor shall give timely notice to the District of such a delay or change and receive an equitable adjustment of time and/or compensation, as negotiated between the Parties.

c. The Services provided under this Agreement shall be adequate and sufficient for the intended purposes and shall be completed in a good and workmanlike manner.

d. The Contractor declares that it has complied with all Federal, State and local laws, rules, regulations, ordinances and/or similar directives regarding business permits, certificates and licenses that are required to provide the Services under this Agreement.

e. The responsibilities and obligations of the Contractor under this Agreement shall not be relieved or affected in any respect by the presence of any agent, consultant, sub-consultant or employee of the District. Review, acceptance or approval by the District of the Services performed or any documents prepared by the Contractor shall not relieve the Contractor of any responsibility for deficiencies, omissions or errors in said Services or documents, nor shall it be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement.

6. MONTHLY STATUS REPORT. The Contractor shall provide to the District, at the District's request, on or before the 25th of each month, a narrative progress and status report describing work in progress and results achieved during the reporting period, including a description of the Services performed during the invoice period and the Services anticipated to be performed during the ensuing invoice period ("Monthly Report").

7. COMPENSATION AND INVOICES.

a. Compensation. Compensation for the Services provided under this Agreement shall be in accordance with the compensation schedule attached hereto as **Exhibit A**. The Contractor shall be responsible for all expenses it incurs in performance of this Agreement and shall not be entitled to any reimbursement or compensation except as provided in Exhibit A of this Agreement, unless said reimbursement or compensation is approved in writing by the District in advance of incurring such expenses. Any direct reimbursable costs for materials will be

reimbursable at the Contractor's actual cost, provided that the Contractor shall make a reasonable attempt to notify the District of the estimated amount of such reimbursable costs (or any material adjustments thereto subsequently identified) prior to commencing the requested services. Concurrent with the execution of this Agreement, the Contractor shall provide the District with a current completed Internal Revenue Service Form W-9 (Request for Taxpayer Identification Number and Certification) ("W-9"). No payments will be made to the Contractor until the completed W-9 is provided. The W-9 shall be attached hereto and incorporated herein as **Exhibit B**.

b. Invoices. Invoices for the Services shall be submitted monthly, by the 10th of each month, during the term of the Agreement and shall contain the following information:

- i. An itemized statement of the Services performed.
- ii. Any other reasonable information required by the District to process payment of the invoice, including project and/or cost codes as provided in any applicable written service/work order.

The District shall be charged only for the actual time and direct costs incurred for the performance of the Services. Invoices received by the District after the 10th of each month may be processed the following month.

8. TIME FOR PAYMENT. Payment for the Services shall be made by the District within thirty (30) days of receipt of: (i) a timely, satisfactory and detailed invoice; and (ii) if applicable, a satisfactory and detailed Monthly Report, for that portion of the Services performed and not previously billed. The District may determine to waive or extend the deadline for filing the Monthly Report, or may make payment for Services to the Contractor notwithstanding a delay in filing the Monthly Report, upon reasonable request of the Contractor, if it is in the best interest of the District to do so. In the event a Board meeting is not scheduled in time to review payment of an invoice, the Board hereby authorizes payment for Services, subject to the appropriation and budget requirements under Section 27, without the need for additional Board approval, so long as any payment required to be made does not exceed the amounts appropriated for such Services as set forth in the District's approved budget. Such payment shall require review and approval of each Monthly Report and invoice by the President and one other officer of the District, subject to ratification at the next succeeding special or regular Board meeting.

9. INDEPENDENT CONTRACTOR. The Contractor is an independent contractor and nothing in the Agreement shall constitute or designate the Contractor or any of its employees or agents as employees or agents of the District. The Contractor shall have full power and authority to select the means, manner and method of performing its duties under this Agreement, without detailed control or direction from the District, and shall be responsible for supervising its own employees or subcontractors. The District is concerned only with the results to be obtained. The District shall not be obligated to secure, and shall not provide, any insurance coverage or employment benefits of any kind or type to or for the Contractor or its employees, sub-consultants, contractors, agents, or representatives, including coverage or benefits related but not limited to: local, state or federal income or other tax contributions, insurance contributions (e.g.

FICA taxes), workers' compensation, disability, injury, health or life insurance, professional liability insurance, errors and omissions insurance, vacation or sick-time benefits, retirement account contributions, or any other form of taxes, benefits or insurance. The Contractor shall be responsible for its safety, the safety of its employees, the public and the work site in general and shall comply with all applicable provisions of local, state and federal laws, regulations and orders affecting safety and health, including but not limited to the Occupational Safety and Health Act of 1970 (OSH Act). All personnel furnished by the Contractor will be deemed employees of the Contractor and will not for any purpose be considered employees or agents of the District, and the Contractor will comply with all employment laws relative to such employees, including but not limited to Wage and Hour laws, Worker Compensation Laws, Immigration Laws and OSHA-type laws. **The Contractor is not entitled to worker's compensation benefits or unemployment insurance benefits, unless unemployment compensation coverage is provided by the Contractor or some other entity other than the District, and the Contractor is obligated to pay federal and state income taxes on moneys earned pursuant to this Agreement.**

10. **EQUAL OPPORTUNITY / EMPLOYMENT ELIGIBILITY.** This Agreement is subject to all applicable laws and executive orders relating to equal opportunity and non-discrimination in employment and the Contractor represents and warrants that it will not discriminate in its employment practices in violation of any such applicable law or executive order.

The Contractor hereby states that it does not knowingly employ or contract with illegal aliens and that the Contractor has participated in or has attempted to participate in the E-Verify Program or Department Program (formerly known as the Basic Pilot Program) (as defined in §8-17.5-101, C.R.S.) in order to verify that it does not employ any illegal aliens. The Contractor affirmatively makes the follow declarations:

a. The Contractor shall not knowingly employ or contract with an illegal alien who will perform work under the public contract for services contemplated in the Agreement and will participate in the E-Verify Program or Department Program (as defined in §8-17.5-101, C.R.S.) in order to confirm the employment eligibility of all employees who are newly hired for employment to perform work under the public contract for services contemplated in the Agreement.

b. The Contractor shall not knowingly enter into a contract with a subcontractor that fails to certify to the Contractor that the subcontractor shall not knowingly employ or contract with an illegal alien to perform the services contemplated in the Agreement.

c. The Contractor has confirmed the employment eligibility of all employees who are newly hired for employment to perform work under the public contract for services through participation in either the E-Verify Program or the Department Program.

d. The Contractor is prohibited from using either the E-Verify Program or the Department Program procedures to undertake pre-employment screening of job applicants while this Agreement is being performed.

e. If the Contractor obtains actual knowledge that a subcontractor performing the services under this Agreement knowingly employs or contracts with an illegal alien, the Contractor shall be required to:

i. Notify the subcontractor and the District within three (3) days that the Contractor has actual knowledge that the subcontractor is employing or contracting with an illegal alien.

ii. Terminate the subcontract with the subcontractor if within three (3) days of receiving the notice required above the subcontractor does not stop employing or contracting with the illegal alien; except that the Contractor shall not terminate the contract with the subcontractor if during such three (3) days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

f. The Contractor shall comply with any reasonable request by the Department of Labor and Employment made in the course of an investigation that such Department is undertaking pursuant to the authority established in §8-17.5-102, C.R.S.

g. If the Contractor violates a provision of the Agreement pursuant to §8-17.5-102, C.R.S., the District may terminate the Agreement. If the Agreement is so terminated, the Contractor shall be liable for actual and consequential damages to the District.

11. CONTRACTOR'S INSURANCE.

a. The Contractor shall acquire and maintain, at its sole cost and expense, during the entire term of this Agreement, insurance coverage in the minimum amounts set forth in **Exhibit C**, attached hereto and incorporated herein by this reference. A waiver of subrogation and rights of recovery against the District, its directors, officers, employees and agents is required for each coverage provided. The Commercial General Liability and Comprehensive Automobile Liability Insurance policies will be endorsed to name the District as an additional insured. All coverage provided pursuant to this Agreement shall be written as primary policies, not contributing with and not supplemental to any coverage that the District may carry, and any insurance maintained by the District shall be considered excess. The District shall have the right to verify or confirm, at any time, all coverage, information or representations required by this Section 11 of the Agreement.

b. Prior to commencing any work under this Agreement, the Contractor shall provide the District with a certificate or certificates evidencing the policies required by this Agreement, as well as the amounts of coverage for the respective types of coverage, which certificate(s) shall be attached hereto as **Exhibit C-1**. If the Contractor subcontracts any portion(s) of the Services, said subcontractor(s) shall be required to furnish certificates evidencing statutory workers' compensation insurance, comprehensive general liability insurance and automobile liability insurance in amounts satisfactory to the District and the Contractor. If the coverage required expires during the term of this Agreement, the Contractor or subcontractor shall provide replacement certificate(s) evidencing the continuation of the required policies.

c. The Contractor's failure to purchase the required insurance shall not serve to release it from any obligations contained in the Agreement; nor shall the purchase of the required insurance serve to limit the Contractor's liability under any provision in the Agreement. The Contractor shall be responsible for the payment of any deductibles on issued policies.

12. CONFIDENTIALITY AND CONFLICTS.

a. Confidentiality. During the performance of this Agreement, if the Contractor is notified that certain information is to be considered confidential, the Contractor, on behalf of its employees, agrees to enter into a confidentiality agreement. Any information deemed confidential by the District and given to the Contractor by the District, or developed by the Contractor as a result of the performance of a particular task, shall remain confidential. In addition, the Contractor shall hold in strict confidence, and shall not use in competition, any information which the Contractor becomes aware of under or by virtue of this Agreement which the District deems confidential, or which the District has agreed to hold confidential, or which, if revealed to a third party, might reasonably be construed to be contrary to the best interests of the District.

b. Conflicts. Prior to the execution of, and during the performance of this Agreement and prior to the execution of future agreements with the District, the Contractor agrees to notify the owner of conflicts that impact the Services to the District.

13. OWNERSHIP OF DOCUMENTS. All documents produced by or on behalf of the Contractor pursuant to this Agreement, including, but not limited to, all maps, plans, drawings, specifications, reports, electronic files and other documents, in whatever form, shall remain the property of the District under all circumstances, upon payment to the Contractor of the invoices representing the work by which such materials were produced. The Contractor shall maintain electronic and reproducible copies on file of any such instruments of service involved in the Services, shall make them available for the District's use and shall provide such copies to the District upon request at no cost.

14. LIENS AND ENCUMBRANCES. The Contractor shall not have any right or interest in any District assets, nor any claim or lien with respect thereto, arising out of this Agreement or the performance of the services contemplated in the Agreement. The Contractor, for itself, hereby waives and releases any and all statutory or common law mechanic's, materialmen's or other such lien claims, or rights to place a lien upon the District's property or any improvements thereon in connection with any Services performed under or in connection with this Agreement, and the Contractor shall cause all permitted subcontractors, suppliers, materialmen, and others claiming by, through or under the Contractor to execute similar waivers prior to commencing any work or providing any materials in connection with the Services. The Contractor further agrees to execute a sworn affidavit respecting the payment and lien releases of all subcontractors, suppliers and materialmen, and release of lien respecting the Services at such time or times and in such form as may be reasonably requested by the District. The Contractor will provide indemnification against all such liens for labor performed, materials supplied or used by the Contractor and/or any other person in connection with the Services undertaken by the Contractor, in accordance with Section 15(b), below.

15. INDEMNIFICATION.

a. The Contractor shall defend, indemnify and hold harmless the District and each of its directors, officers, contractors, employees, agents and consultants, from and against any and all claims, demands, losses, liabilities, actions, lawsuits, damages, and expenses, including reasonable legal expenses and attorneys' fees, by the degree or percentage of negligence or fault arising directly or indirectly, out of the errors or omissions, negligence, willful misconduct, or any criminal or tortious act or omission of the Contractor or any of its subcontractors, officers, agents or employees, in connection with this Agreement and/or the Contractor's performance of the Services or work pursuant to this Agreement. The Contractor is not obligated to indemnify the District for the District's own negligence. This indemnification obligation will not be limited in any way by any limitation on the amount or types of damages, compensation or benefits payable by or for the Contractor under worker's compensation acts, disability acts or other employee benefit acts.

b. The Contractor will at all times defend, indemnify and hold the District and its directors, officers, managers, agents and employees harmless against any liability for claims and liens for labor performed or materials used or furnished in the performance of Contractor's Services, including any costs and expenses incurred in the defense of such claims and liens, reasonable attorneys' fees and any damages to the District resulting from such claims or liens. After written demand by the District, the Contractor will immediately cause the effect of any suit or lien to be removed from the District's property. In the event the Contractor fails to do so, the District is authorized to use whatever means in its discretion it may deem appropriate to cause said lien or suit to be removed or dismissed, and the costs thereof, together with reasonable attorneys' fees, will be immediately due and payable by the Contractor or may, at the District's option, be offset against any sums due and payable to Contractor pursuant to this Agreement. In the event a suit on such claim or lien is brought, the Contractor will, at the option of the District, defend said suit at its own cost and expense, with counsel satisfactory to the District and will pay and satisfy any such claim, lien, or judgment as may be established by the decision of the Court in such suit. The Contractor may litigate any such lien or suit, provided the Contractor causes the effect thereof to be removed promptly in advance from the District's property.

c. This indemnity coverage shall also cover the District's defense costs in the event that the District, in its sole discretion, elects to provide its own defense. The District retains the right to disapprove counsel, if any, selected by the Contractor to fulfill the foregoing defense indemnity obligation, which right of disapproval shall not be unreasonably exercised. Insurance coverage requirements specified in the Agreement shall in no way lessen or limit the liability of the Contractor under the terms of this indemnification obligation. The Contractor shall obtain, at its own expense, any additional insurance that it deems necessary for the District's protection in the performance of this Agreement. This defense and indemnification obligation shall survive the expiration or termination of this Agreement.

16. ASSIGNMENT. The Contractor shall not assign this Agreement or parts thereof, or its respective duties, without the express written consent of the District. Any attempted assignment, delegation or subcontracting of this Agreement in whole or in part with respect to which the District has not consented, in writing, shall be null and void and of no effect whatsoever.

17. SUB-CONTRACTORS. The Contractor is solely and fully responsible to the District for the performance of all Services under this Agreement, whether performed by the Contractor or a subcontractor engaged by the Contractor. The Contractor shall not subcontract any Services without prior written approval by the District. The Contractor agrees that each and every agreement of the Contractor with any subcontractor to perform Services under this Agreement shall contain an indemnification provision identical to the one contained in Section 15 of this Agreement holding the District harmless for the acts of the subcontractor. The Contractor further agrees that any such subcontract shall be terminable for cause or convenience and that, unless directed otherwise by the District, the Contractor shall immediately terminate all such subcontracts immediately upon termination of this Agreement. Prior to commencing any Services, a subcontractor shall provide evidence of insurance coverage to the District. The Contractor further agrees that all such subcontracts shall provide that they may be terminated immediately without further cost upon termination of this Agreement. Neither the District's approval of any subcontractors, suppliers or materialmen, nor the failure of performance thereof by such parties, will relieve, release or affect in any manner any of the Contractor's duties, liabilities or obligations under this Agreement, and the Contractor will at all times be and remain fully liable. The Contractor agrees that each of its employees, and any subcontractors, suppliers and materialmen will be properly qualified and will use reasonable care in the performance of their duties.

18. TERMINATION. In addition to the termination provisions contained in Section 2, above, this Agreement may be terminated for cause or for convenience by the Contractor upon delivery of thirty (30) days prior written notice to the District and by the District by giving the Contractor thirty (30) days prior written notice. Such notice shall not be required for automatic expiration under Section 2, above. If this Agreement is terminated, the Contractor shall be paid for all the Services satisfactorily performed prior to the designated termination date, including reimbursable expenses due. Said payment shall be made in the normal course of business. Should either Party to this Agreement be declared bankrupt, make a general assignment for the benefit of creditors or commit a substantial and material breach of this Agreement in the view of the other Party, said other Party shall be excused from rendering or accepting any further performance under this Agreement. In the event of termination by either Party hereto, the Contractor shall cooperate with the District to ensure a timely and efficient transition of all work and work product to the District or its designees. All time, fees and costs associated with such transition shall not be billed by the Contractor to the District.

19. DEFAULT. If either Party fails to perform in accordance with the terms, covenants and conditions of this Agreement, or is otherwise in default of any of the terms of this Agreement, the non-defaulting party shall deliver written notice to the defaulting party of the default, at the address specified in Section 20 below, and the defaulting party will have fifteen (15) days from and after receipt of the notice to cure the default. If the default is not of a type which can be

cured within such fifteen (15)-day period and the defaulting party gives written notice to the non-defaulting party within such fifteen (15)-day period that it is actively and diligently pursuing a cure, the defaulting party will have a reasonable period of time given the nature of the default following the end of the fifteen (15)-day period to cure the default, provided that the defaulting party is at all times within the additional time period actively and diligently pursuing the cure. If any default under this Agreement is not cured as described above, the non-defaulting party will, in addition to any other legal or equitable remedy, have the right to terminate this Agreement and enforce the defaulting party's obligations pursuant to this Agreement by an action for injunction or specific performance.

20. NOTICES. Any notice or communication required under this Agreement must be in writing, and may be given personally, sent via nationally recognized overnight carrier service, or by registered or certified mail, return receipt requested. If given by registered or certified mail, the same will be deemed to have been given and received on the first to occur of: (i) actual receipt by any of the addressees designated below as the party to whom notices are to be sent; or (ii) three days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If personally delivered or sent via nationally recognized overnight carrier service, a notice will be deemed to have been given and received on the first to occur of: (i) one business day after being deposited with a nationally recognized overnight air courier service; or (ii) delivery to the party to whom it is addressed. Any party hereto may at any time, by giving written notice to the other party hereto as provided in this Section 20 of the Agreement, designate additional persons to whom notices or communications will be given, and designate any other address in substitution of the address to which such notice or communication will be given. Such notices or communications will be given to the parties at their addresses set forth below:

District: Hawthorn Metropolitan District No. 2
c/o WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law
2154 East Commons Avenue, Suite 2000
Centennial, Colorado 80122
Attention: Kristin Tompkins, Esq.
(303) 858-1800 (phone)
(303) 858-1801 (fax)
ktompkins@wbapc.com

Contractor: J3 Engineering Consultants, Inc.
6505 S. Paris St., Suite B
Centennial, Colorado 80111
Attention: Jason Monforton, PE
(303) 368-5601 (phone)
jmonforton@j3engineering.net

21. AUDITS. The District shall have the right to audit, with reasonable notice, any of the Contractor's books and records which may be necessary to substantiate any invoices and payments under this Agreement (including, but not limited to, receipts, time sheets, payroll and

personnel records) and the Contractor agrees to maintain adequate books and records for such purposes during the term of this Agreement and for a period of two (2) years after termination of the Agreement and to make the same available to the District at all reasonable times and for so long thereafter as there may remain any unresolved question or dispute regarding any item pertaining thereto.

22. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the Parties hereto relating to the Services, and sets forth the rights, duties, and obligations of each to the other as of this date. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force and effect. This Agreement may not be modified except by a writing executed by both the Contractor and the District.

23. BINDING AGREEMENT. This Agreement shall inure to and be binding on the heirs, executors, administrators, successors, and assigns of the Parties hereto.

24. NO WAIVER. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other of the provisions of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided in the Agreement, nor shall the waiver of any default be deemed a waiver of any subsequent default.

25. GOVERNING LAW / DISPUTES.

a. Arbitration. All claims, counterclaims, disputes and other matters in question between the Parties hereto arising out of or relating to this Agreement or the breach hereof may be decided by arbitration upon the mutual agreement to do so by the Parties to this Agreement. In that case, arbitration will be administered by the Judicial Arbitrator Group in Denver, Colorado under its arbitration rules, by a single arbitrator, unless a different arbitrator is agreed upon by the Parties. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. THE PARTIES RECOGNIZE THAT BY AGREEING TO BINDING ARBITRATION AS THE METHOD FOR DISPUTE RESOLUTION, THEY RELINQUISH THE RIGHT TO BRING AN ACTION IN COURT AND WAIVE THE RIGHT TO A JURY TRIAL AND THE EXTENSIVE DISCOVERY RIGHTS TYPICALLY PERMITTED IN JUDICIAL PROCEEDINGS. Colorado law shall apply to any dispute, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Colorado. Each Party will be responsible for paying one half of all fees and expenses charged by the arbitrator. Notice of request for arbitration must be filed in writing with the other Party(ies) to this Agreement. If agreed to, notice must be filed with the Judicial Arbitrator Group. The request must be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event may it be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations. In the event that the Parties do not agree to arbitration, each party shall be permitted to pursue all available legal and equitable remedies.

b. Litigation and Venue. In the event the Parties do not agree to arbitration pursuant to Section 25(a), above, venue for all actions arising from this Agreement shall be in the District Court

in and for the county in which the District is located. The Parties expressly and irrevocably waive any objections or rights which may affect venue of any such action, including, but not limited to, *forum non-conveniens* or otherwise. At the District's request, the Contractor shall carry on its duties and obligations under this Agreement during any legal proceedings and the District shall continue to pay for the Services performed under this Agreement until and unless this Agreement is otherwise terminated.

c. Prevailing Party. Other than arbitration fees as set forth in Section 25(a) of the Agreement, in the event that it becomes necessary for either party to enforce the provisions of this Agreement or to obtain redress for the breach or violation of any of its provisions, whether by litigation, arbitration or other proceedings, the prevailing party shall recover from the other party all costs and expenses associated with such proceedings, including reasonable attorney's fees. For purposes of this Agreement, "prevailing party" shall mean the party in whose favor a judgment, decree, or final order is rendered, either by an arbitrator or the court, after appeal, if any. In the event both Parties prevail on one or more claims, the prevailing party shall mean the net winner of a dispute, taking into account the claims pursued, the claims on which the pursuing party was successful, the amount of money sought, the amount of money awarded, and offsets or counterclaims pursued (successfully or unsuccessfully) by the other Party.

d. At the District's request, the Contractor will consent to being joined in litigation between the District and third parties, but such consent shall not be construed as an admission of fault or liability. The Contractor shall not be responsible for delays in the performance of the Services caused by factors beyond its reasonable control including delays caused by Act of God, accidents, failure of any governmental or other regulatory authority to act in a timely manner or failure of the District to furnish timely information or to approve or disapprove of Contractor's Services in a timely manner.

26. GOOD FAITH OF PARTIES. In the performance of this Agreement, or in considering any requested approval, acceptance, or extension of time, the Parties agree that each will act in good faith and will not act unreasonably, arbitrarily, capriciously, or unreasonably withhold, condition, or delay any approval, acceptance, or extension of time required or requested pursuant to this Agreement.

27. SUBJECT TO ANNUAL APPROPRIATION AND BUDGET. The District does not intend hereby to create a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever. The performance of those obligations of the District pursuant to this Agreement requiring budgeting and appropriation of funds are subject to annual budgeting and appropriations. The Contractor expressly understands and agrees that the District's obligations under this Agreement shall extend only to monies appropriated for the purposes of this Agreement by the Board and shall not constitute a mandatory charge, requirement or liability in any ensuing fiscal year beyond the then-current fiscal year. No provision of this Agreement shall be construed or interpreted as a delegation of governmental powers by the District, or as creating a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever of the District or statutory debt limitation, including, without limitation, Article X, Section 20 or Article XI, Section 6 of the Constitution of the State of Colorado. No provision of this Agreement shall be construed to pledge or to create a lien on any class or source of District funds. The District's

obligations under this Agreement exist subject to annual budgeting and appropriations, and shall remain subject to the same for the entire term of this Agreement.

28. GOVERNMENTAL IMMUNITY. Nothing in this Agreement shall be construed to waive, limit, or otherwise modify, in whole or in part, any governmental immunity that may be available by law to the District, its respective officials, employees, contractors, or agents, or any other person acting on behalf of the District and, in particular, governmental immunity afforded or available to the District pursuant to the Colorado Governmental Immunity Act, §§ 24-10-101, *et seq.*, C.R.S.

29. NEGOTIATED PROVISIONS. This Agreement shall not be construed more strictly against one Party than against the other merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being acknowledged that each Party has contributed substantially and materially to the preparation of this Agreement.

30. SEVERABILITY. If any covenant, term, condition or provision of this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition or provision shall not affect any other provision contained in the Agreement, the intention being that such provisions are severable. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Agreement a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

31. NO THIRD PARTY BENEFICIARIES. It is expressly understood and agreed that enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to the Parties and nothing contained in this Agreement shall give or allow any such claim or right of action by any other third party on such Agreement. It is the express intention of the Parties that any person other than Parties receiving services or benefits under this Agreement shall be deemed to be an incidental beneficiary only.

32. OPEN RECORDS. The Parties understand that all material provided or produced under this Agreement may be subject to the Colorado Open Records Act, §§ 24-72-202, *et seq.*, C.R.S.

33. STANDARD OF CARE. In providing Services under this Agreement, the Contractor shall perform in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances at the same time.

34. TAX EXEMPT STATUS. The District is exempt from Colorado State sales and use taxes. Accordingly, taxes from which the District is exempt shall not be included in any invoices submitted to the District. The District shall, upon request, furnish Contractor with a copy of its certificate of tax exemption. Contractor and subcontractors shall apply to the Colorado Department of Revenue, Sales Tax Division, for an Exemption Certificate and purchase the materials tax free. The Contractor and subcontractors shall be liable for exempt taxes paid due to failure to apply for Exemption Certificates or for failure to use said certificate.

35. COUNTERPART EXECUTION. This Agreement may be executed in several counterparts, each of which may be deemed an original, but all of which together shall constitute one and the same instrument. Executed copies hereof may be delivered by facsimile or email of a PDF document, and, upon receipt, shall be deemed originals and binding upon the signatories hereto, and shall have the full force and effect of the original for all purposes, including the rules of evidence applicable to court proceedings.

[Remainder of page intentionally left blank. Signature pages follow].

DRAFT

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first above written. By the signature of its representative below, each Party affirms that it has taken all necessary action to authorize said representative to execute this Agreement.

DISTRICT:

HAWTHORN METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado

Officer of the District

ATTEST:

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

***District's Signature Page to Independent Contractor Agreement for Underdrain Review
Services with Hawthorn Metropolitan District No. 2, dated October 24, 2017***

CONTRACTOR:

J3 ENGINEERING CONSULTANTS, INC., a
Colorado corporation

Printed Name: _____

Title: _____

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____,
2017, by _____, as the _____
of J3 Engineering Consultants, Inc., a Colorado corporation.

WITNESS my hand and official seal.

My commission expires: _____

(S E A L)

Notary Public

***Contractor's Signature Page to Independent Contractor Agreement for Underdrain Review
Services with Hawthorn Metropolitan District No. 2, dated October 24, 2017***

EXHIBIT A
SCOPE OF SERVICES/COMPENSATION SCHEDULE

DRAFT

Hawthorn Metro District

Underdrain

Scope & Fee

PRECISION // VALUE // QUALITY // INTEGRITY

Scope of Services & Fee for Services

Project: Hawthorn Metropolitan District

Underdrain Review

October 17, 2017

J3 Engineering Consultants, Inc. proposes to perform the following Scope of Services for the review of underdrain construction for the Hawthorn Metropolitan District #2 (Client) to accept the underdrain facilities constructed by the developer and or its representatives.

It is **J3's** understanding that certain items will be provided for our use in the review of the construction.

Items to be provided by others:

- A Plan set depicting the underdrain improvements with as-built information will be provided to J3 Engineering
- Any letters required from the Surveyor including verification of staking per plans.
- Letter from the Developer stating all homes or specifically which homes have been connected to the underdrain system.
- Video record of the underdrain piping system
- Any photographs taken prior to backfill
- Operation and maintenance manuals

J3 will provide the following services:

- A licensed engineer will review the video of the Underdrain system to verify the construction connections integrity of joints and cleanliness of the pipe system.
- J3 will review the video for any structural defects that may be shown on the video record.
- J3 will review and verify as-built information vs the approved plans and certify the construction meets the intent of the design.
- J3 will provide a letter certifying the underdrain system meets the construction standards set forth on the plans.

Items delineated herein are on a lump sum basis. The project will be billed monthly with progress reports and percent billing analysis available at the Client's request. If changes to the Scope are needed, requested by the Client or should the previously outlined assumptions be incorrect, **J3** will negotiate fees for altered or additional items with the above mentioned Client before work will commence. All fees are based on the assumption that invoices will be paid within 30 days of receipt of the invoice and upon the assumption that information furnished by others can be used and are laid out in such a

Hawthorn Metro District

Underdrain

Scope & Fee

PRECISION // VALUE // QUALITY // INTEGRITY

Project Budget Delineation

The total anticipated project budget for the Scope of Services has been broken down per task as identified in the scope above, as follows:

Task 1 \$2,000

Total project budget Task 1..... \$2,000

The project budget does not include reimbursable expenses including but not limited to printing, reproduction, courier services, mailings, etc. Out of house, direct expenses will be billed directly to the Client. In house expenses are billed to the Client monthly at 3% of the monthly, hourly subtotal.

J3 Engineering Consultants, Inc. appreciates this opportunity to submit this Scope of Services and is dedicated to providing an outstanding level of service for the project and the Hawthorn Metropolitan District #2.

WORK AUTHORIZATION

J3 Engineering Consultants, Inc. is requesting a work authorization to complete the scope of work identified herein.

This work authorization has been reviewed and accepted by:

By:

By:

Name: _____

Name: _____

Date:

Date:

Specific Exclusions

J3 Engineering Consultants, Inc. specifically excludes the following items from the proposal. If said items are required by the Client, a separate contract can be prepared.

- i. Construction staking for any onsite or offsite improvements, including but not limited to; curb, gutter and asphalt, grading, utility line work, under drain system, lift stations, force mains, or structures such as box culverts, detention/water quality ponds, dams, bridges, or channel improvements.
- ii. Preparation of environmental impact studies, information for the Federal Insurance Administration, and/or processing information for the U.S. Army Corp of Engineer's Wetland Permit.
- iii. As-built surveys.
- iv. Construction Management and specification preparation
- v. Plot Plans, State Plane coordinate ties, Tree Surveys, or Record Drawings
- vi. Geological/Soils Reports, Soils Engineering, or Pavement Design. Pavement Design shall be per the City of Centennial default sections or per the recommendations of the project Geotechnical Report.
- vii. Fugitive Dust and other Permits
- viii. Lot grading Checks, Improvement Location Certification Surveys.
- ix. Redesign of existing Engineering plans by other Companies.
- x. Traffic Impact Analysis or Studies for this Site (not anticipated).
- xi. Traffic control plans.
- xii. Off-site design (identified as anything not described within this project scope).
- xiii. Modifications to approved drainage or utility reports.
- xiv. Landscape Plans or design.
- xv. Sound mitigation or Screen Wall design.
- xvi. Dry utilities design.
- xvii. Neighborhood coordination/meetings or associated exhibits.
- xviii. Plan and Zoning or City Council meeting presentations or exhibits.
- xix. 404 Permitting, Endangered Species Act Compliance.
- xx. State Historical Preservation Office Permitting
- xxi. Floodplain or CLOMR/ LOMR work.

Items Provided by Others

J3 Engineering Consultants, Inc. assumes the following information will be provided by the Client or its trade partners as ancillary information for the completion of the provided scope of Services.

- i. Geologic Hazard Report or Soils and Geotechnical Reports.
- ii. Environmental Studies.
- iii. Irrigation Plans.
- iv. Landscape design.
- v. Pavement Design (either per the City of Aurora default pavement sections or as per the recommendations of the project Geotechnical report).
- vi. Air rights covenant and/or avigation easement.
- vii. Air pollution emissions notice.
- viii. Neighborhood coordination
- ix. Fees required for review, approval and permitting.
- x. Meter sizing and fire system design/sizing, if any.
- xi. Architectural/Mechanical Plans, if any.
- xii. Renderings, building elevations and other supporting documentation for public meetings
- xiii. Any supporting documents not specifically covered in the attached scope of work will be provided by others.
- xiv. Tree Inventory.
- xv. Title work for the parcel.
- xvi. Photometric design or studies.
- xvii. Structural design of foundations, retaining walls, etc. for the culvert crossing at the 64th Ave and Himalaya intersection is anticipated to be provided by ConTech or similar manufacturer, as is typical with developments in the City of Aurora.

EXHIBIT B
CONTRACTOR'S COMPLETED W-9

DRAFT

EXHIBIT C

INSURANCE REQUIREMENTS

NOTE: All insurance required and provided hereunder shall also comply with the provisions of Section 11 of the Agreement.

1. Standard Worker's Compensation and Employer's Liability Insurance covering all employees of Contractor involved with the performance of the Services, with policy amounts and coverage in compliance with the laws of the jurisdiction in which the Services will be performed.
2. Commercial General Liability Insurance with minimum limits of liability of not less than \$1,000,000 per occurrence for bodily injury and property damage liability; \$2,000,000 designated location, general aggregate. Such insurance will include coverage for contractual liability, personal injury and broad form property damage, and shall include all major divisions of coverage and be on a comprehensive basis including, but not limited to:
 - a. premises operations;
 - b. personal injury liability without employment exclusion;
 - c. blanket contractual;
 - d. broad form property damages, including completed operations;
 - e. medical payments;
 - f. products and completed operations;
 - g. independent consultants coverage;
 - h. coverage inclusive of construction means, methods, techniques, sequences, and procedures, employed in the capacity of a construction consultant; and

This policy must include coverage extensions to cover the indemnification obligations contained in this Agreement to the extent caused by or arising out of bodily injury or property damage.

3. Comprehensive Automobile Liability Insurance covering all owned, non-owned and hired automobiles used in connection with the performance of the Services, with limits of liability of not less than \$1,000,000 combined single limit bodily injury and property damage. **This policy must include coverage extensions to cover the indemnification obligations contained in this Agreement to the extent caused by or arising out of bodily injury or property damage.**
4. If applicable: Contractor shall secure and maintain a third party fidelity bond in favor of the District covering the Contractor and its employees and agents who may provide or be responsible for the provision of Services where such activities contemplate the responsibility for money or property of the District. Such bond shall protect the District against any fraudulent or dishonest act which may result in the loss of money, securities, or other property belonging to or in the possession of the District. Said bond shall be in an amount as determined by the District, from a surety acceptable to the District.
5. Any other insurance commonly used by contractors for services of the type to be performed pursuant to this Agreement.
6. Professional liability insurance in the amount of \$1,000,000.00 each occurrence.

EXHIBIT C-1
CERTIFICATE(S) OF INSURANCE

DRAFT

EXHIBIT D
CERTIFICATE OF GOOD STANDING WITH COLORADO SECRETARY OF STATE

DRAFT

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE OF FACT OF GOOD STANDING

I, Wayne W. Williams, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

J3 ENGINEERING CONSULTANTS, INC.

is a
Corporation

formed or registered on 04/28/2003 under the law of Colorado, has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 20031134477 .

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 10/20/2017 that have been posted, and by documents delivered to this office electronically through 10/24/2017 @ 16:48:47 .

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, and issued this official certificate at Denver, Colorado on 10/24/2017 @ 16:48:47 in accordance with applicable law. This certificate is assigned Confirmation Number 10515369 .



A handwritten signature in blue ink, reading 'Wayne W. Williams', is written over a horizontal line.

Secretary of State of the State of Colorado

*****End of Certificate*****

Notice: A certificate issued electronically from the Colorado Secretary of State's Web site is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Validate a Certificate page of the Secretary of State's Web site, <http://www.sos.state.co.us/biz/CertificateSearchCriteria.do> entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our Web site, <http://www.sos.state.co.us/> click "Businesses, trademarks, trade names" and select "Frequently Asked Questions."

HAWTHORN METROPOLITAN DISTRICT NO. 2
ANNUAL ADMINISTRATIVE RESOLUTION
(2018)

At the regular meeting of the Board of Directors (“Board”) of the Hawthorn Metropolitan District No. 2 (“District”), Jefferson County, Colorado, held at 2:00 P.M., on December 4, 2017, at 17685 W. 83rd Drive, Arvada, Colorado, it was moved to adopt the following Resolution:

WHEREAS, the District was organized as a special district pursuant to an Order and Decree of the District Court in and for the County of Jefferson, Colorado (the “County”); and

WHEREAS, the Board has a duty to perform certain obligations in order to assure the efficient operation of the District and hereby directs its consultants to take the following actions.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

1. The Board directs legal counsel to cause an accurate map of the District’s boundaries to be prepared in accordance with the standards specified by the Division of Local Government (“Division”) and to be filed in accordance with § 32-1-306, C.R.S.

2. The Board directs legal counsel to notify the Board of County Commissioners, the County Assessor, the County Treasurer, the County Clerk and Recorder, the governing body of any municipality in which the District is located, and the Division of the name of the chairman of the Board, the contact person, telephone number and business address of the District, as required by § 32-1-104(2), C.R.S.

3. The Board directs legal counsel to prepare and file with the Division, within thirty (30) days of a written request from the Division, an informational listing of all contracts in effect with other political subdivisions, in accordance with § 29-1-205, C.R.S.

4. The Board directs the District’s accountant to cause the preparation of and to file with the Department of Local Affairs the annual public securities report for nonrated public securities issued by the District within sixty (60) days of the close of the fiscal year, as required by §§ 11-58-101, *et seq.*, C.R.S.

5. The Board directs the District’s accountant to: 1) obtain proposals for auditors to be presented to the Board; 2) to cause an audit of the annual financial statements of the District to be prepared and submitted to the Board on or before June 30; and 3) to cause the audit to be filed with the State Auditor by July 31, or by the filing deadline permitted under any extension thereof, all in accordance with §§ 29-1-603(1) and 29-1-606, C.R.S. Alternatively, if warranted by § 29-1-604, C.R.S., the Board directs the District’s accountant to apply for and obtain an audit exemption from the State Auditor on or before March 31 in accordance with § 29-1-604, C.R.S.

6. The Board directs legal counsel, if the District has authorized but unissued general obligation debt as of the end of the fiscal year, to cause to be submitted to the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the District, the District's audit report or a copy of its application for exemption from audit in accordance with § 29-1-606(7) C.R.S.

7. The Board directs the District's accountant to submit a proposed budget to the Board by October 15, to prepare the final budget and budget message, including any amendments thereto, if necessary, and directs legal counsel to schedule a public hearing on the proposed budget and/or amendments, and to post or publish notices thereof, to prepare all budget resolutions and to file the budget, budget resolution and budget message with the Division on or before January 30, all in accordance with §§ 29-1-101, *et seq.*, C.R.S.

8. The Board directs legal counsel to cause the preparation of the Unclaimed Property Act report and submission of the same to the State Treasurer by November 1 if there is property presumed abandoned and subject to custody as unclaimed property, in accordance with § 38-13-110, C.R.S.

9. The Board directs the District's accountant to prepare the mill levy certification form and directs the District's the accountant to file the mill levy certification forms with the Board of County Commissioners on or before December 15, in accordance with § 39-5-128, C.R.S.

10. The Board designates *The Golden Transcript* as a newspaper of general circulation within the boundaries of the District and directs that all legal notices shall be published in accordance with § 32-1-103(15), C.R.S., in *The Golden Transcript*, unless otherwise designated by the Board or legal counsel.

11. The Board determines that each director may receive compensation for their services as directors subject to the limitations set forth in §§ 32-1-902(3)(a)(I) & (II), C.R.S.

12. The District hereby acknowledges, in accordance with § 32-1-902, C.R.S., the following officers for the District:

| | |
|----------------------|---------------------|
| Chairman/President: | Christopher Elliott |
| Treasurer: | Corey Elliott |
| Secretary: | Matthew Cavanaugh |
| Assistant Secretary: | Krystal Bigley |
| Assistant Secretary: | Carly Fenton |
| Recording Secretary: | Legal Counsel |

13. The Board hereby determines that each member of the Board shall, for any potential or actual conflicts of interest, complete conflicts of interest disclosures and directs legal counsel to file the conflicts of interest disclosures with the Board and with the Colorado Secretary of State at least seventy-two (72) hours prior to every regular and special meeting of the Board, in accordance with §§ 32-1-902(3)(b) and 18-8-308, C.R.S. Written disclosures provided by Board

members required to be filed with the governing body in accordance with § 18-8-308, C.R.S. shall be deemed filed with the Board when filed with the Secretary of State. Additionally, at the beginning of each year, each Board member shall submit information to legal counsel regarding any actual or potential conflicts of interest and, throughout the year, each Board member shall provide legal counsel with any revisions, additions, corrections or deletions to said conflicts of interest disclosures.

14. The Board confirms its obligations under § 24-10-110(1), C.R.S., with regards to the defense and indemnification of its public employees, which, by definition, includes elected and appointed officers.

15. The Board hereby appoints the District's legal counsel as the official custodian for the maintenance, care and keeping of all public records of the District, in accordance with §§ 24-72-202, *et seq.*, C.R.S.

16. Pursuant to § 24-6-402(2)(c), C.R.S., the Board hereby designates the Highway 93 RTD Bus Stop as the District's 24-hour posting place for notices of meetings.

17. The Board determines to hold regular meetings on the first Monday of March, June, September, and December, at 2:00 P.M. at 17685 W. 83rd Drive, Arvada, Colorado. Notice of the time and place for all regular meetings shall be posted in accordance with § 32-1-903, C.R.S.

18. In the event of an emergency, the Board may conduct a meeting outside of the limitations prescribed in § 24-6-402(2)(c), C.R.S., provided that any actions taken at such emergency meeting are ratified at the next regular meeting of the Board or at a special meeting conducted after proper notice has been given to the public.

19. For the convenience of the electors of the District, and pursuant to its authority set forth in § 1-13.5-1101, C.R.S., the Board hereby deems that all regular and special elections of the District shall be conducted as independent mail ballot elections in accordance with §§ 1-13.5-1101, *et seq.*, C.R.S., unless otherwise deemed necessary and expressed in a separate election resolution adopted by the Board.

20. Pursuant to the authority set forth in § 1-1-111, C.R.S., the Board hereby appoints Bradley T. Neiman, of the law firm of WHITE BEAR ANKELE TANAKA & WALDRON, Attorneys at Law, as the Designated Election Official (the "DEO") of the District for any elections called by the Board, or called on behalf of the Board by the DEO, and hereby authorizes and directs the DEO to take all actions necessary for the proper conduct of the election, including, if applicable, cancellation of the election in accordance with § 1-13.5-513, C.R.S.

21. In accordance with § 1-11-103(3), C.R.S., the Board hereby directs the DEO to certify to the Division the results of any elections held by the District and, pursuant to § 32-1-1101.5(1), C.R.S., to certify results of any ballot issue election to incur general obligation indebtedness to the Board of County Commissioners or the governing body of the municipality

that adopted a resolution of approval of the district and file a copy of such certification with the Division of Securities.

22. The Board directs legal counsel to cause a notice of authorization of or notice to incur general obligation debt to be recorded with the County Clerk and Recorder within thirty (30) days of authorizing or incurring any indebtedness, in accordance with § 32-1-1604, C.R.S.

23. The Board directs legal counsel to cause the preparation of and filing with the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the District, if requested, the application for quinquennial finding of reasonable diligence in accordance with §§ 32-1-1101.5(1.5) and (2), C.R.S.

24. The Board directs legal counsel to cause the preparation of and the filing with the Board of County Commissioners or the governing body of any municipality in which the District is located, the Division, the State Auditor, the County Clerk and Recorder and any interested parties entitled to notice pursuant to § 32-1-204(1), C.R.S., an annual report, if requested, in accordance with § 32-1-207(3)(c), C.R.S.

25. The Board directs legal counsel to obtain proposals and/or renewals for insurance, as applicable, to insure the District against all or any part of the District's liability, in accordance with §§ 24-10-115, *et seq.*, C.R.S. The Board directs the District's accountant to pay the annual SDA membership dues, agency fees and insurance premiums, as applicable, in a timely manner. The Board appoints legal counsel to designate the proxy for the SDA Annual meeting for voting and quorum purposes.

26. The Board hereby opts to include elected or appointed officials as employees within the meaning of § 8-40-202(1)(a)(I)(A), C.R.S., and hereby directs legal counsel to obtain workers' compensation coverage for the District.

27. The Board hereby directs legal counsel to prepare the disclosure notice required by § 32-1-809, C.R.S., and to disseminate the information to the electors of the District accordingly.

28. The Board hereby directs its legal counsel, accountant, manager and all other consultants to adhere to the Colorado Special District Records Retention Schedule as adopted by the District.

29. The Board hereby directs legal counsel to prepare and record with the County Clerk and Recorder updates to the disclosure statement notice and map required by § 32-1-104.8, C.R.S., if additional property is included within the District's boundaries.

30. The Board directs the District's accountant to prepare and submit the documentation required by any continuing disclosure obligation signed in conjunction with the issuance of debt by the District.

[Remainder of page intentionally left blank.]

ADOPTED this 4th day of December, 2017.

HAWTHORN METROPOLITAN DISTRICT
NO. 2

Officer of the District

ATTEST:

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

CERTIFICATION OF RESOLUTION

I hereby certify that the foregoing constitutes a true and correct copy of the resolution of the Board adopted at a meeting held on December 4, 2017, at 17685 W, 83rd Drive, Arvada, Colorado.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 4th day of December, 2017.

Signature

Printed Name

Hawthorn Metropolitan District No. 2

Check List

All Bank Accounts

June 22, 2017

| Check Number | Check Date | Payee | Amount |
|---------------------------|------------|--------------------------------------|-------------------------|
| Vendor Checks | | | |
| 1032 | 06/22/17 | CliftonLarsonAllen LLP | 3,496.49 |
| 1033 | 06/22/17 | Keesen Landscape Management | 380.75 |
| 1034 | 06/22/17 | Stillwater Community Management, LLC | 5,545.50 |
| 1035 | 06/22/17 | White Bear Ankele Tanaka & Waldron | 7,001.84 |
| 1036 | 06/22/17 | Xcel Energy | 64.94 |
| Vendor Check Total | | | <u>16,489.52</u> |
| Check List Total | | | <u><u>16,489.52</u></u> |

Check count = 5

HAWTHORN METROPOLITAN DISTRICT NO. 2
AMENDED AND RESTATED PUBLIC RECORDS REQUEST POLICY
Adopted December 4, 2017

I. Purposes of the District's Public Records Request Policy

This Public Records Request Policy of the Hawthorn Metropolitan District No. 2 (the "District") shall be applied and interpreted with the following purposes in mind:

- a. To adopt a Public Records Request Policy pursuant to § 24-72-203(1), C.R.S.;
- b. To provide access to and the protection and integrity of Public Records in the custody of the District;
- c. To prevent unnecessary interference with the regular discharge of the duties of the District and its manager in compliance with the Colorado Open Records Act, §§ 24-72-200.1 to 24-72-206, C.R.S. ("CORA");
- d. To establish reasonable and standardized fees for producing copies of and information from records maintained by the District as authorized by CORA; and
- e. To set forth a general procedure for providing consistent, prompt and equitable service to those requesting access to Public Records.

II. Public Records Requests

A. Applicability

This Public Records Request Policy applies to requests submitted to the District for the inspection of Public Records pursuant to CORA, and shall supersede any previously adopted CORA policies of the District.

B. Definitions

1. **"Custodian"**: Except as otherwise provided in this policy, the term "Custodian" shall mean legal counsel, or any successor that has been designated by the Board of the District to oversee the collection, retention, and retrieval of Public Records of the District.
2. **"Public Records"**: As defined in § 24-72-202(6), C.R.S.

C. Submission of Requests

1. Requests for inspection of Public Records are to be submitted in writing on an official request form to the Custodian and must be sufficiently specific as to enable the Custodian to locate the information requested with reasonable effort. The official request form is attached hereto as **Exhibit A** and incorporated herein by this reference, as may be modified from time to time by the District. The District has determined that the use of an official request form is necessary for the efficient handling of Public Records requests.

2. Requests may be submitted by mail, fax, e-mail or hand-delivery.
3. A request shall be considered made when the request is actually received by the Custodian:
 - a. A letter is received when it is opened in the usual course of business by the recipient or a person authorized to open the recipient's mail;
 - b. A fax is received when it is printed during regular business hours, or, if received after hours, at 8:30 a.m. on the following business day; and
 - c. An e-mail is received when it is received and opened during regular business hours, or, if received after hours, at 8:30 a.m. on the following business day.
4. If a deposit is required, the request is not considered received until the deposit is paid.

D. Inspection

1. The Custodian or the Custodian's designee shall make the requested Public Records available for inspection during regular business hours, deemed to be from 8:30 a.m. to 4:30 p.m., Monday through Friday, except for times the Custodian's office is closed. During the inspection of Public Records, the Custodian may ask that the requestor follow certain procedures to protect the integrity of the Public Records.
2. If a Public Record is not immediately or readily available for inspection, the Custodian or the Custodian's designee shall make an appointment or other arrangements with the applicant concerning the time at which the requested record will be available. The Public Records shall be made available for inspection within a reasonable time, which is presumed to be three (3) working days or less from the date of receipt of the request. Such three (3) day period may be extended by an additional seven (7) working days if extenuating circumstances, as described in § 24-72-203(3)(b), C.R.S., exist. Responding to applications for inspection of Public Records need not take priority over the previously scheduled work activities of the Custodian or the Custodian's designee.
3. All Public Records to which the request applies shall be preserved from the date of the request until such time as set forth in the District's records maintenance, retention, or deletion policy or practices utilized by the Custodian.
4. No one shall remove a Public Record from the Custodian's offices without the permission of the Custodian. Public Records may be removed from file folders or places of storage for photocopying by the Custodian or the Custodian's designee. The Custodian may allow a person to use his or her own portable electronic equipment to make copies of Public Records.

5. As a general practice, in response to a Public Records request:

a. Public Records will be made available for inspection in the format in which they are stored. If the Custodian is unable to produce the Public Record in its stored format for any reason set forth in § 24-72-203(3.5)(b) C.R.S., an alternate format may be produced or a denial issued under § 24-72-204, C.R.S.

b. The person making the request shall not be allowed to access the Custodian's computer or any other computer for purposes of inspecting any Public Records;

c. Any portion of a Public Record containing non-public information that is not subject to inspection may be redacted by the Custodian prior to making the record available for inspection. The Custodian is not required to redact information from a writing that is not a Public Record in order to make the writing available for inspection. *Denver Publishing Co. v. Bd. of County Comm'rs of the County of Arapahoe*, 121 P.3d 190 (Colo. 2005); *Colorado Republican Party v. Benefield, et al.*, Court of Appeals No. 07CA1216, Oct. 23, 2008 (Unpublished).

d. The Custodian, in consultation with the District's general counsel, will determine which information is no longer considered "work-in-progress" subject to the deliberative process or work product privilege and therefore eligible for release.

e. Altering an existing Public Record, or excising fields of information that the Custodian is either required or permitted to withhold does not constitute the creation of a new Public Record. § 24-72-203(3.5)(d), C.R.S.

f. A document will not ordinarily be created in order to respond to a request.

6. Where a request seeks in excess of 25 electronically-stored Public Records, the following procedure shall apply in responding to such a request:

a. The Custodian shall solicit the comments of the requestor regarding any search terms to be used to locate and extract such records, and, in doing so, will seek to have the request refined so that it does not result in an inordinate number of irrelevant or duplicative documents, it being understood that the Custodian will make the final determination regarding search terms;

b. The Custodian shall designate an employee or another person with experience in performing electronic searches to locate and extract responsive records;

c. The person who is designated to perform the searches shall consult, as appropriate, with legal counsel to identify privileged records that should not be produced; and

d. Where appropriate, legal counsel shall conduct a final review to identify and withhold privileged records.

7. The Custodian or the Custodian's designee shall deny the inspection of the records if such inspection would be contrary to federal or state law or regulation or would violate a court order. In special circumstances, a Custodian shall deny inspection of the Public Records if such inspection would cause substantial injury to the public interest. Such a denial shall be made in writing by the Custodian to the person making the request and shall set forth with specificity the grounds of the denial. It is not necessary to state a ground for denial of access for each document if a specific ground is applicable to a group of documents.

8. If the Public Records requested are not in the custody or control of the Custodian, the Custodian shall notify the requestor of this fact in writing. In such notification, the Custodian shall state in detail to the best of his/her knowledge and belief the reason for the absence of the Public Records, the location of the Public Records, and what person then has custody or control of the Public Records.

9. All Public Records, regardless of storage format, will be administered in accordance with approved retention schedules. The District reserves the right to adopt the records retention policy that has been promulgated by the Custodian.

E. Fees for All Record Requests

1. **Fees for standard reproductions.** The Custodian or the Custodian's designee shall charge a fee not to exceed twenty-five cents per page for any photocopies or printed copies of electronic records that are required to make a Public Record available. Other reproductions of Public Records shall be provided at a cost not to exceed the actual cost of the reproduction. Such fees shall be paid by the applicant prior to the receipt of copies of any Public Records. Requests expected to exceed a total charge of \$10.00 or more must be accompanied by a deposit equal to the reasonably-estimated reproduction costs. This deposit will be credited toward the total fee, and the total fee shall be paid prior to release of the requested records. In the event the deposit amount exceeds the actual costs, the balance will be refunded.

2. **Transmission fees.** No fees related to transmission shall be charged for transmitting public records via electronic mail. Within the period specified in § 24-72-203, C.R.S., the Custodian shall notify the record requester that a copy of the record is available but will only be sent to the requester once the custodian receives payment for postage if the copy is transmitted by United States mail, or payment for the cost of delivery if the copy is transmitted other than by United States mail, and payment for any other supplies used in the mailing, delivery, or transmission of the record and for all other costs associated with producing the record. Upon receiving such payment, the custodian shall send the record to the requester as soon as practicable but no more than three business days after receipt of such payment.

3. **Fees for search, retrieval and legal review:**

a. In the case of any request requiring more than one hour of time for search, retrieval, supervision of inspection, copying, manipulation, redaction or legal counsel review to identify and withhold privileged records, the Custodian or the Custodian's designee may charge an hourly fee for such time of \$30 per hour pursuant to § 24-72-205(6)(a), C.R.S. Prior to performing any services necessary to respond to a request, the Custodian or the Custodian's designee shall require the applicant to pay a deposit equal to the reasonably estimated fees that will be charged by the Custodian for

such staff time. Before receiving any records, the applicant shall also pay the amount by which the cost of any open records services exceeds the deposit. The District shall promptly refund the amount by which the deposit exceeds the cost of any open records services.

b. To the extent possible, the Custodian shall utilize administrative or clerical staff for search and retrieval of Public Records who are ordinarily responsible for such duties to ensure that the fees charged for staff time in connection with the request represent costs incurred in the ordinary course of business and not extraordinary charges, but in any case, such charges shall be consistent with § 24-72-205(6), C.R.S.

Remainder of Page Intentionally Left Blank. Signature page follows.

ADOPTED THIS 4TH DAY OF DECEMBER, 2017.

**HAWTHORN METROPOLITAN DISTRICT
NO. 2**

Officer of the District

ATTEST:

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

EXHIBIT A

OFFICIAL REQUEST FORM

DRAFT

HAWTHORN METROPOLITAN DISTRICT NO. 2

Request for Inspection/Copy of Public Records

For Internal Use Only

Date of Request: _____

Time of Request: _____ AM/PM

Applicant Name: _____

Applicant Address: _____

City/State: _____ Zip: _____

Daytime Phone #:() _____ Alt./Cell: () _____

Email: _____

Detailed description of the records requested: (Please use additional sheets if necessary)

Select a preferred format for the materials: Hard Copies _____ Electronic _____ View Hard Copy Only _____

I request the records described and agree to pay all charges incurred in processing this request at or before the time the records are made available. If over \$10, I understand I must provide a deposit to pay for the cost incurred to obtain the records. I understand that the Estimated Charges are estimates only, and that the actual cost may vary. This request will be considered received when this form is complete and received by the Custodian and any required deposit is paid.

Signature: _____ Date: _____

Submit Request Form To:
White Bear Ankele Tanaka & Waldron
2154 East Commons Avenue, Suite 2000
Centennial, Colorado 80122

If the records are available pursuant to §§ 24-72-201, *et seq.*, C.R.S., the records shall be made available for viewing within three (3) working days. The date of receipt is not included in calculating the response date. If extenuating circumstances exist so that the Custodian cannot reasonably gather the records within the three (3)-day period, the Custodian may extend the period by up to seven (7) working days. The requestor shall be notified of the extension within the three (3)-day period. Public records shall be viewed at the District's offices during regular business days at prearranged times.

| For Internal Use Only | |
|--|---|
| Estimated Charges | |
| Number of Pages _____ at \$0.25/page _____ | Research & Retrieval _____ Hours at \$_____/Hr See § 24-72-205(6), C.R.S. for hourly fee |
| Postage/Delivery Costs: \$ _____ | Research & Retrieval Total: \$ _____ |
| Deposit Required: \$ _____ | Total Estimate Cost: \$ _____ |
| Note: Non-standard and special requests will be billed at cost and charged in addition to any other fees | |
| Administrative Matters | |
| Date Request Completed: _____ | Amount Prepaid: \$ _____ |
| Approved: _____ Denied: _____ | Balance Due Before Release: \$ _____ |
| If Denied, Provide Reason(s): _____ | Total Amount Paid: \$ _____ |



Colorado Special Districts Property and Liability Pool

INVOICE**Date:** 08-Nov-17

Entity: Hawthorn Metropolitan District No. 2
c/o White, Bear, Ankele, Tanaka, & Waldron
2154 E. Commons Avenue, Suite 2000
Centennial, CO 80122

Broker Shelly Caudillo
T. Charles Wilson Insurance Service
384 Inverness Parkway
Suite 170
Englewood, CO 80112

| Invoice #: | Entity ID: | Effective Date: | Expiration Date: | Invoice Date: | |
|---|------------|-----------------|------------------|---------------|--|
| 31C61168-1799 | 61168 | 01-Jan-18 | 01-Jan-19 | 08-Nov-17 | |
| Coverage: | | | Contribution: | | |
| General Liability | | | | \$839.52 | |
| Public Officials Liability | | | | \$1,163.00 | |
| Auto Liability | | | | \$0.00 | |
| Non-Owned / Hired Auto Liability | | | | \$132.00 | |
| Auto Physical Damage | | | | \$0.00 | |
| Hired Auto Physical Damage | | | | \$65.00 | |
| Excess Liability | | | | \$570.00 | |
| Property | | | | \$7,221.20 | |
| Earthquake | | | | \$0.00 | |
| Flood | | | | \$0.00 | |
| Equipment Breakdown | | | | \$426.23 | |
| Comprehensive Crime and ID Recovery Extension | | | | \$133.31 | |
| Ancillary Lines and/or Reinstatement Charge | | | | \$0.00 | |
| Total Contribution | | | | \$10,550.26 | |

(Includes 10% commission paid to the broker)

The following discounts are applied (Not applicable to minimum contributions):

- An 8% Multi Program Discount for participation in the Pool's Workers' Compensation Program has been applied.

Payment Due Upon Receipt

Payment evidences acceptance of this coverage. Please send a copy of this Invoice with Remittance. NOTE: Terms of the Intergovernmental Agreement require timely payment to prevent automatic cancellation of coverage. Only the Colorado Special Districts Property and Liability Pool Board of Directors can extend the cancellation provision.

Please Remit to: Colorado Special Districts Property and Liability Pool
PO Box 1539
Portland, OR 97207-1539
Toll Free: 800-318-8870 / Fax: 503-943-6622



Colorado Special Districts Property and Liability Pool

Remittance

Date: 08-Nov-17

Entity: Hawthorn Metropolitan District No. 2
c/o White, Bear, Ankele, Tanaka, & Waldron
2154 E. Commons Avenue, Suite 2000
Centennial, CO 80122

Broker Shelly Caudillo
T. Charles Wilson Insurance Service
384 Inverness Parkway
Suite 170
Englewood, CO 80112

| Invoice #: | Entity ID: | Effective Date: | Expiration Date: | Invoice Date: | |
|---|------------|-----------------|--------------------|---------------|--|
| 31C61168-1799 | 61168 | 01-Jan-18 | 01-Jan-19 | 08-Nov-17 | |
| Coverage: | | | Contribution: | | |
| General Liability | | | \$839.52 | | |
| Public Officials Liability | | | \$1,163.00 | | |
| Auto Liability | | | \$0.00 | | |
| Non-Owned / Hired Auto Liability | | | \$132.00 | | |
| Auto Physical Damage | | | \$0.00 | | |
| Hired Auto Physical Damage | | | \$65.00 | | |
| Excess Liability | | | \$570.00 | | |
| Property | | | \$7,221.20 | | |
| Earthquake | | | \$0.00 | | |
| Flood | | | \$0.00 | | |
| Equipment Breakdown | | | \$426.23 | | |
| Comprehensive Crime and ID Recovery Extension | | | \$133.31 | | |
| Ancillary Lines and/or Reinstatement Charge | | | \$0.00 | | |
| Total Contribution | | | \$10,550.26 | | |

(Includes 10% commission paid to the broker)

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Please Remit to: Colorado Special Districts Property and Liability Pool
PO Box 1539
Portland, OR 97207-1539
Toll Free: 800-318-8870 / Fax: 503-943-6622



**Annual Comparison of 2018 and 2017 contributions.
Loss Ratios based on participation years from 2010 to 2017**

Hawthorn Metropolitan District No. 2

| Year | Contribution |
|--------------|--------------|
| 2018 | \$10,550.26 |
| 2017 | \$10,263.87 |
| Difference | \$286.39 |
| % Difference | 2.79% |

| General Liability | Contribution | TOE |
|-------------------|--------------|---------------|
| Yr. 2018 | \$839.52 | \$55,100.00 |
| Yr. 2017 | \$849.01 | \$74,800.00 |
| Difference | (\$9.49) | (\$19,700.00) |
| % Difference | -1.12% | -26.34% |
| Loss Ratio | 0.00% | |

| Equipment Breakdown | Contribution |
|---------------------|--------------|
| Yr. 2018 | \$426.23 |
| Yr. 2017 | \$417.46 |
| Difference | \$8.77 |
| % Difference | 2.10% |
| Loss Ratio | 0.00% |

| Auto Liability | Contribution | Auto Count |
|----------------|--------------|------------|
| Yr. 2018 | \$132.00 | |
| Yr. 2017 | \$132.00 | |
| Difference | \$0.00 | |
| % Difference | 0.00% | |
| Loss Ratio | 0.00% | |

| Crime | Contribution |
|--------------|--------------|
| Yr. 2018 | \$133.31 |
| Yr. 2017 | \$133.31 |
| Difference | \$0.00 |
| % Difference | 0.00% |
| Loss Ratio | 0.00% |

| Auto Physical Damage | Contribution | TIV |
|----------------------|--------------|-----|
| Yr. 2018 | \$65.00 | |
| Yr. 2017 | \$65.00 | |
| Difference | \$0.00 | |
| % Difference | 0.00% | |
| Loss Ratio | 0.00% | |

| Public Officials Liability | Contribution | EE Count |
|----------------------------|--------------|----------|
| Yr. 2018 | \$1,163.00 | 0 |
| Yr. 2017 | \$1,163.00 | 0 |
| Difference | \$0.00 | 0 |
| % Difference | 0.00% | |
| Loss Ratio | 0.00% | |

| Property incl IM | Contribution | TIV |
|------------------|--------------|----------------|
| Yr. 2018 | \$7,221.20 | \$1,209,484.77 |
| Yr. 2017 | \$6,934.09 | \$1,184,608.00 |
| Difference | \$287.11 | \$24,876.77 |
| % Difference | 4.14% | 2.10% |
| Loss Ratio | 0.00% | |

| Excess Liability | Contribution |
|------------------|--------------|
| Yr. 2018 | \$570.00 |
| Yr. 2017 | \$570.00 |
| Difference | \$0.00 |
| % Difference | 0.00% |
| Loss Ratio | 0.00% |

| Earthquake | Contribution |
|--------------|--------------|
| Yr. 2018 | \$0.00 |
| Yr. 2017 | \$0.00 |
| Difference | \$0.00 |
| % Difference | |
| Loss Ratio | 0.00% |

| Flood | Contribution |
|--------------|--------------|
| Yr. 2018 | \$0.00 |
| Yr. 2017 | \$0.00 |
| Difference | \$0.00 |
| % Difference | |
| Loss Ratio | 0.00% |

| No Fault | Contribution |
|--------------|--------------|
| Yr. 2018 | \$65.24 |
| Yr. 2017 | \$63.08 |
| Difference | \$2.16 |
| % Difference | 3.42% |
| Loss Ratio | 0.00% |

Excess Liability Options Proposal For 2018

This Proposal Does Not Bind Coverage

This report demonstrates what it would cost your district to increase coverage from your current limit of liability to higher coverage limit(s). For questions please call 800-318-8870.

Named Member: Hawthorn Metropolitan District No. 2

Certificate Number: 31C61168-179

| <u>Excess Limit</u> | <u>Annual Excess Contribution</u> | <u>Change in Contribution</u> |
|---------------------|-----------------------------------|-------------------------------|
| \$1,000,000.00 | \$330.00 | (\$240.00) |
| \$2,000,000.00 * | \$570.00 | \$0.00 |
| \$3,000,000.00 | \$810.00 | \$240.00 |
| \$4,000,000.00 | \$1,020.00 | \$450.00 |
| \$5,000,000.00 | \$1,250.00 | \$680.00 |
| \$6,000,000.00 | \$1,500.00 | \$930.00 |
| \$7,000,000.00 | \$1,750.00 | \$1,180.00 |
| \$8,000,000.00 | \$2,000.00 | \$1,430.00 |

* This is your current excess limit

Note: This is not your Coverage Document. It was created solely for informational purposes.



Colorado Special Districts Property and Liability Pool
Public Entity Liability and Auto Physical Damage Certificate Holder Declaration

Master Coverage Document Number: PEL 01 01 16

Certificate Number: 31C61168-1799

Coverage Period: 1/1/2018 to 1/1/2019

Named Member:

Hawthorn Metropolitan District No. 2
c/o White, Bear, Ankele, Tanaka, & Waldron
2154 E. Commons Avenue, Suite 2000
Centennial, CO 80122

Broker of Record:

T. Charles Wilson Insurance Service
384 Inverness Parkway
Englewood, CO 80112

Coverage is provided only for those coverages indicated below for which a contribution is shown.

| Coverage | Per Occurrence | Annual Aggregate | Deductible | Contribution |
|---|--|------------------|-------------|--------------|
| Public Entity Liability Coverage incl: | \$2,000,000 | None | | |
| General Liability | Included | None | None | \$839.52 |
| Medical Payments - Premises | \$10,000 | None | None | Included |
| Employee Benefits Admin. Liability | Included | None | None | Included |
| Public Officials Liability | Included | None | \$1,000 | \$1,163.00 |
| Employment Practices Liability | Included | None | * \$100,000 | Included |
| Pre Loss Legal Assistance | \$2,000 | \$4,000 | None | Included |
| No-Fault Water & Sewer Backup | \$5,000 Per Premises, \$150,000 Per Occurrence | ***\$500,000 | \$500 | Included |
| Cyber Liability | \$200,000 | **\$200,000 | \$1,000 | Included |
| Fiduciary Liability | \$200,000 | **\$200,000 | \$1,000 | Included |
| Excess Liab - Coverage agreements A,B,C,D | \$2,000,000 | None | None | \$570.00 |
| Auto Liability | No Coverage | No Coverage | N/A | No Coverage |
| Medical Payments - Auto | No Coverage | No Coverage | N/A | No Coverage |
| Non-Owned/Hired Auto Liability | Included | None | None | \$132.00 |
| Uninsured/Underinsured Motorist | No Coverage | No Coverage | N/A | No Coverage |
| Auto Physical Damage | No Coverage | No Coverage | N/A | No Coverage |
| Hired Auto Physical Damage | \$50,000 | N/A | \$500/\$500 | \$65.00 |
| Auto Physical Damage - Employee Deductible Reimbursement | \$2,500 | N/A | None | Included |
| Total Contribution | | | | \$2,769.52 |


*Employment Practices Liability Deductible: 50% of loss including Indemnity and Legal Expenses subject to a maximum deductible of \$100,000 each occurrence.

**A \$1,000,000 All Member Annual Aggregate Limit shall apply to: Cyber Liability and Fiduciary Liability.

***No-Fault Water & Sewer Backup has \$500,000 All Member Annual Aggregate Limit.

Additional Endorsements applicable to Member:

This Certificate Holder Declaration is made and is mutually accepted by the CSD Pool and the Named Member subject to all terms which are made a part of the Public Entity Liability Coverage Document. This Certificate represents only a brief summary of coverages. Please refer to the Master Coverage Document for actual coverage, terms, conditions, and exclusions.

Countersigned by: 
Authorized Representative

Wednesday, November 08, 2017

Entity ID#: 61168



Colorado Special Districts Property and Liability Pool
Property Certificate Holder Declaration

Master Coverage Document Number: CSDPL ARP 01 01 16

Certificate Number: 31C61168-1799

Named Member:

Hawthorn Metropolitan District No. 2
c/o White, Bear, Ankele, Tanaka, & Waldron
2154 E. Commons Avenue, Suite 2000
Centennial, CO 80122

Coverage Period: 1/1/2018 to 1/1/2019

Broker of Record:

T. Charles Wilson Insurance Service
384 Inverness Parkway
Englewood, CO 80112

Amount of Coverage Per Occurrence:

- \$1,209,485 Reported Buildings, Business Personal Property, Other Scheduled Item, and EDP per Schedule.
- \$250,000 Business Income including Extra Expense/Rental Income unless a higher limit is specified on Schedule.
- \$0 Portable Equipment, Mobile Equipment, and other Inland Marine Scheduled items.
- \$0 Excess of \$2,000,000 Earthquake Limit per occurrence and annual aggregate per Property Schedule.
- \$0 Excess of \$2,000,000 Flood Limit per occurrence and annual aggregate per Property Schedule. Flood Zone A and Flood Zone V are subject to \$50,000,000 per occurrence and all member annual aggregate limit.

Locations Covered: Per Schedules on file. Property in Course of Construction must be shown on the Schedule to be covered.

Report of Values: Annual Statement of Values must be submitted and additions/deletions are to be reported as they occur.

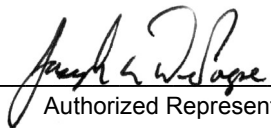
Perils Covered: Risk of Direct Physical Loss subject to the terms, conditions, and exclusions in the Master Property Coverage Document.

Deductibles: \$500 Per Occurrence, except where noted on Member's Schedules
Earthquake - 2% Per Occurrence of the value of the covered damaged property at the time of loss, subject to a \$5,000 minimum and \$50,000 maximum.
Flood - 2% Per Occurrence of the value of the covered damaged property at the time of loss, subject to a \$5,000 minimum and \$50,000 maximum.

Contribution: \$7,221.20

Additional Endorsements applicable to Member:

This Certificate Holder Declaration is made and is mutually accepted by the CSD Pool and the Named Member subject to all terms which are made a part of the Property Coverage Document. This Certificate represents only a brief summary of coverages. Please refer to the Master Coverage Document for actual coverage, terms, conditions, and exclusions.

Countersigned by: 
Authorized Representative

Wednesday, November 08, 2017

Entity ID#: 61168



Colorado Special Districts Property and Liability Pool
Equipment Breakdown Certificate Holder Declaration

Master Coverage Policy Number: CSDPL EB 01 01 16

Certificate Number: 31C61168-1799

Coverage Period: 1/1/2018 to 1/1/2019

Named Member:

Hawthorn Metropolitan District No. 2
c/o White, Bear, Ankele, Tanaka, & Waldron
2154 E. Commons Avenue, Suite 2000
Centennial, CO 80122

Broker of Record:

T. Charles Wilson Insurance Service
384 Inverness Parkway
Englewood, CO 80112

Objects Insured: Covered Property that (1) generates, transmits or utilizes energy, including electronic communications and data processing equipment; or (2) which during normal usage, operates under vacuum or pressure, other than the weight of its contents.

Limits: \$1,025,194 Reported Buildings, Contents, Inland Marine and EDP

| | | |
|--------------------|---|-------------|
| Sub Limits: | 90 Day Reporting for Newly Acquired Locations | \$2,500,000 |
| | Business Income / Extra Expense | \$1,000,000 |
| | Expediting Expenses | \$1,000,000 |
| | Rental Income | \$1,000,000 |
| | Demolition & Increased Cost of Construction | \$1,000,000 |
| | Off-Premises Property Damage | \$500,000 |
| | Equipment Breakdown Service Interruption | \$250,000 |
| | Hazardous Substances | \$250,000 |
| | Perishable Goods / Spoilage | \$250,000 |
| | Equipment Breakdown Data Restoration | \$250,000 |
| | Cloud Computing Service Interruption | \$250,000 |
| | Service Interruption Data Restoration | \$250,000 |
| | Green Construction Upgrade | \$100,000 |
| | Public Relations Coverage | \$5,000 |
| | Microelectronics Coverage | included |
| | Off-Premises Business Income, Extra Expense and Data Restoration Coverage | included |
| | Computer Equipment | Included |
| | Flood Drying Out | Included |
| | Portable Equipment | Included |
| | CFC Refrigerants | Included |
| | Defense | Included |


Deductibles: \$1,000 Each Occurrence, except:

24-Hour Waiting Period (for BI/EE/Perishable Goods) and for Service Interruption.

Locations: Property must be at a location described in the Named Member's current Property Schedule with the CSD Pool and must be owned, leased, or operated under the control of the Named Member (except for Service Interruption).

Contribution: \$426.23

This Certificate Holder Declaration is made and is mutually accepted by the CSD Pool and the Named Member subject to all terms which are made a part of the Equipment Breakdown Coverage Document. This Certificate represents only a brief summary of coverages. Please refer to the Master Coverage Document for actual coverage, terms, conditions, and exclusions.

Countersigned by: 
Authorized Representative

Wednesday, November 08, 2017

Entity ID#: 61168



**Colorado Special Districts Property and Liability Pool
Comprehensive Crime Certificate Holder Declaration**

Master Coverage Policy Number: CCP0037259

Certificate Number: 31C61168-1799

Coverage Period: 1/1/2018 Until Cancelled

Billing Period: 1/1/2018 to 1/1/2019

Named Member:

Hawthorn Metropolitan District No. 2
c/o White, Bear, Ankele, Tanaka, & Waldron
2154 E. Commons Avenue, Suite 2000
Centennial, CO 80122

Broker of Record:

T. Charles Wilson Insurance Service
384 Inverness Parkway
Englewood, CO 80112

Covered ERISA Plan:

Covered Designated Agent(s):

Coverage, Limits of Insurance and Deductibles

Limits

Public Employee Dishonesty Coverage:

\$5,000

- Limit is Per Loss
- Faithful Performance of Duty
- Officers, Directors, and Trustees
- Welfare and Pension Plan ERISA Compliance
if Covered Plan is shown on application
- Volunteer Workers as Employees

Forgery or Alteration Coverage:

\$5,000

Theft, Disappearance, and Destruction Coverage:

Inside Premises

\$5,000

Outside Premises

\$5,000

Computer and Funds Transfer Fraud Coverage:

\$5,000

Debit, Credit or Charge Card Forgery Coverage:

\$5,000

Money Orders and Counterfeit Paper Currency Coverage:

\$5,000

Fraudulent Impersonation Coverage:

\$5,000

Crime Deductible:

\$100

Fraudulent Impersonation Deductible: 20% of Fraudulent Impersonation Limit

Contribution:

\$133.31

Policy Forms:

CR 00260506 Government Crime Policy
CR 25070300 Include Specified Directors or Trustees on Committee as Employees
CR 25080300 Include Specified Non-Compensated Officers as Employees
CR 25090300 Include Volunteer Workers as Employees
CR 25190506 Add Faithful Performance of Duty
CR 25120300 Include Treasurers or Tax Collectors as Employees
CR 02151104 Colorado Changes
CR 25200300 Debit, Credit or Charge Card Forgery
CR 25020506 Include Designated Agents as Employees, when listed
CR 04171115 Fraudulent Impersonation

This Certificate Holder Declaration is made and is mutually accepted by the CSD Pool and the Named Member subject to all terms which are made a part of the Master Comprehensive Crime Policy. This Certificate represents only a brief summary of coverages. Please refer to the Master Policy Document for actual coverage, terms, conditions, and exclusions.

Countersigned by: 
Authorized Representative

Wednesday, November 08, 2017

Entity ID#: 61168



Colorado Special Districts Property and Liability Pool
Identity Recovery Certificate Holder Declaration

Master Coverage Policy Number: CP IDR Form 2008-034-05

Certificate Number: 31C61168-1799

Coverage Period: 1/1/2018 Until Cancelled

Named Member:

Hawthorn Metropolitan District No. 2
c/o White, Bear, Ankele, Tanaka, & Waldron
2154 E. Commons Avenue, Suite 2000
Centennial, CO 80122

Broker of Record:

T. Charles Wilson Insurance Service
384 Inverness Parkway
Englewood, CO 80112

Member: All permanent employees and District Board members participating in the Colorado Special Districts Property and Liability Pool; Special District Association of Colorado staff and Board of Directors.

Coverage: Reimbursement coverage for expenses arising from a defined "Identity Theft" event. Including: legal fees for answer of civil judgements and defense of criminal charges; phone, postage, shipping fees; notary and filing fees; credit bureau reports; lost wages; child/elder care and mental health counseling.

This coverage does not reimburse the member for monies stolen or fraudulently charged to the member, and excludes loss arising from the members fraudulent, dishonest or criminal act.

| | | |
|----------------|----------------------------------|-------------------------------------|
| Limits: | \$25,000 | Annual Aggregate Limit Per Member |
| | Case Management Service Expenses | Does not reduce the limit available |
| | Legal Costs | Reduces the limit available |

| | | |
|--------------------|---------------|---------------------------------|
| Sub Limits: | \$5,000 Total | Lost Wages and Child/Elder Care |
| | \$1,000 Total | Mental Health Counseling |
| | \$1,000 Total | Miscellaneous Expenses |

Coverage Trigger: Coverage is provided on a discovery basis with a 60-day reporting requirement

Claims: For Recovery Assistance and Counseling, please call 1-800-945-4617

Insurance Carrier: The Hartford Steam Boiler Inspection and Insurance Company

This Certificate Holder Declaration is made and is mutually accepted by the CSD Pool and the Named Member subject to all terms which are made a part of the Identity Recovery Coverage Policy. This Certificate represents only a brief summary of coverages. Please refer to the Master Coverage document for actual coverage, terms, conditions, and exclusions.

Countersigned by: _____


Authorized Representative

Wednesday, November 08, 2017

Entity ID#: 61168

Colorado Special Districts Property and Liability Pool

General Liability Schedule

Policy Year: 1/1/2018 to 1/1/2019

31C61168-1799

**Fill in the amount for any item that applies to your district.
This information is required for rating purposes.**

*** Total Operating Expense does not include debt services or capital expenditures**

Hawthorn Metropolitan District No. 2

Per Occurrence Deductible: \$0.00

Agent: T. Charles Wilson Insurance Service

| Code | Description | Unit | Amount | Effective | Expiration |
|--------|---|---------|-----------|-----------|------------|
| | | | | Date | Date |
| 60001P | Number of Skate Board Parks | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60002P | Number of Diving Boards | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60003P | Number of Water Slides | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60004 | Maximum Bond Issued | Dollars | 6,035,000 | 1/1/2018 | 1/1/2019 |
| 60005 | Number of Bonds Issued | Total | 2 | 1/1/2018 | 1/1/2019 |
| 60020 | Day Care Operations - Total Annual Payroll | Dollars | 0 | 1/1/2018 | 1/1/2019 |
| 60030F | Number of EMT Personnel | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60031 | Number of Non-EMT Volunteers | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60032F | Paid Firefighters - (Not EMT) | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60034F | Class 1 Boats - Under 26' | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60037 | Pipe Line - Under Drain | Miles | 0 | 1/1/2018 | 1/1/2019 |
| 60039S | Pipe Line - Sewer / Storm Drainage Combined | Miles | 0 | 1/1/2018 | 1/1/2019 |
| 60039W | Pipe Line | Miles | 0 | 1/1/2018 | 1/1/2019 |
| 60060 | Number of Teachers | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60070P | Number of Golf Courses | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60080 | Number of Go Cart Tracks | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60098 | Additional First Named Members | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60105 | Total Operating Expenses - Any other | Dollars | 55,100 | 1/1/2018 | 1/1/2019 |
| 60130 | Total Operating Expenses - Park & Recreation | Dollars | 0 | 1/1/2018 | 1/1/2019 |
| 60131 | Total Operating Expenses - Cemetery | Dollars | 0 | 1/1/2018 | 1/1/2019 |
| 60132 | Total Operating Expenses - Soil & Water Conse | Dollars | 0 | 1/1/2018 | 1/1/2019 |
| 60133 | Total Operating Expenses - Pest Control | Dollars | 0 | 1/1/2018 | 1/1/2019 |
| 60134 | Total Operating Expenses - Hospital / Health | Dollars | 0 | 1/1/2018 | 1/1/2019 |
| 60135 | Total Operating Expenses - Drainage | Dollars | 0 | 1/1/2018 | 1/1/2019 |
| 60136 | Total Operating Expenses - Library | Dollars | 0 | 1/1/2018 | 1/1/2019 |
| 60137 | Total Operating Expenses - Water Control | Dollars | 0 | 1/1/2018 | 1/1/2019 |
| 60138 | Total Operating Expenses - Fire / Ambulance | Dollars | 0 | 1/1/2018 | 1/1/2019 |
| 60139 | Total Operating Expenses - Water | Dollars | 0 | 1/1/2018 | 1/1/2019 |
| 60140 | Total Operating Expenses - Irrigation | Dollars | 0 | 1/1/2018 | 1/1/2019 |
| 60141 | Total Operating Expenses - Sanitation | Dollars | 0 | 1/1/2018 | 1/1/2019 |
| 60142 | Total Operating Expenses - Transit | Dollars | 0 | 1/1/2018 | 1/1/2019 |
| 60143 | Total Operating Expenses - Improvement | Dollars | 0 | 1/1/2018 | 1/1/2019 |
| 60151 | Total Operating Expenses - Sanitation MW Discounted | Dollars | 0 | 1/1/2018 | 1/1/2019 |
| 60215 | Buildings & Premises Occupied by District | Sq. Ft. | 0 | 1/1/2018 | 1/1/2019 |
| 60250 | Number of Homes in Home Owner's Association | Total | 199 | 1/1/2018 | 1/1/2019 |
| 60270 | Number of Aboveground Storage Tanks (excluding water tanks) | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60331 | Number of Paid Firefighters - Full-Time | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60332 | Number of Paid Firefighters - Part-Time | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60333 | Number of Volunteer Firefighters | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60334 | Number of Paid EMT - Full-Time | Total | 0 | 1/1/2018 | 1/1/2019 |

Colorado Special Districts Property and Liability Pool

General Liability Schedule

Policy Year: 1/1/2018 to 1/1/2019

31C61168-1799

| | | | | | |
|--------|--|----------|--------|----------|----------|
| 60335 | Number of Paid EMT - Part-Time | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60348 | Number of Board Members | Total | 5 | 1/1/2018 | 1/1/2019 |
| 60350 | Number of Permanent Employees - Full-Time | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60351 | Number of Permanent Employees - Part-Time | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60366 | Total Payroll | Dollars | 0 | 1/1/2018 | 1/1/2019 |
| 60411W | Total Water Delivered Annually - Millions of Gallons | MGAL | 0 | 1/1/2018 | 1/1/2019 |
| 60414P | Playground/parks (Area) | Acres | 0 | 1/1/2018 | 1/1/2019 |
| 60415P | Number of Grandstands/Stadiums | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60420 | Vacant Land | Acres | 0 | 1/1/2018 | 1/1/2019 |
| 60450 | Miles of Road Maintained | Miles | 0 | 1/1/2018 | 1/1/2019 |
| 60522W | Number of Ponds, Lakes & Reservoirs | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60550F | Fire Department Area Served | Sq Miles | 0 | 1/1/2018 | 1/1/2019 |
| 60671P | Number of Parks | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60710 | Dams - Class 1 - Low Hazard - Total Acre-Feet | Acre Ft. | 0 | 1/1/2018 | 1/1/2019 |
| 60712 | Dams - Class 1 - Low Hazard - Number of Dams | Count | 0 | 1/1/2018 | 1/1/2019 |
| 60720 | Dams - Class 2 - Med Hazard - Total Acre-Feet | Acre Ft. | 0 | 1/1/2018 | 1/1/2019 |
| 60722 | Dams - Class 2 - Med Hazard - Number of Dams | Count | 0 | 1/1/2018 | 1/1/2019 |
| 60730 | Dams - Class 3 - High Hazard - Total Acre-Feet | Acre Ft. | 0 | 1/1/2018 | 1/1/2019 |
| 60732 | Dams - Class 3 - High Hazard - Number of Dams | Count | 0 | 1/1/2018 | 1/1/2019 |
| 60811W | Number of Spillways | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60900 | Services Contracted out to Others | Dollars | 21,000 | 1/1/2018 | 1/1/2019 |
| 60924P | Revenue from use of Swimming Pools | Dollars | 0 | 1/1/2018 | 1/1/2019 |
| 60925 | Number of Swimming Pools | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60946S | Number of Sewage Taps | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60946W | Number of Water Mains or Connections | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60947S | Sewer and/or Sanitation Line Maintenance (budget) | Dollars | 0 | 1/1/2018 | 1/1/2019 |
| 60947W | Water Line Maintenance (budget) | Dollars | 0 | 1/1/2018 | 1/1/2019 |
| 60997 | Number of district sponsored Events/Fundraisers - No Alcohol Serve | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60998 | Number of District sponsored Events/Fundraisers – With Alcohol Ser | Total | 0 | 1/1/2018 | 1/1/2019 |
| 60999 | Prior Acts Coverage Under a Previous "Claims Made" Policy | Premium | 0 | 1/1/2018 | 1/1/2019 |

If your district has other exposures not common to all similar districts and not listed on the General Liability Schedule, such as: (airplanes, staff security people, bridges, day care centers, or boats) please list below. Certain activities may require a separate insurance policy.

| Description | Unit | Amount | Expiration | Effective |
|-------------|------|--------|------------|-----------|
| | | | Date | Date |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Colorado Special Districts Property and Liability Pool

Property Schedule

Policy Year: 1/1/2018 to 1/1/2019

31C61168-1799

Hawthorn Metropolitan District No. 2

Per Occurrence Deductible: \$500.00

Agent: T. Charles Wilson Insurance Service

| Location/Premise Address / Description | | Construction Class | Prot. Class | Valuation | Values | Property Contrib. | Quake Contrib. | Flood Contrib. |
|---|------------------------------|---|---|-------------|------------------------------|-------------------|----------------|----------------|
| Location/Premise#: 001-001 | Unique #: 61168P14588 | Frame | 6 | Replacement | Buildings: | \$92 | \$0 | \$0 |
| Gazebo Structure | Year Built: 2016 | Term: | 1/1/2018 to 1/1/2019 | | Contents: | | | |
| 5900 Gilbert Street | Sq. Feet: | County: Jefferson | Ded: | \$500.00 | EDP: | | | |
| Golden co 80403 | # Stories: | Flood Zone: | X | | Business Inc: | | | |
| | | | | | UG Pipes: | | | |
| NOC Equipment Breakdown Applies <input checked="" type="checkbox"/> | | Excess Quake Applies <input type="checkbox"/> | Excess Flood Applies <input type="checkbox"/> | | Otherwise Classified: | \$14,089.80 | | |
| Location/Premise#: 001-002 | Unique #: 61168P14587 | Frame | 6 | Replacement | Buildings: | \$23 | \$0 | \$0 |
| 5 Park Benches | Year Built: 2015 | Term: | 1/1/2018 to 1/1/2019 | | Contents: | | | |
| 5900 Gilbert Street | Sq. Feet: | County: Jefferson | Ded: | \$500.00 | EDP: | | | |
| Golden co 80403 | # Stories: | Flood Zone: | X | | Business Inc: | | | |
| | | | | | UG Pipes: | | | |
| NOC Equipment Breakdown Applies <input checked="" type="checkbox"/> | | Excess Quake Applies <input type="checkbox"/> | Excess Flood Applies <input type="checkbox"/> | | Otherwise Classified: | \$3,471.40 | | |
| Location/Premise#: 001-003 | Unique #: 61168P14586 | Noncombustible | 6 | Replacement | Buildings: | \$2,817 | \$0 | \$0 |
| Concrete Paths | Year Built: 2014 | Term: | 1/1/2018 to 1/1/2019 | | Contents: | | | |
| Throughout District | Sq. Feet: | County: Jefferson | Ded: | \$500.00 | EDP: | | | |
| Golden co 80403 | # Stories: | Flood Zone: | X | | Business Inc: | | | |
| | | | | | UG Pipes: | | | |
| NOC Equipment Breakdown Applies <input checked="" type="checkbox"/> | | Excess Quake Applies <input type="checkbox"/> | Excess Flood Applies <input type="checkbox"/> | | Otherwise Classified: | \$430,721.10 | | |
| Location/Premise#: 001-004 | Unique #: 61168P14585 | Frame | 6 | Replacement | Buildings: | \$86 | \$0 | \$0 |
| Playground Structure & Swingset | Year Built: 2016 | Term: | 1/1/2018 to 1/1/2019 | | Contents: | | | |
| 5900 Gilbert Street | Sq. Feet: | County: Jefferson | Ded: | \$500.00 | EDP: | | | |
| Golden co 80403 | # Stories: | Flood Zone: | X | | Business Inc: | | | |
| | | | | | UG Pipes: | | | |
| NOC Equipment Breakdown Applies <input checked="" type="checkbox"/> | | Excess Quake Applies <input type="checkbox"/> | Excess Flood Applies <input type="checkbox"/> | | Otherwise Classified: | \$13,119.85 | | |

Colorado Special Districts Property and Liability Pool

Property Schedule

Policy Year: 1/1/2018 to 1/1/2019

31C61168-1799

Hawthorn Metropolitan District No. 2

Per Occurrence Deductible: \$500.00

Agent: T. Charles Wilson Insurance Service

| Location/Premise Address / Description | | Construction Class | Prot. Class | Valuation | Values | Property Contrib. | Quake Contrib. | Flood Contrib. |
|---|------------------------------|--------------------------|----------------------|-------------|------------------------------|-------------------|----------------|----------------|
| Location/Premise#: 001-005 | Unique #: 61168P14584 | Frame | 6 | Replacement | Buildings: | \$710 | \$0 | \$0 |
| 133 Landscape Trees (\$800 each) | Year Built: 2015 | Term: | 1/1/2018 to 1/1/2019 | | Contents: | | | |
| Throughout District | Sq. Feet: | County: Jefferson | Ded: | \$500.00 | EDP: | | | |
| Golden co 80403 | # Stories: | Flood Zone: | X | | Business Inc: | | | |
| | | | | | UG Pipes: | | | |
| NOC Equipment Breakdown Applies <input checked="" type="checkbox"/> Excess Quake Applies <input type="checkbox"/> Excess Flood Applies <input type="checkbox"/> | | | | | Otherwise Classified: | \$108,634.40 | | |

| | | | | | | | | |
|---|------------------------------|--------------------------|----------------------|-------------|------------------------------|-------------|-----|-----|
| Location/Premise#: 001-006 | Unique #: 61168P14583 | Frame | 6 | Replacement | Buildings: | \$534 | \$0 | \$0 |
| 1333 Shrubs (\$60 each) | Year Built: 2015 | Term: | 1/1/2018 to 1/1/2019 | | Contents: | | | |
| Throughout District | Sq. Feet: | County: Jefferson | Ded: | \$500.00 | EDP: | | | |
| Golden co 80403 | # Stories: | Flood Zone: | X | | Business Inc: | | | |
| | | | | | UG Pipes: | | | |
| NOC Equipment Breakdown Applies <input checked="" type="checkbox"/> Excess Quake Applies <input type="checkbox"/> Excess Flood Applies <input type="checkbox"/> | | | | | Otherwise Classified: | \$81,659.58 | | |

| | | | | | | | | |
|---|------------------------------|--------------------------|----------------------|-------------|------------------------------|-------------|-----|-----|
| Location/Premise#: 001-007 | Unique #: 61168P14582 | Noncombustible | 6 | Replacement | Buildings: | \$100 | \$0 | \$0 |
| Monument | Year Built: 2016 | Term: | 1/1/2018 to 1/1/2019 | | Contents: | | | |
| 5900 Gilbert Street | Sq. Feet: | County: Jefferson | Ded: | \$500.00 | EDP: | | | |
| Golden co 80403 | # Stories: | Flood Zone: | X | | Business Inc: | | | |
| | | | | | UG Pipes: | | | |
| NOC Equipment Breakdown Applies <input checked="" type="checkbox"/> Excess Quake Applies <input type="checkbox"/> Excess Flood Applies <input type="checkbox"/> | | | | | Otherwise Classified: | \$15,315.00 | | |

| | | | | | | | | |
|---|------------------------------|--------------------------|----------------------|-------------|-------------------------------|-------|-----|-----|
| Location/Premise#: 001-008 | Unique #: 61168P14581 | Fire Resistive | 6 | Replacement | Buildings: | \$517 | \$0 | \$0 |
| Underdrain System | Year Built: 2014 | Term: | 1/1/2018 to 1/1/2019 | | Contents: | | | |
| 5900 Gilbert Street | Sq. Feet: | County: Jefferson | Ded: | \$500.00 | EDP: | | | |
| Golden co 80403 | # Stories: | Flood Zone: | X | | Business Inc: | | | |
| | | | | | UG Pipes: \$184,290.50 | | | |
| NOC Equipment Breakdown Applies <input checked="" type="checkbox"/> Excess Quake Applies <input type="checkbox"/> Excess Flood Applies <input type="checkbox"/> | | | | | Otherwise Classified: | | | |

Colorado Special Districts Property and Liability Pool

Property Schedule

Policy Year: 1/1/2018 to 1/1/2019

31C61168-1799

Hawthorn Metropolitan District No. 2

Per Occurrence Deductible: \$500.00

Agent: T. Charles Wilson Insurance Service

| Location/Premise Address / Description | | Construction Class | Prot. Class | Valuation | Values | Property Contrib. | Quake Contrib. | Flood Contrib. |
|---|------------------------------|---|---|-------------|------------------------------|-------------------|----------------|----------------|
| Location/Premise#: 001-009 | Unique #: 61168P14580 | Fire Resistive | 6 | Replacement | Buildings: | \$905 | \$0 | \$0 |
| Irrigation System Components | Year Built: 2015 | Term: | 1/1/2018 to 1/1/2019 | | Contents: | | | |
| 5900 Gilbert Street | Sq. Feet: | County: Jefferson | Ded: | \$500.00 | EDP: | | | |
| Golden co 80403 | # Stories: | Flood Zone: | X | | Business Inc: | | | |
| | | | | | UG Pipes: | | | |
| NOC Equipment Breakdown Applies <input checked="" type="checkbox"/> | | Excess Quake Applies <input type="checkbox"/> | Excess Flood Applies <input type="checkbox"/> | | Otherwise Classified: | \$138,447.60 | | |
| Location/Premise#: 001-010 | Unique #: 61168P14579 | Noncombustible | 6 | Replacement | Buildings: | \$946 | \$0 | \$0 |
| Modular Block Wall | Year Built: 2015 | Term: | 1/1/2018 to 1/1/2019 | | Contents: | | | |
| 5900 Gilbert Street | Sq. Feet: | County: Jefferson | Ded: | \$500.00 | EDP: | | | |
| Golden co 80403 | # Stories: | Flood Zone: | X | | Business Inc: | | | |
| | | | | | UG Pipes: | | | |
| NOC Equipment Breakdown Applies <input checked="" type="checkbox"/> | | Excess Quake Applies <input type="checkbox"/> | Excess Flood Applies <input type="checkbox"/> | | Otherwise Classified: | \$144,675.70 | | |
| Location/Premise#: 001-011 | Unique #: 61168P14578 | Fire Resistive | 6 | Replacement | Buildings: | \$11 | \$0 | \$0 |
| 2 Pet Waste Stations | Year Built: 2015 | Term: | 1/1/2018 to 1/1/2019 | | Contents: | | | |
| 5900 Gilbert Street | Sq. Feet: | County: Jefferson | Ded: | \$500.00 | EDP: | | | |
| Golden co 80403 | # Stories: | Flood Zone: | X | | Business Inc: | | | |
| | | | | | UG Pipes: | | | |
| NOC Equipment Breakdown Applies <input checked="" type="checkbox"/> | | Excess Quake Applies <input type="checkbox"/> | Excess Flood Applies <input type="checkbox"/> | | Otherwise Classified: | \$1,633.60 | | |
| Location/Premise#: 001-012 | Unique #: 61168P14577 | Fire Resistive | 6 | Replacement | Buildings: | \$22 | \$0 | \$0 |
| Soccer Goals and Volleyball Nets | Year Built: 2016 | Term: | 1/1/2018 to 1/1/2019 | | Contents: | | | |
| 5900 Gilbert Street | Sq. Feet: | County: Adams | Ded: | \$500.00 | EDP: | | | |
| Golden co 80403 | # Stories: | Flood Zone: | X | | Business Inc: | | | |
| | | | | | UG Pipes: | | | |
| NOC Equipment Breakdown Applies <input checked="" type="checkbox"/> | | Excess Quake Applies <input type="checkbox"/> | Excess Flood Applies <input type="checkbox"/> | | Otherwise Classified: | \$3,318.25 | | |

Colorado Special Districts Property and Liability Pool

Property Schedule Policy Year: 1/1/2018 to 1/1/2019

31C61168-1799

Hawthorn Metropolitan District No. 2

Per Occurrence Deductible: \$500.00

Agent: T. Charles Wilson Insurance Service

| Location/Premise Address / Description | | | | Construction Class | Prot. Class | Valuation | Values | | Property Contrib. | Quake Contrib. | Flood Contrib. | | |
|---|---------|-------------|-------------|---|-------------|-------------|---------------|---|-------------------|----------------|----------------|-----------------------|-------------|
| Location/Premise#: | 001-013 | Unique #: | 61168P14576 | Frame | 6 | Replacement | Buildings: | | \$458 | \$0 | \$0 | | |
| 3 4-Ft. Rail Fences | | Year Built: | 2014 | Term: 1/1/2018 to 1/1/2019 | | | Contents: | | | | | | |
| Throughout District | | Sq. Feet: | | County: Jefferson | | | EDP: | | | | | | |
| Golden co 80403 | | # Stories: | | Ded: \$500.00 | | | Business Inc: | | | | | | |
| | | | | Flood Zone: X | | | UG Pipes: | | | | | | |
| NOC Equipment Breakdown Applies <input checked="" type="checkbox"/> | | | | Excess Quake Applies <input type="checkbox"/> | | | | Excess Flood Applies <input type="checkbox"/> | | | | Otherwise Classified: | \$70,107.99 |

Colorado Special Districts Property and Liability Pool

Property Schedule Policy Year: 1/1/2018 to 1/1/2019

31C61168-1799

Hawthorn Metropolitan District No. 2

Per Occurrence Deductible: \$500.00

Agent: T. Charles Wilson Insurance Service

| Location/Premise Address / Description | | | Construction Class | Prot. Class | Valuation | Values | | Property Contrib. | Quake Contrib. | Flood Contrib. | |
|--|--|-------------|--------------------|-------------|-----------|-----------------------|----------------|--------------------------------|----------------|----------------|----------|
| Location/Premise#: | | Unique #: | | | | Buildings: | | | | | |
| | | Year Built: | | | | Contents: | | | | | |
| | | Sq. Feet: | | | | EDP: | | | | | |
| | | # Stories: | | | | Business Inc: | | | | | |
| | | | Flood Zone: | | | UG Pipes: | | | | | |
| | | | | | | Otherwise Classified: | | | | | |
| NOC Equipment Breakdown Applies <input type="checkbox"/> Excess Quake Applies <input type="checkbox"/> Excess Flood Applies <input type="checkbox"/> | | | | | | | | | | | |
| Location/Premise#: | | Unique #: | | | | Buildings: | | | | | |
| | | Year Built: | | | | Contents: | | | | | |
| | | Sq. Feet: | | | | EDP: | | | | | |
| | | # Stories: | | | | Business Inc: | | | | | |
| | | | Flood Zone: | | | UG Pipes: | | | | | |
| | | | | | | Otherwise Classified: | | | | | |
| NOC Equipment Breakdown Applies <input type="checkbox"/> Excess Quake Applies <input type="checkbox"/> Excess Flood Applies <input type="checkbox"/> | | | | | | | | | | | |
| Totals: | | | | | | Buildings: | | \$7,221 | \$0 | \$0 | |
| | | | | | | Contents: | | | | | |
| | | | | | | EDP: | | | | | |
| | | | | | | Business Inc: | | | | | |
| | | | | | | UG Pipes: | \$184,290.50 | | | | |
| | | | | | | Otherwise Classified: | \$1,025,194.27 | | | | |
| | | | | | | | | Minimum Property Contribution: | | | \$400.00 |

Construction Class Options

Fire Resistive Noncombustible
Modified Fire Resistive Joisted Masonry
Masonry Noncombustible Frame

Valuation Options

Actual Cash Value
Replacement Cost
Agreed Value

Protection Class

Fire Protection Class is determined by the level of fire protection in your area. Your local fire department should be able to tell you which Protection Class your property is in.



**Colorado Special Districts Property and Liability Pool
Comprehensive Crime Certificate Holder Declaration**

Master Coverage Policy Number: CCP0037259

Certificate Number: 31C61168-1799

Coverage Period: 1/1/2018 Until Cancelled

Billing Period: 1/1/2018 to 1/1/2019

Named Member:

Hawthorn Metropolitan District No. 2
c/o White, Bear, Ankele, Tanaka, & Waldron
2154 E. Commons Avenue, Suite 2000
Centennial, CO 80122

Broker of Record:

T. Charles Wilson Insurance Service
384 Inverness Parkway
Englewood, CO 80112

Covered ERISA Plan:

Covered Designated Agent(s):

Coverage, Limits of Insurance and Deductibles

Limits

Public Employee Dishonesty Coverage:

\$5,000

- Limit is Per Loss
- Faithful Performance of Duty
- Officers, Directors, and Trustees
- Welfare and Pension Plan ERISA Compliance
if Covered Plan is shown on application
- Volunteer Workers as Employees

Forgery or Alteration Coverage:

\$5,000

Theft, Disappearance, and Destruction Coverage:

Inside Premises

\$5,000

Outside Premises

\$5,000

Computer and Funds Transfer Fraud Coverage:

\$5,000

Debit, Credit or Charge Card Forgery Coverage:

\$5,000

Money Orders and Counterfeit Paper Currency Coverage:

\$5,000

Fraudulent Impersonation Coverage:

\$5,000

Crime Deductible:

\$100

Fraudulent Impersonation Deductible: 20% of Fraudulent Impersonation Limit

Contribution:

\$133.31

Policy Forms:

CR 00260506 Government Crime Policy
CR 25070300 Include Specified Directors or Trustees on Committee as Employees
CR 25080300 Include Specified Non-Compensated Officers as Employees
CR 25090300 Include Volunteer Workers as Employees
CR 25190506 Add Faithful Performance of Duty
CR 25120300 Include Treasurers or Tax Collectors as Employees
CR 02151104 Colorado Changes
CR 25200300 Debit, Credit or Charge Card Forgery
CR 25020506 Include Designated Agents as Employees, when listed
CR 04171115 Fraudulent Impersonation

This Certificate Holder Declaration is made and is mutually accepted by the CSD Pool and the Named Member subject to all terms which are made a part of the Master Comprehensive Crime Policy. This Certificate represents only a brief summary of coverages. Please refer to the Master Policy Document for actual coverage, terms, conditions, and exclusions.

Countersigned by: 
Authorized Representative

Wednesday, November 08, 2017

Entity ID#: 61168



HOMEOWNERS' ASSOCIATION SERVICE AGREEMENT

NON-HAZARDOUS WASTES

Waste Management of Colorado, Inc.
 5500 S. Quebec St. Ste. 250
 Greenwood Village, CO 80111
 Phone: (303) 818-1911
 Email: mmaher1@wm.com

| | |
|-----------------|------------|
| Account No. | 010-582378 |
| Type of Billing | Group |
| Term | 60 months |
| Effective Date | 12.01.2017 |

Association Name: HAWTHORN METRO DISTRICT
 Address: VARIOUS LOCATIONS
 City/State/ZIP: GOLDEN, CO 80403
 Phone: (303) 872-9224 X 102 Fax: _____
 Email Address: scott.bristol@scmcolorado.com
 Contact Name: Scott Bristol

Notice Address: HAWTHORN METRO DISTRICT
 Address: C/O STILLWATER COMMUNITY MANAGEMENT
8390 E CRESCENT PKWY STE 500
 City/State/ZIP: GREENWOOD VILLAGE, CO 80111
 Phone: (303) 872-9224 X 102 Fax: _____
 Email Address: scott.bristol@scmcolorado.com
 Contact Name: Scott Bristol

EQUIPMENT/SERVICE SPECIFICATIONS

| | | | |
|--|---|---|--------------------------|
| Approximate Number of Residences within the Association Area: 199 | | Monthly Group Billing Charge: \$2,537.25 | |
| Containers/Charges*/Schedule (per residence) | Trash Qty: 199 | Size: 96-gal | Monthly Charge: \$12.75 |
| | Recycle Qty: 199 | Size: 96-gal | Monthly Charge: Included |
| Additional Containers: | Additional Carts available at \$6.50 per additional cart per month billed to resident. | | |
| Special Instructions: | <ul style="list-style-type: none"> 199 homes at \$12.75 per home, per month. Term of this Agreement is sixty months; however, the Metro District shall have an opt out period once a year between Nov 1st and December 1st where if the Metro District does elect to opt out of the agreement during this time, service will be cancelled effective January 1st of the following year with no penalty or liquidated damages charged to the Metro District. No fuel or other charges shall apply. Billing will be based on actual number of homes built and serviced. \$5.00 Admin Fee Applies – Waived if setup for paperless billing and autopay. Includes weekly trash collection and every-other-week recycle collection. Included use of (1) 96-gallon trash cart and (1) 96 gallon recycle cart per resident. Additional Carts available at \$6.50 per additional cart per month billed to resident. Bulk items, such as furniture, will be charged to residents, and must be scheduled in advance and prepaid by resident, by calling 303-797-1600. Rate is guaranteed for 12 months with future increases to be based on The Consumer Price Index – Water, Sewer, and Trash Index, not to exceed a 5% increase per year. | | |
| Delivery Charge: | No Delivery Charge for Initial or Additional Carts. | | |
| If charges are Group Billed, the Monthly Group Billing Charge indicated above is based on the number of residences within the Association Area (as defined in Section 1 below and approximated above) and Company may adjust the monthly charges to account for any change in the number of residences; the Association shall timely notify Company of any increase or decrease in the number of residences within the Association Area. The Association shall be liable to Company for any underpayment due to the Association's failure to notify Company of any increase in the number of residences. The Association is not entitled to be reimbursed for any overpayment due to the Association's failure to notify Company of a decrease in the number of residences. | | | |

This Homeowners' Association Service Agreement (this "Agreement") is made as of the Effective Date shown above by and between Waste Management of Arizona, Inc. ("Company") and the Association named above, on behalf of the Association and the Customers. The undersigned individual signing this Agreement on behalf of the Association and all of the Customers acknowledges that he/she has read and understands the following terms and conditions of this Agreement and that he/she has the authority to sign on behalf of the Association and all of the Customers.

COMPANY

 (AUTHORIZED SIGNATURE)

Mike Maher
 (PRINTED/TYPED NAME OF PERSON SIGNING)

HOA Account Manager
 (TITLE)

 (DATE)

ASSOCIATION

HAWTHORN METRO DISTRICT
 (PRINTED/TYPED NAME OF ASSOCIATION)

 (AUTHORIZED SIGNATURE)

 (PRINTED/TYPED NAME OF PERSON SIGNING)

 (TITLE)

 (DATE)

INDEPENDENT CONTRACTOR AGREEMENT
(2017/2018 Snow Removal Services)

This INDEPENDENT CONTRACTOR AGREEMENT, including any and all exhibits attached hereto (the "Agreement"), is entered into as of the 4th day of December, 2017, by and between HAWTHORN METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado (the "District"), and METCO LANDSCAPE, INC., a Colorado corporation (the "Contractor"). The District and the Contractor are referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, the District was organized pursuant to and in accordance with the provisions of §§ 32-1-101, *et seq.*, C.R.S. for the purpose of constructing, financing, operating and maintaining certain public facilities and improvements for itself, its taxpayers, residents and users; and

WHEREAS, pursuant to § 32-1-1001(1)(d)(I), C.R.S., the District is empowered to enter into contracts and agreements affecting the affairs of the District; and

WHEREAS, pursuant to § 32-1-1001(1)(i), C.R.S., the District is empowered to appoint, hire and retain agents, employees, engineers and attorneys; and

WHEREAS, the District desires to engage the Contractor to perform certain services as are needed by the District to serve the property within and without its boundaries; and

WHEREAS, the Contractor has represented that it has the professional experience, skill and resources to perform the services, as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and stipulations set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

TERMS AND CONDITIONS

1. **SCOPE OF SERVICES.** The Contractor shall perform the services described in **Exhibit A**, attached hereto and incorporated herein by this reference (the "Services"): (a) in a first-class manner, to the satisfaction of the District, using the degree of skill and knowledge customarily employed by other professionals performing similar services in the area of the District; (b) within the time period and pursuant to the Scope of Services specified in said Exhibit A; (c) in such a manner as to minimize any annoyance, interference or disruption to the residents, tenants, occupants and invitees within the District; and (d) in compliance with all applicable federal, state, county and local or municipal body or agency statutes, ordinances and regulations, including, without limitation, any licensing, bonding, and permit requirements, and including without limitation, any such laws relating to storage, use or disposal of hazardous

wastes, substances or materials. Exhibit A may take any form, including forms which may include price and payment terms. In the event of any conflict between terms set forth in the body of this Agreement and terms set forth in Exhibit A, the terms in the body of this Agreement shall govern. Contractor shall have no right or authority, express or implied, to take any action, expend any sum, incur any obligation, or otherwise obligate the District in any manner whatsoever, except to the extent specifically provided in this Agreement.

2. TERM/RENEWAL. This Agreement shall be effective as of the dated date hereof and shall terminate on the earlier to occur of: (i) termination pursuant to Section 18 hereof or (iii) April 30, 2018.

3. ADDITIONAL SERVICES. The District may request the Contractor to provide additional services not set forth in Exhibit A. The terms and conditions of the provision of such services shall be subject to the mutual agreement of the Contractor and the District pursuant to a written service/work order executed by an authorized representative of the District and the Contractor. Authorization to proceed with additional services shall not be given unless the District has appropriated funds sufficient to cover the additional compensable amount. To the extent additional services are provided pursuant to this Section 3, the terms and conditions of this Agreement relating to Services shall also apply to any additional services rendered.

4. REPAIRS/CLAIMS. The Contractor shall notify the District immediately of any and all damage caused by the Contractor to District property and that of third parties. The Contractor will promptly repair or, at the District's option, reimburse the District for the repair of any damage to property caused by the Contractor or its employees, agents or equipment. In addition, the Contractor shall promptly notify the District of all potential claims of which it becomes aware. The Contractor further agrees to take all reasonable steps to preserve all physical evidence and information which may be relevant to the circumstances surrounding a potential claim, while maintaining public safety, and to grant to the District the opportunity to review and inspect such evidence, including the scene of any damage or accidents. The Contractor shall be responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with the Services and shall provide all reasonable protection to prevent damage or injury to persons and property, including any material and equipment related to the Services, whether in storage on or off site, under the care, custody, or control of the Contractor or any of its subcontractors.

5. GENERAL PERFORMANCE STANDARDS.

a. The Contractor has by careful examination ascertained: (i) the nature and location of the Services; (ii) the configuration of the ground on which the Services are to be performed; (iii) the character, quality, and quantity of the labor, materials, equipment and facilities necessary to complete the Services; (iv) the general and local conditions pertaining to the Services; and (v) all other matters which in any way may affect the performance of the Services by the Contractor. Contractor enters into this Agreement solely because of the results of such examination and not because of any representations pertaining to the Services or the provision thereof made to it by the District or any agent of the District and not contained in this Agreement. The Contractor represents that it has or shall acquire the capacity and the professional experience and skill to

perform the Services and that the Services shall be performed in accordance with the standards of care, skill and diligence provided by competent professionals who perform services of a similar nature to those specified in this Agreement. If competent professionals find that the Contractor's performance of the Services does not meet this standard, the Contractor shall, at the District's request, re-perform the Services not meeting this standard without additional compensation.

b. The Services of the Contractor shall be undertaken and completed to assure their expeditious completion in light of the purposes of this Agreement. If performance of the Services by the Contractor is delayed due to factors beyond the Contractor's reasonable control, or if conditions of the scope or type of services are expected to change, Contractor shall give timely notice to the District of such a delay or change and receive an equitable adjustment of time and/or compensation, as negotiated between the Parties.

c. The Services provided under this Agreement shall be adequate and sufficient for the intended purposes and shall be completed in a good and workmanlike manner.

d. The Contractor declares that it has complied with all Federal, State and local laws, rules, regulations, ordinances and/or similar directives regarding business permits, certificates and licenses that are required to provide the Services under this Agreement.

e. The responsibilities and obligations of the Contractor under this Agreement shall not be relieved or affected in any respect by the presence of any agent, consultant, sub-consultant or employee of the District. Review, acceptance or approval by the District of the Services performed or any documents prepared by the Contractor shall not relieve the Contractor of any responsibility for deficiencies, omissions or errors in said Services or documents, nor shall it be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement.

6. INTENTIONALLY DELETED.

7. COMPENSATION AND INVOICES.

a. Compensation. Compensation for the Services provided under this Agreement shall be in accordance with the compensation schedule attached hereto as **Exhibit A**. The Contractor shall be responsible for all expenses it incurs in performance of this Agreement and shall not be entitled to any reimbursement or compensation except as provided in Exhibit A of this Agreement, unless said reimbursement or compensation is approved in writing by the District in advance of incurring such expenses. Any direct reimbursable costs for materials will be reimbursable at the Contractor's actual cost, provided that the Contractor shall make a reasonable attempt to notify the District of the estimated amount of such reimbursable costs (or any material adjustments thereto subsequently identified) prior to commencing the requested services. Concurrent with the execution of this Agreement, the Contractor shall provide the District with a current completed Internal Revenue Service Form W-9 (Request for Taxpayer Identification Number and Certification) ("W-9"). No payments will be made to the Contractor until the completed W-9 is provided. The W-9 shall be attached hereto and incorporated herein as **Exhibit B**.

b. Invoices. Invoices for the Services shall be submitted monthly, by the 10th of each month, during the term of the Agreement and shall contain the following information:

- i. An itemized statement of the Services performed.
- ii. Any other reasonable information required by the District to process payment of the invoice, including project and/or cost codes as provided in any applicable written service/work order.

The District shall be charged only for the actual time and direct costs incurred for the performance of the Services. Invoices received by the District after the 10th of each month may be processed the following month.

8. TIME FOR PAYMENT. Payment for the Services shall be made by the District within thirty (30) days of receipt of a timely, satisfactory and detailed invoice. In the event a Board meeting is not scheduled in time to review payment of an invoice, the Board hereby authorizes payment for Services, subject to the appropriation and budget requirements under Section 27, without the need for additional Board approval, so long as any payment required to be made does not exceed the amounts appropriated for such Services as set forth in the District's approved budget. Such payment shall require review and approval of each invoice by the President and one other officer of the District, subject to ratification at the next succeeding special or regular Board meeting.

9. INDEPENDENT CONTRACTOR. The Contractor is an independent contractor and nothing in the Agreement shall constitute or designate the Contractor or any of its employees or agents as employees or agents of the District. The Contractor shall have full power and authority to select the means, manner and method of performing its duties under this Agreement, without detailed control or direction from the District, and shall be responsible for supervising its own employees or subcontractors. The District is concerned only with the results to be obtained. The District shall not be obligated to secure, and shall not provide, any insurance coverage or employment benefits of any kind or type to or for the Contractor or its employees, sub-consultants, contractors, agents, or representatives, including coverage or benefits related but not limited to: local, state or federal income or other tax contributions, insurance contributions (e.g. FICA taxes), workers' compensation, disability, injury, health or life insurance, professional liability insurance, errors and omissions insurance, vacation or sick-time benefits, retirement account contributions, or any other form of taxes, benefits or insurance. The Contractor shall be responsible for its safety, the safety of its employees, the public and the work site in general and shall comply with all applicable provisions of local, state and federal laws, regulations and orders affecting safety and health, including but not limited to the Occupational Safety and Health Act of 1970 (OSH Act). All personnel furnished by the Contractor will be deemed employees of the Contractor and will not for any purpose be considered employees or agents of the District, and the Contractor will comply with all employment laws relative to such employees, including but not limited to Wage and Hour laws, Worker Compensation Laws, Immigration Laws and OSHA-type laws. **The Contractor is not entitled to worker's compensation benefits or unemployment insurance benefits, unless unemployment compensation coverage is**

provided by the Contractor or some other entity other than the District, and the Contractor is obligated to pay federal and state income taxes on moneys earned pursuant to this Agreement.

10. **EQUAL OPPORTUNITY / EMPLOYMENT ELIGIBILITY.** This Agreement is subject to all applicable laws and executive orders relating to equal opportunity and non-discrimination in employment and the Contractor represents and warrants that it will not discriminate in its employment practices in violation of any such applicable law or executive order.

The Contractor hereby states that it does not knowingly employ or contract with illegal aliens and that the Contractor has participated in or has attempted to participate in the E-Verify Program or Department Program (formerly known as the Basic Pilot Program) (as defined in §8-17.5-101, C.R.S.) in order to verify that it does not employ any illegal aliens. The Contractor affirmatively makes the follow declarations:

a. The Contractor shall not knowingly employ or contract with an illegal alien who will perform work under the public contract for services contemplated in the Agreement and will participate in the E-Verify Program or Department Program (as defined in §8-17.5-101, C.R.S.) in order to confirm the employment eligibility of all employees who are newly hired for employment to perform work under the public contract for services contemplated in the Agreement.

b. The Contractor shall not knowingly enter into a contract with a subcontractor that fails to certify to the Contractor that the subcontractor shall not knowingly employ or contract with an illegal alien to perform the services contemplated in the Agreement.

c. The Contractor has confirmed the employment eligibility of all employees who are newly hired for employment to perform work under the public contract for services through participation in either the E-Verify Program or the Department Program.

d. The Contractor is prohibited from using either the E-Verify Program or the Department Program procedures to undertake pre-employment screening of job applicants while this Agreement is being performed.

e. If the Contractor obtains actual knowledge that a subcontractor performing the services under this Agreement knowingly employs or contracts with an illegal alien, the Contractor shall be required to:

i. Notify the subcontractor and the District within three (3) days that the Contractor has actual knowledge that the subcontractor is employing or contracting with an illegal alien.

ii. Terminate the subcontract with the subcontractor if within three (3) days of receiving the notice required above the subcontractor does not stop employing or contracting with the illegal alien; except that the Contractor shall not terminate the contract with the

subcontractor if during such three (3) days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

f. The Contractor shall comply with any reasonable request by the Department of Labor and Employment made in the course of an investigation that such Department is undertaking pursuant to the authority established in §8-17.5-102, C.R.S.

g. If the Contractor violates a provision of the Agreement pursuant to §8-17.5-102, C.R.S., the District may terminate the Agreement. If the Agreement is so terminated, the Contractor shall be liable for actual and consequential damages to the District.

11. CONTRACTOR'S INSURANCE.

a. The Contractor shall acquire and maintain, at its sole cost and expense, during the entire term of this Agreement, insurance coverage in the minimum amounts set forth in **Exhibit C**, attached hereto and incorporated herein by this reference. A waiver of subrogation and rights of recovery against the District, its directors, officers, employees and agents is required for each coverage provided. The Commercial General Liability and Comprehensive Automobile Liability Insurance policies will be endorsed to name the District as an additional insured. All coverage provided pursuant to this Agreement shall be written as primary policies, not contributing with and not supplemental to any coverage that the District may carry, and any insurance maintained by the District shall be considered excess. The District shall have the right to verify or confirm, at any time, all coverage, information or representations required by this Section 11 of the Agreement.

b. Prior to commencing any work under this Agreement, the Contractor shall provide the District with a certificate or certificates evidencing the policies required by this Agreement, as well as the amounts of coverage for the respective types of coverage, which certificate(s) shall be attached hereto as **Exhibit C-1**. If the Contractor subcontracts any portion(s) of the Services, said subcontractor(s) shall be required to furnish certificates evidencing statutory workers' compensation insurance, comprehensive general liability insurance and automobile liability insurance in amounts satisfactory to the District and the Contractor. If the coverage required expires during the term of this Agreement, the Contractor or subcontractor shall provide replacement certificate(s) evidencing the continuation of the required policies.

c. The Contractor's failure to purchase the required insurance shall not serve to release it from any obligations contained in the Agreement; nor shall the purchase of the required insurance serve to limit the Contractor's liability under any provision in the Agreement. The Contractor shall be responsible for the payment of any deductibles on issued policies.

12. CONFIDENTIALITY AND CONFLICTS.

a. Confidentiality. During the performance of this Agreement, if the Contractor is notified that certain information is to be considered confidential, the Contractor, on behalf of its employees, agrees to enter into a confidentiality agreement. Any information deemed confidential by the District and given to the Contractor by the District, or developed by

the Contractor as a result of the performance of a particular task, shall remain confidential. In addition, the Contractor shall hold in strict confidence, and shall not use in competition, any information which the Contractor becomes aware of under or by virtue of this Agreement which the District deems confidential, or which the District has agreed to hold confidential, or which, if revealed to a third party, might reasonably be construed to be contrary to the best interests of the District.

b. Conflicts. Prior to the execution of, and during the performance of this Agreement and prior to the execution of future agreements with the District, the Contractor agrees to notify the owner of conflicts that impact the Services to the District.

13. OWNERSHIP OF DOCUMENTS. All documents produced by or on behalf of the Contractor pursuant to this Agreement, including, but not limited to, all maps, plans, drawings, specifications, reports, electronic files and other documents, in whatever form, shall remain the property of the District under all circumstances, upon payment to the Contractor of the invoices representing the work by which such materials were produced. The Contractor shall maintain electronic and reproducible copies on file of any such instruments of service involved in the Services, shall make them available for the District's use and shall provide such copies to the District upon request at no cost.

14. LIENS AND ENCUMBRANCES. The Contractor shall not have any right or interest in any District assets, nor any claim or lien with respect thereto, arising out of this Agreement or the performance of the services contemplated in the Agreement. The Contractor, for itself, hereby waives and releases any and all statutory or common law mechanic's, materialmen's or other such lien claims, or rights to place a lien upon the District's property or any improvements thereon in connection with any Services performed under or in connection with this Agreement, and the Contractor shall cause all permitted subcontractors, suppliers, materialmen, and others claiming by, through or under the Contractor to execute similar waivers prior to commencing any work or providing any materials in connection with the Services. The Contractor further agrees to execute a sworn affidavit respecting the payment and lien releases of all subcontractors, suppliers and materialmen, and release of lien respecting the Services at such time or times and in such form as may be reasonably requested by the District. The Contractor will provide indemnification against all such liens for labor performed, materials supplied or used by the Contractor and/or any other person in connection with the Services undertaken by the Contractor, in accordance with Section 15(b), below.

15. INDEMNIFICATION.

a. The Contractor shall defend, indemnify and hold harmless the District and each of its directors, officers, contractors, employees, agents and consultants, from and against any and all claims, demands, losses, liabilities, actions, lawsuits, damages, and expenses, including reasonable legal expenses and attorneys' fees, by the degree or percentage of negligence or fault arising directly or indirectly, out of the errors or omissions, negligence, willful misconduct, or any criminal or tortious act or omission of the Contractor or any of its subcontractors, officers, agents or employees, in connection with this Agreement and/or the Contractor's performance of the Services or work pursuant to this Agreement. The Contractor is

not obligated to indemnify the District for the District's own negligence. This indemnification obligation will not be limited in any way by any limitation on the amount or types of damages, compensation or benefits payable by or for the Contractor under worker's compensation acts, disability acts or other employee benefit acts.

b. The Contractor will at all times defend, indemnify and hold the District and its directors, officers, managers, agents and employees harmless against any liability for claims and liens for labor performed or materials used or furnished in the performance of Contractor's Services, including any costs and expenses incurred in the defense of such claims and liens, reasonable attorneys' fees and any damages to the District resulting from such claims or liens. After written demand by the District, the Contractor will immediately cause the effect of any suit or lien to be removed from the District's property. In the event the Contractor fails to do so, the District is authorized to use whatever means in its discretion it may deem appropriate to cause said lien or suit to be removed or dismissed, and the costs thereof, together with reasonable attorneys' fees, will be immediately due and payable by the Contractor or may, at the District's option, be offset against any sums due and payable to Contractor pursuant to this Agreement. In the event a suit on such claim or lien is brought, the Contractor will, at the option of the District, defend said suit at its own cost and expense, with counsel satisfactory to the District and will pay and satisfy any such claim, lien, or judgment as may be established by the decision of the Court in such suit. The Contractor may litigate any such lien or suit, provided the Contractor causes the effect thereof to be removed promptly in advance from the District's property.

c. This indemnity coverage shall also cover the District's defense costs in the event that the District, in its sole discretion, elects to provide its own defense. The District retains the right to disapprove counsel, if any, selected by the Contractor to fulfill the foregoing defense indemnity obligation, which right of disapproval shall not be unreasonably exercised. Insurance coverage requirements specified in the Agreement shall in no way lessen or limit the liability of the Contractor under the terms of this indemnification obligation. The Contractor shall obtain, at its own expense, any additional insurance that it deems necessary for the District's protection in the performance of this Agreement. This defense and indemnification obligation shall survive the expiration or termination of this Agreement.

16. ASSIGNMENT. The Contractor shall not assign this Agreement or parts thereof, or its respective duties, without the express written consent of the District. Any attempted assignment, delegation or subcontracting of this Agreement in whole or in part with respect to which the District has not consented, in writing, shall be null and void and of no effect whatsoever.

17. SUB-CONTRACTORS. The Contractor is solely and fully responsible to the District for the performance of all Services under this Agreement, whether performed by the Contractor or a subcontractor engaged by the Contractor. The Contractor shall not subcontract any Services without prior written approval by the District. The Contractor agrees that each and every agreement of the Contractor with any subcontractor to perform Services under this Agreement shall contain an indemnification provision identical to the one contained in Section

15 of this Agreement holding the District harmless for the acts of the subcontractor. The Contractor further agrees that any such subcontract shall be terminable for cause or convenience and that, unless directed otherwise by the District, the Contractor shall immediately terminate all such subcontracts immediately upon termination of this Agreement. Prior to commencing any Services, a subcontractor shall provide evidence of insurance coverage to the District. The Contractor further agrees that all such subcontracts shall provide that they may be terminated immediately without further cost upon termination of this Agreement. Neither the District's approval of any subcontractors, suppliers or materialmen, nor the failure of performance thereof by such parties, will relieve, release or affect in any manner any of the Contractor's duties, liabilities or obligations under this Agreement, and the Contractor will at all times be and remain fully liable. The Contractor agrees that each of its employees, and any subcontractors, suppliers and materialmen will be properly qualified and will use reasonable care in the performance of their duties.

18. TERMINATION. In addition to the termination provisions contained in Section 2, above, this Agreement may be terminated for cause or for convenience by the Contractor upon delivery of thirty (30) days prior written notice to the District and by the District by giving the Contractor thirty (30) days prior written notice. Such notice shall not be required for automatic expiration under Section 2, above. If this Agreement is terminated, the Contractor shall be paid for all the Services satisfactorily performed prior to the designated termination date, including reimbursable expenses due. Said payment shall be made in the normal course of business. Should either Party to this Agreement be declared bankrupt, make a general assignment for the benefit of creditors or commit a substantial and material breach of this Agreement in the view of the other Party, said other Party shall be excused from rendering or accepting any further performance under this Agreement. In the event of termination by either Party hereto, the Contractor shall cooperate with the District to ensure a timely and efficient transition of all work and work product to the District or its designees. All time, fees and costs associated with such transition shall not be billed by the Contractor to the District.

19. DEFAULT. If either Party fails to perform in accordance with the terms, covenants and conditions of this Agreement, or is otherwise in default of any of the terms of this Agreement, the non-defaulting party shall deliver written notice to the defaulting party of the default, at the address specified in Section 20 below, and the defaulting party will have fifteen (15) days from and after receipt of the notice to cure the default. If the default is not of a type which can be cured within such fifteen (15)-day period and the defaulting party gives written notice to the non-defaulting party within such fifteen (15)-day period that it is actively and diligently pursuing a cure, the defaulting party will have a reasonable period of time given the nature of the default following the end of the fifteen (15)-day period to cure the default, provided that the defaulting party is at all times within the additional time period actively and diligently pursuing the cure. If any default under this Agreement is not cured as described above, the non-defaulting party will, in addition to any other legal or equitable remedy, have the right to terminate this Agreement and enforce the defaulting party's obligations pursuant to this Agreement by an action for injunction or specific performance.

20. NOTICES. Any notice or communication required under this Agreement must be in writing, and may be given personally, sent via nationally recognized overnight carrier

service, or by registered or certified mail, return receipt requested. If given by registered or certified mail, the same will be deemed to have been given and received on the first to occur of: (i) actual receipt by any of the addressees designated below as the party to whom notices are to be sent; or (ii) three days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If personally delivered or sent via nationally recognized overnight carrier service, a notice will be deemed to have been given and received on the first to occur of: (i) one business day after being deposited with a nationally recognized overnight air courier service; or (ii) delivery to the party to whom it is addressed. Any party hereto may at any time, by giving written notice to the other party hereto as provided in this Section 20 of the Agreement, designate additional persons to whom notices or communications will be given, and designate any other address in substitution of the address to which such notice or communication will be given. Such notices or communications will be given to the parties at their addresses set forth below:

District: Hawthorn Metropolitan District No. 2
c/o WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law
2154 East Commons Avenue, Suite 2000
Centennial, Colorado 80122
Attention: Kristin Tompkins, Esq.
(303) 858-1800 (phone)
(303) 858-1801 (fax)
ktompkins@wbapc.com

Contractor: Metco Landscape, Inc.
2200 Rifle Street
Aurora, Colorado 8011
Attention: Justin McWhorter
(730) 633-0223 (phone)
justinm@metcolandscape.com

21. AUDITS. The District shall have the right to audit, with reasonable notice, any of the Contractor's books and records which may be necessary to substantiate any invoices and payments under this Agreement (including, but not limited to, receipts, time sheets, payroll and personnel records) and the Contractor agrees to maintain adequate books and records for such purposes during the term of this Agreement and for a period of two (2) years after termination of the Agreement and to make the same available to the District at all reasonable times and for so long thereafter as there may remain any unresolved question or dispute regarding any item pertaining thereto.

22. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the Parties hereto relating to the Services, and sets forth the rights, duties, and obligations of each to the other as of this date. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force and effect. This Agreement may not be modified except by a writing executed by both the Contractor and the District.

23. BINDING AGREEMENT. This Agreement shall inure to and be binding on the heirs, executors, administrators, successors, and assigns of the Parties hereto.

24. NO WAIVER. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other of the provisions of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided in the Agreement, nor shall the waiver of any default be deemed a waiver of any subsequent default.

25. GOVERNING LAW / DISPUTES.

a. Arbitration. All claims, counterclaims, disputes and other matters in question between the Parties hereto arising out of or relating to this Agreement or the breach hereof may be decided by arbitration upon the mutual agreement to do so by the Parties to this Agreement. In that case, arbitration will be administered by the Judicial Arbiter Group in Denver, Colorado under its arbitration rules, by a single arbitrator, unless a different arbitrator is agreed upon by the Parties. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. THE PARTIES RECOGNIZE THAT BY AGREEING TO BINDING ARBITRATION AS THE METHOD FOR DISPUTE RESOLUTION, THEY RELINQUISH THE RIGHT TO BRING AN ACTION IN COURT AND WAIVE THE RIGHT TO A JURY TRIAL AND THE EXTENSIVE DISCOVERY RIGHTS TYPICALLY PERMITTED IN JUDICIAL PROCEEDINGS. Colorado law shall apply to any dispute, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Colorado. Each Party will be responsible for paying one half of all fees and expenses charged by the arbitrator. Notice of request for arbitration must be filed in writing with the other Party(ies) to this Agreement. If agreed to, notice must be filed with the Judicial Arbiter Group. The request must be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event may it be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations. In the event that the Parties do not agree to arbitration, each party shall be permitted to pursue all available legal and equitable remedies.

b. Litigation and Venue. In the event the Parties do not agree to arbitration pursuant to Section 25(a), above, venue for all actions arising from this Agreement shall be in the District Court in and for the county in which the District is located. The Parties expressly and irrevocably waive any objections or rights which may affect venue of any such action, including, but not limited to, *forum non-conveniens* or otherwise. At the District's request, the Contractor shall carry on its duties and obligations under this Agreement during any legal proceedings and the District shall continue to pay for the Services performed under this Agreement until and unless this Agreement is otherwise terminated.

c. Prevailing Party. Other than arbitration fees as set forth in Section 25(a) of the Agreement, in the event that it becomes necessary for either party to enforce the provisions of this Agreement or to obtain redress for the breach or violation of any of its provisions, whether by litigation, arbitration or other proceedings, the prevailing party shall recover from the other party all costs and expenses associated with such proceedings, including reasonable attorney's

fees. For purposes of this Agreement, “prevailing party” shall mean the party in whose favor a judgment, decree, or final order is rendered, either by an arbitrator or the court, after appeal, if any. In the event both Parties prevail on one or more claims, the prevailing party shall mean the net winner of a dispute, taking into account the claims pursued, the claims on which the pursuing party was successful, the amount of money sought, the amount of money awarded, and offsets or counterclaims pursued (successfully or unsuccessfully) by the other Party.

d. At the District’s request, the Contractor will consent to being joined in litigation between the District and third parties, but such consent shall not be construed as an admission of fault or liability. The Contractor shall not be responsible for delays in the performance of the Services caused by factors beyond its reasonable control including delays caused by Act of God, accidents, failure of any governmental or other regulatory authority to act in a timely manner or failure of the District to furnish timely information or to approve or disapprove of Contractor’s Services in a timely manner.

26. GOOD FAITH OF PARTIES. In the performance of this Agreement, or in considering any requested approval, acceptance, or extension of time, the Parties agree that each will act in good faith and will not act unreasonably, arbitrarily, capriciously, or unreasonably withhold, condition, or delay any approval, acceptance, or extension of time required or requested pursuant to this Agreement.

27. SUBJECT TO ANNUAL APPROPRIATION AND BUDGET. The District does not intend hereby to create a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever. The performance of those obligations of the District pursuant to this Agreement requiring budgeting and appropriation of funds are subject to annual budgeting and appropriations. The Contractor expressly understands and agrees that the District’s obligations under this Agreement shall extend only to monies appropriated for the purposes of this Agreement by the Board and shall not constitute a mandatory charge, requirement or liability in any ensuing fiscal year beyond the then-current fiscal year. No provision of this Agreement shall be construed or interpreted as a delegation of governmental powers by the District, or as creating a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever of the District or statutory debt limitation, including, without limitation, Article X, Section 20 or Article XI, Section 6 of the Constitution of the State of Colorado. No provision of this Agreement shall be construed to pledge or to create a lien on any class or source of District funds. The District’s obligations under this Agreement exist subject to annual budgeting and appropriations, and shall remain subject to the same for the entire term of this Agreement.

28. GOVERNMENTAL IMMUNITY. Nothing in this Agreement shall be construed to waive, limit, or otherwise modify, in whole or in part, any governmental immunity that may be available by law to the District, its respective officials, employees, contractors, or agents, or any other person acting on behalf of the District and, in particular, governmental immunity afforded or available to the District pursuant to the Colorado Governmental Immunity Act, §§ 24-10-101, *et seq.*, C.R.S.

29. NEGOTIATED PROVISIONS. This Agreement shall not be construed more strictly against one Party than against the other merely by virtue of the fact that it may have been

prepared by counsel for one of the Parties, it being acknowledged that each Party has contributed substantially and materially to the preparation of this Agreement.

30. SEVERABILITY. If any covenant, term, condition or provision of this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition or provision shall not affect any other provision contained in the Agreement, the intention being that such provisions are severable. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Agreement a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

31. NO THIRD PARTY BENEFICIARIES. It is expressly understood and agreed that enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to the Parties and nothing contained in this Agreement shall give or allow any such claim or right of action by any other third party on such Agreement. It is the express intention of the Parties that any person other than Parties receiving services or benefits under this Agreement shall be deemed to be an incidental beneficiary only.

32. OPEN RECORDS. The Parties understand that all material provided or produced under this Agreement may be subject to the Colorado Open Records Act, §§ 24-72-202, *et seq.*, C.R.S.

33. WARRANTY. The Contractor shall and does by this Agreement guarantee and warrant that all workmanship, materials, and equipment furnished, installed, or performed for the accomplishment of the Services (collectively, the “Work”) will be of good quality and new, unless otherwise required or permitted by the Agreement. The Contractor further warrants that the Work will conform to all requirements of the Agreement and all other applicable laws, ordinances, codes, rules and regulations of any governmental authorities having jurisdiction over the Work. All Services are subject to the satisfaction and acceptance of the District, but payments for the completed Work will not constitute final acceptance nor discharge the obligation of the Contractor to correct defects at a later date. Such warranties set forth in the Agreement are in addition to, and not in lieu of, any other warranties prescribed by Colorado law.

34. TAX EXEMPT STATUS. The District is exempt from Colorado State sales and use taxes. Accordingly, taxes from which the District is exempt shall not be included in any invoices submitted to the District. The District shall, upon request, furnish Contractor with a copy of its certificate of tax exemption. Contractor and subcontractors shall apply to the Colorado Department of Revenue, Sales Tax Division, for an Exemption Certificate and purchase the materials tax free. The Contractor and subcontractors shall be liable for exempt taxes paid due to failure to apply for Exemption Certificates or for failure to use said certificate.

35. COUNTERPART EXECUTION. This Agreement may be executed in several counterparts, each of which may be deemed an original, but all of which together shall constitute one and the same instrument. Executed copies hereof may be delivered by facsimile or email of a PDF document, and, upon receipt, shall be deemed originals and binding upon the signatories

hereto, and shall have the full force and effect of the original for all purposes, including the rules of evidence applicable to court proceedings.

[Remainder of page intentionally left blank. Signature pages follow].

DRAFT

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first above written. By the signature of its representative below, each Party affirms that it has taken all necessary action to authorize said representative to execute this Agreement.

DISTRICT:

HAWTHORN METROPOLITAN DISTRICT NO.
2, a quasi-municipal corporation and political
subdivision of the State of Colorado

Officer of the District

ATTEST:

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

***District's Signature Page to Independent Contractor Agreement for 2017/2018 Snow Removal
Services with Hawthorn Metropolitan District No. 2, dated December 4, 2017***

CONTRACTOR:

METCO LANDSCAPE, INC., a Colorado
corporation

Printed Name: _____

Title: _____

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____,
2017, by _____, as the _____
of Metco Landscape, Inc.

WITNESS my hand and official seal.

My commission expires: _____

(S E A L)

Notary Public

***Contractor's Signature Page to Independent Contractor Agreement for 2017/2018 Snow
Removal Services with Hawthorn Metropolitan District No. 2, dated December 4, 2017***

EXHIBIT A
SCOPE OF SERVICES/COMPENSATION SCHEDULE

DRAFT

BID FORM

| | | | |
|----------------------------------|---------------------------------------|---------------------------------|--|
| To be Completed by Bidder | | | |
| Bidder: | Metco Landscape, Inc. | Project Name: | Hawthorn Metropolitan District |
| Address: | 2200 Rifle Street Aurora, CO 80011 | Inquiry Number: | |
| Contact: | Justin McWhorter | Contract Description: | Snow Removal Services Contract – HAM - Season 2017-2018 |
| Phone: | (720) 633-0223 | Proposal Due Date: | September 8 th 2017 |
| Fax: | (303) 421-1120 | Bid Validity: | 60 Days |
| Email: | justinm@metcolandscape.com | Vendors Proposal Number: | |

1. All bids must be made upon this form. If bidder chooses to not provide removal services per the depth of snow method of billing, please fill out the hourly rate section of the bid form only. If additional rates or detailed classification of equipment is necessary, please include on a separate attachment.
2. All bids must give the price proposed in United States currency, and must be signed by the Bidder, with full name and local services address
3. It is understood and agreed that the parties making the bids accept all the terms and conditions expressed and contained in the documents comprising this Bid Package, including, Invitation to Bidders, Bid Form, Snow Removal Services Agreement, Exhibit A - Scope of Services and Exhibit B - Site Map
4. The Bidder agrees, if successful, to execute a contract within ten (10) days after the award.
5. If additional rates or detailed classifications of equipment is necessary, please include on a separate attachment.

Hourly rates:

\$ 48.00 per hour for hand shoveling

\$ 80.00 per hour for 4 wheel ATV w/ plow

\$ 59.00 per hour for snow blower including labor

\$ 102.00 per hour for plowing including driver

\$ 0.75 per lb for snow-melt material

\$ 48.00 per hour for snow-melt application

\$ 139.00 per hour for "Bobcat" type skid steer with pusher/plow

\$ 180.00 per hour for pickup or dump type truck including driver 10 yard



\$ 225.00 per hour for front end loader including driver

Please attach any additional information that may be necessary to evaluate submitted bid. Attach a separate sheet for comments, clarifications or exceptions if necessary.

The following individual is authorized to submit a bid on behalf of Bidder's organization.



Signature of Duly Authorized Representative

9-11-17

Date

Title



EXHIBIT B
CONTRACTOR'S COMPLETED W-9

DRAFT

EXHIBIT C

INSURANCE REQUIREMENTS

NOTE: All insurance required and provided hereunder shall also comply with the provisions of Section 11 of the Agreement.

1. Standard Worker's Compensation and Employer's Liability Insurance covering all employees of Contractor involved with the performance of the Services, with policy amounts and coverage in compliance with the laws of the jurisdiction in which the Services will be performed.
2. Commercial General Liability Insurance with minimum limits of liability of not less than \$1,000,000 per occurrence for bodily injury and property damage liability; \$2,000,000 designated location, general aggregate. Such insurance will include coverage for contractual liability, personal injury and broad form property damage, and shall include all major divisions of coverage and be on a comprehensive basis including, but not limited to:
 - a. premises operations;
 - b. personal injury liability without employment exclusion;
 - c. blanket contractual;
 - d. broad form property damages, including completed operations;
 - e. medical payments;
 - f. products and completed operations;
 - g. independent consultants coverage;
 - h. coverage inclusive of construction means, methods, techniques, sequences, and procedures, employed in the capacity of a construction consultant; and

This policy must include coverage extensions to cover the indemnification obligations contained in this Agreement to the extent caused by or arising out of bodily injury or property damage.

3. Comprehensive Automobile Liability Insurance covering all owned, non-owned and hired automobiles used in connection with the performance of the Services, with limits of liability of not less than \$1,000,000 combined single limit bodily injury and property damage. **This policy must include coverage extensions to cover the indemnification obligations contained in this Agreement to the extent caused by or arising out of bodily injury or property damage.**
4. If applicable: Contractor shall secure and maintain a third party fidelity bond in favor of the District covering the Contractor and its employees and agents who may provide or be responsible for the provision of Services where such activities contemplate the responsibility for money or property of the District. Such bond shall protect the District against any fraudulent or dishonest act which may result in the loss of money, securities, or other property belonging to or in the possession of the District. Said bond shall be in an amount as determined by the District, from a surety acceptable to the District.
5. Any other insurance commonly used by contractors for services of the type to be performed pursuant to this Agreement.
6. Professional liability insurance in the amount of \$1,000,000.00 each occurrence.

EXHIBIT C-1
CERTIFICATE(S) OF INSURANCE

DRAFT

EXHIBIT D
CERTIFICATE OF GOOD STANDING WITH COLORADO SECRETARY OF STATE

DRAFT

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE OF FACT OF GOOD STANDING

I, Wayne W. Williams, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

METCO LANDSCAPE, INC.

is a
Corporation

formed or registered on 06/29/1998 under the law of Colorado, has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 19981118798 .

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 11/20/2017 that have been posted, and by documents delivered to this office electronically through 11/22/2017 @ 10:44:35 .

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, and issued this official certificate at Denver, Colorado on 11/22/2017 @ 10:44:35 in accordance with applicable law. This certificate is assigned Confirmation Number 10565553 .



A handwritten signature in blue ink, reading 'Wayne W. Williams', is positioned above a horizontal line.

Secretary of State of the State of Colorado

*****End of Certificate*****

Notice: A certificate issued electronically from the Colorado Secretary of State's Web site is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Validate a Certificate page of the Secretary of State's Web site, <http://www.sos.state.co.us/biz/CertificateSearchCriteria.do> entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our Web site, <http://www.sos.state.co.us/> click "Businesses, trademarks, trade names" and select "Frequently Asked Questions."

INDEPENDENT CONTRACTOR AGREEMENT
(2018 Landscaping Services)

This INDEPENDENT CONTRACTOR AGREEMENT, including any and all exhibits attached hereto (the "Agreement"), is entered into as of the 4th day of December, 2017, by and between HAWTHORN METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado (the "District"), and METCO LANDSCAPE, INC., a Colorado corporation (the "Contractor"). The District and the Contractor are referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, the District was organized pursuant to and in accordance with the provisions of §§ 32-1-101, *et seq.*, C.R.S. for the purpose of constructing, financing, operating and maintaining certain public facilities and improvements for itself, its taxpayers, residents and users; and

WHEREAS, pursuant to § 32-1-1001(1)(d)(I), C.R.S., the District is empowered to enter into contracts and agreements affecting the affairs of the District; and

WHEREAS, pursuant to § 32-1-1001(1)(i), C.R.S., the District is empowered to appoint, hire and retain agents, employees, engineers and attorneys; and

WHEREAS, the District desires to engage the Contractor to perform certain services as are needed by the District to serve the property within and without its boundaries; and

WHEREAS, the Contractor has represented that it has the professional experience, skill and resources to perform the services, as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and stipulations set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

TERMS AND CONDITIONS

1. **SCOPE OF SERVICES.** The Contractor shall perform the services described in **Exhibit A**, attached hereto and incorporated herein by this reference (the "Services"): (a) in a first-class manner, to the satisfaction of the District, using the degree of skill and knowledge customarily employed by other professionals performing similar services in the area of the District; (b) within the time period and pursuant to the Scope of Services specified in said Exhibit A; (c) in such a manner as to minimize any annoyance, interference or disruption to the residents, tenants, occupants and invitees within the District; and (d) in compliance with all applicable federal, state, county and local or municipal body or agency statutes, ordinances and regulations, including, without limitation, any licensing, bonding, and permit requirements, and including without limitation, any such laws relating to storage, use or disposal of hazardous

wastes, substances or materials. Exhibit A may take any form, including forms which may include price and payment terms. In the event of any conflict between terms set forth in the body of this Agreement and terms set forth in Exhibit A, the terms in the body of this Agreement shall govern. Contractor shall have no right or authority, express or implied, to take any action, expend any sum, incur any obligation, or otherwise obligate the District in any manner whatsoever, except to the extent specifically provided in this Agreement.

2. TERM/RENEWAL. This Agreement shall be effective as of the dated date hereof and shall terminate on the earlier to occur of: (i) termination pursuant to Section 18 hereof; (ii) completion of the Services; or (iii) December 31, 2018.

3. ADDITIONAL SERVICES. The District may request the Contractor to provide additional services not set forth in Exhibit A. The terms and conditions of the provision of such services shall be subject to the mutual agreement of the Contractor and the District pursuant to a written service/work order executed by an authorized representative of the District and the Contractor. Authorization to proceed with additional services shall not be given unless the District has appropriated funds sufficient to cover the additional compensable amount. To the extent additional services are provided pursuant to this Section 3, the terms and conditions of this Agreement relating to Services shall also apply to any additional services rendered.

4. REPAIRS/CLAIMS. The Contractor shall notify the District immediately of any and all damage caused by the Contractor to District property and that of third parties. The Contractor will promptly repair or, at the District's option, reimburse the District for the repair of any damage to property caused by the Contractor or its employees, agents or equipment. In addition, the Contractor shall promptly notify the District of all potential claims of which it becomes aware. The Contractor further agrees to take all reasonable steps to preserve all physical evidence and information which may be relevant to the circumstances surrounding a potential claim, while maintaining public safety, and to grant to the District the opportunity to review and inspect such evidence, including the scene of any damage or accidents. The Contractor shall be responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with the Services and shall provide all reasonable protection to prevent damage or injury to persons and property, including any material and equipment related to the Services, whether in storage on or off site, under the care, custody, or control of the Contractor or any of its subcontractors.

5. GENERAL PERFORMANCE STANDARDS.

a. The Contractor has by careful examination ascertained: (i) the nature and location of the Services; (ii) the configuration of the ground on which the Services are to be performed; (iii) the character, quality, and quantity of the labor, materials, equipment and facilities necessary to complete the Services; (iv) the general and local conditions pertaining to the Services; and (v) all other matters which in any way may affect the performance of the Services by the Contractor. Contractor enters into this Agreement solely because of the results of such examination and not because of any representations pertaining to the Services or the provision thereof made to it by the District or any agent of the District and not contained in this Agreement. The Contractor represents that it has or shall acquire the capacity and the professional experience and skill to

perform the Services and that the Services shall be performed in accordance with the standards of care, skill and diligence provided by competent professionals who perform services of a similar nature to those specified in this Agreement. If competent professionals find that the Contractor's performance of the Services does not meet this standard, the Contractor shall, at the District's request, re-perform the Services not meeting this standard without additional compensation.

b. The Services of the Contractor shall be undertaken and completed to assure their expeditious completion in light of the purposes of this Agreement. If performance of the Services by the Contractor is delayed due to factors beyond the Contractor's reasonable control, or if conditions of the scope or type of services are expected to change, Contractor shall give timely notice to the District of such a delay or change and receive an equitable adjustment of time and/or compensation, as negotiated between the Parties.

c. The Services provided under this Agreement shall be adequate and sufficient for the intended purposes and shall be completed in a good and workmanlike manner.

d. The Contractor declares that it has complied with all Federal, State and local laws, rules, regulations, ordinances and/or similar directives regarding business permits, certificates and licenses that are required to provide the Services under this Agreement.

e. The responsibilities and obligations of the Contractor under this Agreement shall not be relieved or affected in any respect by the presence of any agent, consultant, sub-consultant or employee of the District. Review, acceptance or approval by the District of the Services performed or any documents prepared by the Contractor shall not relieve the Contractor of any responsibility for deficiencies, omissions or errors in said Services or documents, nor shall it be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement.

6. MONTHLY STATUS REPORT. The Contractor shall provide to the District, at the District's request, on or before the 25th of each month, a narrative progress and status report describing work in progress and results achieved during the reporting period, including a description of the Services performed during the invoice period and the Services anticipated to be performed during the ensuing invoice period ("Monthly Report").

7. COMPENSATION AND INVOICES.

a. Compensation. Compensation for the Services provided under this Agreement shall be in accordance with the compensation schedule attached hereto as **Exhibit B**. The Contractor shall be responsible for all expenses it incurs in performance of this Agreement and shall not be entitled to any reimbursement or compensation except as provided in Exhibit B of this Agreement, unless said reimbursement or compensation is approved in writing by the District in advance of incurring such expenses. Any direct reimbursable costs for materials will be reimbursable at the Contractor's actual cost, provided that the Contractor shall make a reasonable attempt to notify the District of the estimated amount of such reimbursable costs (or any material adjustments thereto subsequently identified) prior to commencing the requested services. Concurrent with the execution of this Agreement, the Contractor shall provide the District with a

current completed Internal Revenue Service Form W-9 (Request for Taxpayer Identification Number and Certification) (“W-9”). No payments will be made to the Contractor until the completed W-9 is provided. The W-9 shall be attached hereto and incorporated herein as **Exhibit B-1**.

b. Invoices. Invoices for the Services shall be submitted monthly, by the 10th of each month, during the term of the Agreement and shall contain the following information:

- i. An itemized statement of the Services performed.
- ii. Any other reasonable information required by the District to process payment of the invoice, including project and/or cost codes as provided in any applicable written service/work order.

The District shall be charged only for the actual time and direct costs incurred for the performance of the Services. Invoices received by the District after the 10th of each month may be processed the following month.

8. TIME FOR PAYMENT. Payment for the Services shall be made by the District within thirty (30) days of receipt of: (i) a timely, satisfactory and detailed invoice; and (ii) if applicable, a satisfactory and detailed Monthly Report, for that portion of the Services performed and not previously billed. The District may determine to waive or extend the deadline for filing the Monthly Report, or may make payment for Services to the Contractor notwithstanding a delay in filing the Monthly Report, upon reasonable request of the Contractor, if it is in the best interest of the District to do so. In the event a Board meeting is not scheduled in time to review payment of an invoice, the Board hereby authorizes payment for Services, subject to the appropriation and budget requirements under Section 27, without the need for additional Board approval, so long as any payment required to be made does not exceed the amounts appropriated for such Services as set forth in the District’s approved budget. Such payment shall require review and approval of each Monthly Report and invoice by the President and one other officer of the District, subject to ratification at the next succeeding special or regular Board meeting.

9. INDEPENDENT CONTRACTOR. The Contractor is an independent contractor and nothing in the Agreement shall constitute or designate the Contractor or any of its employees or agents as employees or agents of the District. The Contractor shall have full power and authority to select the means, manner and method of performing its duties under this Agreement, without detailed control or direction from the District, and shall be responsible for supervising its own employees or subcontractors. The District is concerned only with the results to be obtained. The District shall not be obligated to secure, and shall not provide, any insurance coverage or employment benefits of any kind or type to or for the Contractor or its employees, sub-consultants, contractors, agents, or representatives, including coverage or benefits related but not limited to: local, state or federal income or other tax contributions, insurance contributions (e.g. FICA taxes), workers’ compensation, disability, injury, health or life insurance, professional liability insurance, errors and omissions insurance, vacation or sick-time benefits, retirement account contributions, or any other form of taxes, benefits or insurance. The Contractor shall be responsible for its safety, the safety of its employees, the public and the work site in general and

shall comply with all applicable provisions of local, state and federal laws, regulations and orders affecting safety and health, including but not limited to the Occupational Safety and Health Act of 1970 (OSH Act). All personnel furnished by the Contractor will be deemed employees of the Contractor and will not for any purpose be considered employees or agents of the District, and the Contractor will comply with all employment laws relative to such employees, including but not limited to Wage and Hour laws, Worker Compensation Laws, Immigration Laws and OSHA-type laws. **The Contractor is not entitled to worker's compensation benefits or unemployment insurance benefits, unless unemployment compensation coverage is provided by the Contractor or some other entity other than the District, and the Contractor is obligated to pay federal and state income taxes on moneys earned pursuant to this Agreement.**

10. **EQUAL OPPORTUNITY / EMPLOYMENT ELIGIBILITY.** This Agreement is subject to all applicable laws and executive orders relating to equal opportunity and non-discrimination in employment and the Contractor represents and warrants that it will not discriminate in its employment practices in violation of any such applicable law or executive order.

The Contractor hereby states that it does not knowingly employ or contract with illegal aliens and that the Contractor has participated in or has attempted to participate in the E-Verify Program or Department Program (formerly known as the Basic Pilot Program) (as defined in §8-17.5-101, C.R.S.) in order to verify that it does not employ any illegal aliens. The Contractor affirmatively makes the follow declarations:

a. The Contractor shall not knowingly employ or contract with an illegal alien who will perform work under the public contract for services contemplated in the Agreement and will participate in the E-Verify Program or Department Program (as defined in §8-17.5-101, C.R.S.) in order to confirm the employment eligibility of all employees who are newly hired for employment to perform work under the public contract for services contemplated in the Agreement.

b. The Contractor shall not knowingly enter into a contract with a subcontractor that fails to certify to the Contractor that the subcontractor shall not knowingly employ or contract with an illegal alien to perform the services contemplated in the Agreement.

c. The Contractor has confirmed the employment eligibility of all employees who are newly hired for employment to perform work under the public contract for services through participation in either the E-Verify Program or the Department Program.

d. The Contractor is prohibited from using either the E-Verify Program or the Department Program procedures to undertake pre-employment screening of job applicants while this Agreement is being performed.

e. If the Contractor obtains actual knowledge that a subcontractor performing the services under this Agreement knowingly employs or contracts with an illegal alien, the Contractor shall be required to:

i. Notify the subcontractor and the District within three (3) days that the Contractor has actual knowledge that the subcontractor is employing or contracting with an illegal alien.

ii. Terminate the subcontract with the subcontractor if within three (3) days of receiving the notice required above the subcontractor does not stop employing or contracting with the illegal alien; except that the Contractor shall not terminate the contract with the subcontractor if during such three (3) days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

f. The Contractor shall comply with any reasonable request by the Department of Labor and Employment made in the course of an investigation that such Department is undertaking pursuant to the authority established in §8-17.5-102, C.R.S.

g. If the Contractor violates a provision of the Agreement pursuant to §8-17.5-102, C.R.S., the District may terminate the Agreement. If the Agreement is so terminated, the Contractor shall be liable for actual and consequential damages to the District.

11. CONTRACTOR'S INSURANCE.

a. The Contractor shall acquire and maintain, at its sole cost and expense, during the entire term of this Agreement, insurance coverage in the minimum amounts set forth in **Exhibit C**, attached hereto and incorporated herein by this reference. A waiver of subrogation and rights of recovery against the District, its directors, officers, employees and agents is required for each coverage provided. The Commercial General Liability and Comprehensive Automobile Liability Insurance policies will be endorsed to name the District as an additional insured. All coverage provided pursuant to this Agreement shall be written as primary policies, not contributing with and not supplemental to any coverage that the District may carry, and any insurance maintained by the District shall be considered excess. The District shall have the right to verify or confirm, at any time, all coverage, information or representations required by this Section 11 of the Agreement.

b. Prior to commencing any work under this Agreement, the Contractor shall provide the District with a certificate or certificates evidencing the policies required by this Agreement, as well as the amounts of coverage for the respective types of coverage, which certificate(s) shall be attached hereto as **Exhibit C-1**. If the Contractor subcontracts any portion(s) of the Services, said subcontractor(s) shall be required to furnish certificates evidencing statutory workers' compensation insurance, comprehensive general liability insurance and automobile liability insurance in amounts satisfactory to the District and the Contractor. If the coverage required expires during the term of this Agreement, the Contractor or subcontractor shall provide replacement certificate(s) evidencing the continuation of the required policies.

c. The Contractor's failure to purchase the required insurance shall not serve to release it from any obligations contained in the Agreement; nor shall the purchase of the required insurance serve to limit the Contractor's liability under any provision in the Agreement. The Contractor shall be responsible for the payment of any deductibles on issued policies.

12. CONFIDENTIALITY AND CONFLICTS.

a. Confidentiality. During the performance of this Agreement, if the Contractor is notified that certain information is to be considered confidential, the Contractor, on behalf of its employees, agrees to enter into a confidentiality agreement. Any information deemed confidential by the District and given to the Contractor by the District, or developed by the Contractor as a result of the performance of a particular task, shall remain confidential. In addition, the Contractor shall hold in strict confidence, and shall not use in competition, any information which the Contractor becomes aware of under or by virtue of this Agreement which the District deems confidential, or which the District has agreed to hold confidential, or which, if revealed to a third party, might reasonably be construed to be contrary to the best interests of the District.

b. Conflicts. Prior to the execution of, and during the performance of this Agreement and prior to the execution of future agreements with the District, the Contractor agrees to notify the owner of conflicts that impact the Services to the District.

13. OWNERSHIP OF DOCUMENTS. All documents produced by or on behalf of the Contractor pursuant to this Agreement, including, but not limited to, all maps, plans, drawings, specifications, reports, electronic files and other documents, in whatever form, shall remain the property of the District under all circumstances, upon payment to the Contractor of the invoices representing the work by which such materials were produced. The Contractor shall maintain electronic and reproducible copies on file of any such instruments of service involved in the Services, shall make them available for the District's use and shall provide such copies to the District upon request at no cost.

14. LIENS AND ENCUMBRANCES. The Contractor shall not have any right or interest in any District assets, nor any claim or lien with respect thereto, arising out of this Agreement or the performance of the services contemplated in the Agreement. The Contractor, for itself, hereby waives and releases any and all statutory or common law mechanic's, materialmen's or other such lien claims, or rights to place a lien upon the District's property or any improvements thereon in connection with any Services performed under or in connection with this Agreement, and the Contractor shall cause all permitted subcontractors, suppliers, materialmen, and others claiming by, through or under the Contractor to execute similar waivers prior to commencing any work or providing any materials in connection with the Services. The Contractor further agrees to execute a sworn affidavit respecting the payment and lien releases of all subcontractors, suppliers and materialmen, and release of lien respecting the Services at such time or times and in such form as may be reasonably requested by the District. The Contractor will provide indemnification against all such liens for labor performed, materials supplied or used by the Contractor and/or any other person in connection with the Services undertaken by the Contractor, in accordance with Section 15(b), below.

15. INDEMNIFICATION.

a. The Contractor shall defend, indemnify and hold harmless the District and each of its directors, officers, contractors, employees, agents and consultants, from and against any and all claims, demands, losses, liabilities, actions, lawsuits, damages, and expenses, including reasonable legal expenses and attorneys' fees, by the degree or percentage of negligence or fault arising directly or indirectly, out of the errors or omissions, negligence, willful misconduct, or any criminal or tortious act or omission of the Contractor or any of its subcontractors, officers, agents or employees, in connection with this Agreement and/or the Contractor's performance of the Services or work pursuant to this Agreement. The Contractor is not obligated to indemnify the District for the District's own negligence. This indemnification obligation will not be limited in any way by any limitation on the amount or types of damages, compensation or benefits payable by or for the Contractor under worker's compensation acts, disability acts or other employee benefit acts.

b. The Contractor will at all times defend, indemnify and hold the District and its directors, officers, managers, agents and employees harmless against any liability for claims and liens for labor performed or materials used or furnished in the performance of Contractor's Services, including any costs and expenses incurred in the defense of such claims and liens, reasonable attorneys' fees and any damages to the District resulting from such claims or liens. After written demand by the District, the Contractor will immediately cause the effect of any suit or lien to be removed from the District's property. In the event the Contractor fails to do so, the District is authorized to use whatever means in its discretion it may deem appropriate to cause said lien or suit to be removed or dismissed, and the costs thereof, together with reasonable attorneys' fees, will be immediately due and payable by the Contractor or may, at the District's option, be offset against any sums due and payable to Contractor pursuant to this Agreement. In the event a suit on such claim or lien is brought, the Contractor will, at the option of the District, defend said suit at its own cost and expense, with counsel satisfactory to the District and will pay and satisfy any such claim, lien, or judgment as may be established by the decision of the Court in such suit. The Contractor may litigate any such lien or suit, provided the Contractor causes the effect thereof to be removed promptly in advance from the District's property.

c. This indemnity coverage shall also cover the District's defense costs in the event that the District, in its sole discretion, elects to provide its own defense. The District retains the right to disapprove counsel, if any, selected by the Contractor to fulfill the foregoing defense indemnity obligation, which right of disapproval shall not be unreasonably exercised. Insurance coverage requirements specified in the Agreement shall in no way lessen or limit the liability of the Contractor under the terms of this indemnification obligation. The Contractor shall obtain, at its own expense, any additional insurance that it deems necessary for the District's protection in the performance of this Agreement. This defense and indemnification obligation shall survive the expiration or termination of this Agreement.

16. ASSIGNMENT. The Contractor shall not assign this Agreement or parts thereof, or its respective duties, without the express written consent of the District. Any attempted

assignment, delegation or subcontracting of this Agreement in whole or in part with respect to which the District has not consented, in writing, shall be null and void and of no effect whatsoever.

17. SUB-CONTRACTORS. The Contractor is solely and fully responsible to the District for the performance of all Services under this Agreement, whether performed by the Contractor or a subcontractor engaged by the Contractor. The Contractor shall not subcontract any Services without prior written approval by the District. The Contractor agrees that each and every agreement of the Contractor with any subcontractor to perform Services under this Agreement shall contain an indemnification provision identical to the one contained in Section 15 of this Agreement holding the District harmless for the acts of the subcontractor. The Contractor further agrees that any such subcontract shall be terminable for cause or convenience and that, unless directed otherwise by the District, the Contractor shall immediately terminate all such subcontracts immediately upon termination of this Agreement. Prior to commencing any Services, a subcontractor shall provide evidence of insurance coverage to the District. The Contractor further agrees that all such subcontracts shall provide that they may be terminated immediately without further cost upon termination of this Agreement. Neither the District's approval of any subcontractors, suppliers or materialmen, nor the failure of performance thereof by such parties, will relieve, release or affect in any manner any of the Contractor's duties, liabilities or obligations under this Agreement, and the Contractor will at all times be and remain fully liable. The Contractor agrees that each of its employees, and any subcontractors, suppliers and materialmen will be properly qualified and will use reasonable care in the performance of their duties.

18. TERMINATION. In addition to the termination provisions contained in Section 2, above, this Agreement may be terminated for cause or for convenience by the Contractor upon delivery of thirty (30) days prior written notice to the District and by the District by giving the Contractor thirty (30) days prior written notice. Such notice shall not be required for automatic expiration under Section 2, above. If this Agreement is terminated, the Contractor shall be paid for all the Services satisfactorily performed prior to the designated termination date, including reimbursable expenses due. Said payment shall be made in the normal course of business. Should either Party to this Agreement be declared bankrupt, make a general assignment for the benefit of creditors or commit a substantial and material breach of this Agreement in the view of the other Party, said other Party shall be excused from rendering or accepting any further performance under this Agreement. In the event of termination by either Party hereto, the Contractor shall cooperate with the District to ensure a timely and efficient transition of all work and work product to the District or its designees. All time, fees and costs associated with such transition shall not be billed by the Contractor to the District.

19. DEFAULT. If either Party fails to perform in accordance with the terms, covenants and conditions of this Agreement, or is otherwise in default of any of the terms of this Agreement, the non-defaulting party shall deliver written notice to the defaulting party of the default, at the address specified in Section 20 below, and the defaulting party will have fifteen (15) days from and after receipt of the notice to cure the default. If the default is not of a type which can be cured within such fifteen (15)-day period and the defaulting party gives written notice to the non-defaulting party within such fifteen (15)-day period that it is actively and diligently pursuing a

cure, the defaulting party will have a reasonable period of time given the nature of the default following the end of the fifteen (15)-day period to cure the default, provided that the defaulting party is at all times within the additional time period actively and diligently pursuing the cure. If any default under this Agreement is not cured as described above, the non-defaulting party will, in addition to any other legal or equitable remedy, have the right to terminate this Agreement and enforce the defaulting party's obligations pursuant to this Agreement by an action for injunction or specific performance.

20. NOTICES. Any notice or communication required under this Agreement must be in writing, and may be given personally, sent via nationally recognized overnight carrier service, or by registered or certified mail, return receipt requested. If given by registered or certified mail, the same will be deemed to have been given and received on the first to occur of: (i) actual receipt by any of the addressees designated below as the party to whom notices are to be sent; or (ii) three days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If personally delivered or sent via nationally recognized overnight carrier service, a notice will be deemed to have been given and received on the first to occur of: (i) one business day after being deposited with a nationally recognized overnight air courier service; or (ii) delivery to the party to whom it is addressed. Any party hereto may at any time, by giving written notice to the other party hereto as provided in this Section 20 of the Agreement, designate additional persons to whom notices or communications will be given, and designate any other address in substitution of the address to which such notice or communication will be given. Such notices or communications will be given to the parties at their addresses set forth below:

District: Hawthorn Metropolitan District No. 2
c/o WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law
2154 East Commons Avenue, Suite 2000
Centennial, Colorado 80122
Attention: Kristin Tompkins, Esq.
(303) 858-1800 (phone)
(303) 858-1801 (fax)
ktompkins@wbapc.com

Contractor: Metco Landscape, Inc.
2200 Rifle Street
Aurora, Colorado 8011
Attention: Justin McWhorter
(730) 633-0223 (phone)
justinm@metcolandscape.com

21. AUDITS. The District shall have the right to audit, with reasonable notice, any of the Contractor's books and records which may be necessary to substantiate any invoices and payments under this Agreement (including, but not limited to, receipts, time sheets, payroll and personnel records) and the Contractor agrees to maintain adequate books and records for such purposes during the term of this Agreement and for a period of two (2) years after termination of the

Agreement and to make the same available to the District at all reasonable times and for so long thereafter as there may remain any unresolved question or dispute regarding any item pertaining thereto.

22. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the Parties hereto relating to the Services, and sets forth the rights, duties, and obligations of each to the other as of this date. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force and effect. This Agreement may not be modified except by a writing executed by both the Contractor and the District.

23. BINDING AGREEMENT. This Agreement shall inure to and be binding on the heirs, executors, administrators, successors, and assigns of the Parties hereto.

24. NO WAIVER. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other of the provisions of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided in the Agreement, nor shall the waiver of any default be deemed a waiver of any subsequent default.

25. GOVERNING LAW / DISPUTES.

a. Arbitration. All claims, counterclaims, disputes and other matters in question between the Parties hereto arising out of or relating to this Agreement or the breach hereof may be decided by arbitration upon the mutual agreement to do so by the Parties to this Agreement. In that case, arbitration will be administered by the Judicial Arbitrator Group in Denver, Colorado under its arbitration rules, by a single arbitrator, unless a different arbitrator is agreed upon by the Parties. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. THE PARTIES RECOGNIZE THAT BY AGREEING TO BINDING ARBITRATION AS THE METHOD FOR DISPUTE RESOLUTION, THEY RELINQUISH THE RIGHT TO BRING AN ACTION IN COURT AND WAIVE THE RIGHT TO A JURY TRIAL AND THE EXTENSIVE DISCOVERY RIGHTS TYPICALLY PERMITTED IN JUDICIAL PROCEEDINGS. Colorado law shall apply to any dispute, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Colorado. Each Party will be responsible for paying one half of all fees and expenses charged by the arbitrator. Notice of request for arbitration must be filed in writing with the other Party(ies) to this Agreement. If agreed to, notice must be filed with the Judicial Arbitrator Group. The request must be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event may it be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations. In the event that the Parties do not agree to arbitration, each party shall be permitted to pursue all available legal and equitable remedies.

b. Litigation and Venue. In the event the Parties do not agree to arbitration pursuant to Section 25(a), above, venue for all actions arising from this Agreement shall be in the District Court in and for the county in which the District is located. The Parties expressly and irrevocably waive any objections or rights which may affect venue of any such action, including, but not limited to,

forum non-conveniens or otherwise. At the District's request, the Contractor shall carry on its duties and obligations under this Agreement during any legal proceedings and the District shall continue to pay for the Services performed under this Agreement until and unless this Agreement is otherwise terminated.

c. Prevailing Party. Other than arbitration fees as set forth in Section 25(a) of the Agreement, in the event that it becomes necessary for either party to enforce the provisions of this Agreement or to obtain redress for the breach or violation of any of its provisions, whether by litigation, arbitration or other proceedings, the prevailing party shall recover from the other party all costs and expenses associated with such proceedings, including reasonable attorney's fees. For purposes of this Agreement, "prevailing party" shall mean the party in whose favor a judgment, decree, or final order is rendered, either by an arbitrator or the court, after appeal, if any. In the event both Parties prevail on one or more claims, the prevailing party shall mean the net winner of a dispute, taking into account the claims pursued, the claims on which the pursuing party was successful, the amount of money sought, the amount of money awarded, and offsets or counterclaims pursued (successfully or unsuccessfully) by the other Party.

d. At the District's request, the Contractor will consent to being joined in litigation between the District and third parties, but such consent shall not be construed as an admission of fault or liability. The Contractor shall not be responsible for delays in the performance of the Services caused by factors beyond its reasonable control including delays caused by Act of God, accidents, failure of any governmental or other regulatory authority to act in a timely manner or failure of the District to furnish timely information or to approve or disapprove of Contractor's Services in a timely manner.

26. GOOD FAITH OF PARTIES. In the performance of this Agreement, or in considering any requested approval, acceptance, or extension of time, the Parties agree that each will act in good faith and will not act unreasonably, arbitrarily, capriciously, or unreasonably withhold, condition, or delay any approval, acceptance, or extension of time required or requested pursuant to this Agreement.

27. SUBJECT TO ANNUAL APPROPRIATION AND BUDGET. The District does not intend hereby to create a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever. The performance of those obligations of the District pursuant to this Agreement requiring budgeting and appropriation of funds are subject to annual budgeting and appropriations. The Contractor expressly understands and agrees that the District's obligations under this Agreement shall extend only to monies appropriated for the purposes of this Agreement by the Board and shall not constitute a mandatory charge, requirement or liability in any ensuing fiscal year beyond the then-current fiscal year. No provision of this Agreement shall be construed or interpreted as a delegation of governmental powers by the District, or as creating a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever of the District or statutory debt limitation, including, without limitation, Article X, Section 20 or Article XI, Section 6 of the Constitution of the State of Colorado. No provision of this Agreement shall be construed to pledge or to create a lien on any class or source of District funds. The District's obligations under this Agreement exist subject to annual budgeting and appropriations, and shall remain subject to the same for the entire term of this Agreement.

28. GOVERNMENTAL IMMUNITY. Nothing in this Agreement shall be construed to waive, limit, or otherwise modify, in whole or in part, any governmental immunity that may be available by law to the District, its respective officials, employees, contractors, or agents, or any other person acting on behalf of the District and, in particular, governmental immunity afforded or available to the District pursuant to the Colorado Governmental Immunity Act, §§ 24-10-101, *et seq.*, C.R.S.

29. NEGOTIATED PROVISIONS. This Agreement shall not be construed more strictly against one Party than against the other merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being acknowledged that each Party has contributed substantially and materially to the preparation of this Agreement.

30. SEVERABILITY. If any covenant, term, condition or provision of this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition or provision shall not affect any other provision contained in the Agreement, the intention being that such provisions are severable. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Agreement a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

31. NO THIRD PARTY BENEFICIARIES. It is expressly understood and agreed that enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to the Parties and nothing contained in this Agreement shall give or allow any such claim or right of action by any other third party on such Agreement. It is the express intention of the Parties that any person other than Parties receiving services or benefits under this Agreement shall be deemed to be an incidental beneficiary only.

32. OPEN RECORDS. The Parties understand that all material provided or produced under this Agreement may be subject to the Colorado Open Records Act, §§ 24-72-202, *et seq.*, C.R.S.

33. WARRANTY. The Contractor shall and does by this Agreement guarantee and warrant that all workmanship, materials, and equipment furnished, installed, or performed for the accomplishment of the Services (collectively, the “Work”) will be of good quality and new, unless otherwise required or permitted by the Agreement. The Contractor further warrants that the Work will conform to all requirements of the Agreement and all other applicable laws, ordinances, codes, rules and regulations of any governmental authorities having jurisdiction over the Work. All Services are subject to the satisfaction and acceptance of the District, but payments for the completed Work will not constitute final acceptance nor discharge the obligation of the Contractor to correct defects at a later date. Such warranties set forth in the Agreement are in addition to, and not in lieu of, any other warranties prescribed by Colorado law.

34. TAX EXEMPT STATUS. The District is exempt from Colorado State sales and use taxes. Accordingly, taxes from which the District is exempt shall not be included in any

invoices submitted to the District. The District shall, upon request, furnish Contractor with a copy of its certificate of tax exemption. Contractor and subcontractors shall apply to the Colorado Department of Revenue, Sales Tax Division, for an Exemption Certificate and purchase the materials tax free. The Contractor and subcontractors shall be liable for exempt taxes paid due to failure to apply for Exemption Certificates or for failure to use said certificate.

35. COUNTERPART EXECUTION. This Agreement may be executed in several counterparts, each of which may be deemed an original, but all of which together shall constitute one and the same instrument. Executed copies hereof may be delivered by facsimile or email of a PDF document, and, upon receipt, shall be deemed originals and binding upon the signatories hereto, and shall have the full force and effect of the original for all purposes, including the rules of evidence applicable to court proceedings.

[Remainder of page intentionally left blank. Signature pages follow].

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first above written. By the signature of its representative below, each Party affirms that it has taken all necessary action to authorize said representative to execute this Agreement.

DISTRICT:

HAWTHORN METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado

Officer of the District

ATTEST:

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

***District's Signature Page to Independent Contractor Agreement for Landscaping Services
with Hawthorn Metropolitan District No. 2, dated December 4, 2017***

CONTRACTOR:

METCO LANDSCAPE, INC., a Colorado
corporation

Printed Name: _____

Title: _____

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____,
2017, by _____, as the _____
of Metco Landscape, Inc.

WITNESS my hand and official seal.

My commission expires: _____

(S E A L)

Notary Public

***Contractor's Signature Page to Independent Contractor Agreement for Landscaping Services
with Hawthorn Metropolitan District No. 2, dated December 4, 2017***

EXHIBIT A
SCOPE OF SERVICES

DRAFT

Exhibit A

SCOPE OF SERVICES – HAWTHORN METRO DISTRICT

1. COMMUNITY

Hawthorn Metro District requests landscape maintenance as described below.

- A. Hawthorn Metro District common areas are shown on Exhibit B – Landscape Plan. Areas covered by the Metro District:
 - 1. COMPLETED Tree Lawn on both sides of Gilbert Street to West 58th treated as turf area and shall receive weekly maintenance
 - 2. Weed rock beds along both sides of Gilbert Street and West 60th Lane
 - 2. Park turf areas on both sides of Gilbert Street shall receive weekly maintenance.
 - 3. Weed crusher fine path on East side of Gilbert, North of 58th Avenue weekly.
 - 4. All other areas defined as Metro District Maintenance Area shall be treated as native area and shall receive mowing on a time and material basis.
 - 5. Automatic irrigation system WILL require start-up and programming.

The MANAGING AGENT will be a single point of contact for the CONTRACTOR across all of the Hawthorn Metropolitan District. The intent is to provide high quality, integrated landscaping services across the entire community. Exhibit B – Landscape Map shows the boundaries of the District.

IN THE EVENT A HOMEOWNER APPROACHES THE CONTRACTOR WITH QUESTIONS REGARDING LANDSCAPE MAINTENANCE OR REQUESTS ADDITIONAL SERVICES, CONTRACTOR IS TO DIRECT HOMEOWNER TO CONTACT MANAGING AGENT. CONTRACTOR SHALL NOT ANSWER HOMEOWNER QUESTIONS OR PROVIDE ADDITIONAL SERVICES TO HOMEOWNERS.

2. REQUIREMENTS

The CONTRACTOR will provide grounds care and maintenance only on the grounds of the DISTRICT as shown on the enclosed map. If included, the CONTRACTOR will also provide fertilization of plant materials; weed and pest control applications on the grounds of the DISTRICT and horticultural advice as specified herein and as shown on the enclosed Exhibit B – Landscape Map.

3. DAMAGE BY CONTRACTOR

Damages caused by the CONTRACTOR or their employees, shall be immediately repaired or replaced by the CONTRACTOR at no charge to the DISTRICT.

(a) DAMAGE - IMPROPER WINTERIZATION

The CONTRACTOR will pay for, any damages attributable to improper winterization

of the sprinkler system, as determined by the DISTRICT.

(b) DAMAGE TO PLANT MATERIALS AND STRUCTURES

The CONTRACTOR will be responsible for any damage to trees or structures due to string trimmers, including replacement of trees, if necessary.

4. SPRINKLER SYSTEM

The operation and repair of the sprinkler system is the responsibility of the CONTRACTOR as follows:

SPRINKLER ACTIVATION/WINTERIZATION

The sprinkler system will be tested and ready for use by April 1. It will not be activated until authorized by the DISTRICT. The sprinkler system will be winterized at the end of October, by blowing out the lines with compressed air. At the approximate time of winterization, the CONTRACTOR will provide a final mowing and trimming for the season. The cost of winterization and activation is included in this agreement.

5. SPRINKLER REPAIRS

Non – emergency sprinkler damage will be repaired within 72 hours. All repairs require a DISTRICT work order prior to work commencement. Repairs will be billed for promptly. Any bills for repairs completed more than 30 days prior to receipt of a billing may not be paid at the discretion of the DISTRICT.

6. SPRINKLER TESTING

SPRINKLER TESTING shall be included in the base contract. As often as necessary, but no less than weekly, each zone on each clock and the sprinkler system rain sensors, if applicable, will be checked and adjusted to assure the sprinkler system is working properly and there are no brown spots.

7. SPRINKLER ADJUSTMENTS/WATER CONSERVATION

The CONTRACTOR is responsible for the proper operation of the sprinkler system. The irrigation system will be set and operated by the CONTRACTOR to provide adequate water to keep the grass green, but will not be over-watered. Watering times will be adjusted up or down, as often as necessary, to assure a healthy turf. The irrigation system will be set to operate only from 10:00 p.m. to 5:00 a.m., if possible. The CONTRACTOR shall practice water conservation by shutting off the system, as necessary, during lengthy rainy periods or after heavy rainfalls and turning the system back on when appropriate. While practicing water conservation, the CONTRACTOR shall, at the same time, assure that the irrigated areas do not dry out. All sprinkler heads will be adjusted, if possible, to assure coverage and avoid over spray on walks, drives, tennis courts, concrete surfaces, or structures. Any variations to the above will require notification of the MANAGING AGENT, for Board approval.

8. DRY SPOTS

The CONTRACTOR will respond to complaints of "dry spots" within 72 hours.

9. TURF MAINTENANCE

The grounds of the DISTRICT will be maintained in accordance with the following specifications:

10. MOWING

Commencing in April, mowing will include two (2) mows in April, mowing weekly from May through September, with two (2) mows in October prior to winterization. Mowers will be set at two and one half (2 1/2) to three and one half (3 1/2) inches depending on weather conditions.

11. EDGING

All walks, curb lines and fence lines (boundary) will be edged ONCE a month.

12. NATIVE AREAS

(a). Native area trees and paths shall have a "Beauty Band" mowed or trimmed FOUR (4) times per year once native grass grows to a length of 18 inches. Additional beauty band treatment may be required and contracted on a time and materials basis.

(b). All native areas will receive application of weed control chemical three times per year, once as a pre-emergent in the spring, once in the summer time and again late season when appropriate, to control weeds and eliminate them from the native areas. The contractor will visit the property periodically to assure that the chemical applied is appropriate for the weeds present in the native areas.

13. GRASS CLIPPINGS

Grass clippings will be caught in the turf areas. Native area clippings will not be caught. If there are tennis courts or pool areas, care will be used to avoid grass clippings from getting into them. If clippings get in, they will be immediately removed before leaving the site. **GRASS CLIPPINGS SHALL NOT BE CAUGHT IN AREAS DEFINED AS NATIVE.**

14. CLEAN-UP

Walks driveways and streets will be swept or blown free of clippings after each mowing, as necessary.

15. TRIMMING

The perimeter of all grassed areas and around curbs, fences (boundary and patio), steps, and utility boxes will be trimmed to assure a neat and attractive appearance at the time of each mowing. Care will be used to avoid damage to any fence or posts. **TRIMMING IS NOT REQUIRED IN AREAS DEFINED AS NATIVE.**

16. WEEDING IN BEDS

All planting bark and rock beds will be maintained weed free by the CONTRACTOR at all times. Sidewalks and curbs will be kept free of any vegetation on a continuing basis. Weed control is to be a consistent effort throughout the season and not an occasional effort once weeds establish themselves. IF BEDS OR SIDEWALKS/CURBS ARE INFESTED WITH WEEDS ON THE CONTRACT PAYMENT DATE IN PARAGRAPH 2, PAYMENT WILL BE DELAYED UNTIL SUCH TIME AS BEDS ARE WEEDED. Weed control may be by pulling or chemical control, however, if chemical control is used, the CONTRACTOR will be responsible for replacing any plant material, including sod, which is killed or damaged by careless application. If chemical control is used, any weeds over six (6) inches tall, or any weed or cluster of weeds over six (6) inch in diameter, must be removed, once dead. The CONTRACTOR accepts the condition of the planting beds, as is, and may not use the condition as a means of limiting or avoiding weed control.

17. PRUNING

Trees and shrubs will be pruned in the fall/winter to remove dead and diseased plant materials and to provide a neat and attractive appearance. Tree pruning under this provision is limited to cuts up to heights of ten (10) feet above the ground. Plant materials adjacent to walks and drives will be pruned in a manner that will prevent branches from covering the walks or drives. Shrubs growing in front of windows will be pruned in a manner, which will result in an unimpeded view from the window, except where mature growth has already exceeded window height. Care will be taken to reduce height as plant growth allows.

Tree suckers will be removed continuously, as necessary, to maintain a neat appearance.

The initial pruning will be no later than April 1. The only exception to pruning will be flowering shrubs which have not yet bloomed or which are in mid-bloom at the time.

18. LEAF REMOVAL

One major leaf removal shall be done no later than the end of October. All turf areas and hard surfaces in the service area shall have leaf removal. Leaf removal is not necessary in areas identified as native except for hard surfaces, paths and walks going through native areas.

19. AERATION

All turf areas will be aerated in the spring of the year prior to May 15. The cost of one (1) aeration is included in this agreement. Care will be taken to avoid damage to the sprinkler system. In the event that additional aeration's are requested, the cost will be \$ 500.00 per aeration.

20. FERTILIZATION / WEED CONTROL APPLICATION / WINTER WATERING

Chemical application of fertilizer, weed control, and insect control to the grounds and plant materials in accordance with the following specification:

21. TURF AREAS - FERTILIZATION/WEED CONTROL

From March through October the turf areas will be fertilized on the following schedule in order to keep the turf healthy and deep green in appearance. Any additional applications will be at the contractor's expense. All turf areas will receive application of weed control chemical at the time of application of fertilizer, or more frequently, as necessary, to control weeds and eliminate them from the turf. The contractor will visit the property periodically to assure that the chemical applied is appropriate for the weeds present in the turf.

| | |
|--|---|
| Between April 1 and May 15 control | 1 pound nitrogen/1000 ft ² plus weed |
| Between June 15 and June 30 control | 1 pound nitrogen/1000 ft ² plus weed |
| Between August 1 and August 15 | 1 pound nitrogen/1000 ft ² |
| Between October 1 and October 15 | 2 pounds nitrogen/1000 ft ² g |

22. UNIFORM APPLICATION

The CONTRACTOR will use extreme care to avoid "burning" and assure uniform application to avoid streaking.

23. TREE/SHRUB FERTILIZATION

Shall not be included in the base contract but will be authorized by DISTRICT and billed by CONTRACTOR on a Time and Material basis. All trees and shrubs will be fertilized twice each season, in May, and August/September. Application will be TBD root; or TBD foliage. Fertilizer will be applied in accordance with the manufacturer's recommendation.

24. WINTER WATERING

The CONTRACTOR will inform the Managing Agent if winter watering is recommended. It is expected that the CONTRACTOR will use good judgment in suggesting the need for winter watering of trees/shrubs/sod to maintain their health. Winter watering will be an extra charge requiring a firm quote of costs and must be

approved by the Board.

25. NOTICE

The CONTRACTOR will notify the MANAGER in writing of the dates on which any chemical applications were performed and the identification of the chemicals used. FAILURE TO PROVIDE THIS INFORMATION WILL RESULT IN DELAY OF PAYMENT FOR THE MONTH IMMEDIATELY AFTER THE APPLICATION SHOULD HAVE BEEN PERFORMED.

26. LICENSE

The CONTRACTOR shall submit evidence that they and their applicators are licensed for application of the chemicals used.

27. APPROVED CHEMICALS

The CONTRACTOR shall not use chemicals, which are not approved by any government authority having jurisdiction.

28. WEATHER LIMITATIONS

Chemicals will not be applied if weather conditions are detrimental to application, i.e. windy, raining, or snow on the ground.

29. POSTING SIGNS

The contractor will be responsible for posting signs in the community, notifying residents of any chemical applications (fertilizer and weed control), which are planned at least two days prior to the application being made. The posting of signs will be at mailbox areas if mailboxes are multiple uses and/or at all locations of streets entering the community from all directions. The signs will be sufficient in size (at least 1' by 3' and at least 4' above the ground) and readability to assure that residents can readily be aware of the pending chemical application. Within one (1) week after application, signs will be removed.

30. VARIANCE DUE TO WEATHER CONDITIONS

Contractor and DISTRICT agree that the necessity for certain services under the Agreement may vary depending on weather conditions. For example, in the event of drought conditions and mandatory watering restrictions, weekly mowing and trimming and monthly irrigation checks may not be required.

Contractor and DISTRICT agree that DISTRICT may reduce the frequency of weekly mowing as set forth in Sections 7 of the Agreement, upon three (3) days written notice. If the DISTRICT makes such request, Contractor shall credit DISTRICT in the amount of \$ 200⁰⁰ per week for each week that mowing and trimming is not performed. Other contractual services not rendered due to drought conditions and mandatory watering restrictions shall also be credited to the Association in an amount to be determined by the Contractor.

EXHIBIT B
COMPENSATION SCHEDULE

DRAFT

BID FORM

| | |
|--|---|
| To be Completed by Bidder | |
| Bidder: <u>METCO LANDSCAPE, INC.</u> | Project Name: <u>Hawthorn Metro District</u> |
| Address: <u>2205 RIPLE ST.</u> | Inquiry Number: _____ |
| <u>AVONIA, CO 80011</u> | Contract Description: <u>Landscaping Services Contract -- Hawthorn Metro District - Season 2018</u> |
| Contact: <u>JUSTIN McWHORTER</u> | Proposal Due Date: <u>September 8th 2017</u> |
| Phone: <u>(720) 633-0223</u> | Bid Validity: <u>60 Days</u> |
| Fax: _____ | Vendors Proposal Number: _____ |
| Email: <u>justinm@metcolandscape.com</u> | |

1. All bids must be made upon this form. Please include a rate sheet for time and materials work. Identify the type of labor (i.e. Sprinkler Technician, general Labor, etc.) per each labor rate.
2. All bids must give the price proposed in United States currency, and must be signed by the Bidder, with full name and local services address
3. It is understood and agreed that the parties making the bids accept all the terms and conditions expressed and contained in the documents comprising this Bid Package, including, Invitation to Bidders, Bid Form, Metropolitan District ICA, Exhibit A - Scope of Services and Exhibit B - Site Map. Hawthorn is a Metropolitan District. The contract is a State of Colorado approved ICA. A draft contract is attached. The final contract will include the contractors bid and scope of services.
5. Base contracts shall be billed in equal monthly installments from April through October 2018. CONTRACTOR may invoice on the first of the month for current months contract amount with payment terms of net 30.

Base contract bid for Hawthorn Metro District Scope of Work: \$ 20,580⁰⁰

Monthly billing April to October: \$ 2,940⁰⁰

Hourly rates: Attached a separate sheet with labor category description

Please attach any additional information that may be necessary to evaluate submitted bid. Attach a separate sheet for comments, clarifications or exceptions if necessary.

The following individual is authorized to submit a bid on behalf of Bidder's organization.

[Signature]
Signature of Duly Authorized Representative

9-11-17
Date

BRANCH MANAGER
Title



EXHIBIT B-1
CONTRACTOR'S COMPLETED W-9

DRAFT

EXHIBIT C

INSURANCE REQUIREMENTS

NOTE: All insurance required and provided hereunder shall also comply with the provisions of Section 11 of the Agreement.

1. Standard Worker's Compensation and Employer's Liability Insurance covering all employees of Contractor involved with the performance of the Services, with policy amounts and coverage in compliance with the laws of the jurisdiction in which the Services will be performed.
2. Commercial General Liability Insurance with minimum limits of liability of not less than \$1,000,000 per occurrence for bodily injury and property damage liability; \$2,000,000 designated location, general aggregate. Such insurance will include coverage for contractual liability, personal injury and broad form property damage, and shall include all major divisions of coverage and be on a comprehensive basis including, but not limited to:
 - a. premises operations;
 - b. personal injury liability without employment exclusion;
 - c. blanket contractual;
 - d. broad form property damages, including completed operations;
 - e. medical payments;
 - f. products and completed operations;
 - g. independent consultants coverage;
 - h. coverage inclusive of construction means, methods, techniques, sequences, and procedures, employed in the capacity of a construction consultant; and

This policy must include coverage extensions to cover the indemnification obligations contained in this Agreement to the extent caused by or arising out of bodily injury or property damage.

3. Comprehensive Automobile Liability Insurance covering all owned, non-owned and hired automobiles used in connection with the performance of the Services, with limits of liability of not less than \$1,000,000 combined single limit bodily injury and property damage. **This policy must include coverage extensions to cover the indemnification obligations contained in this Agreement to the extent caused by or arising out of bodily injury or property damage.**
4. If applicable: Contractor shall secure and maintain a third party fidelity bond in favor of the District covering the Contractor and its employees and agents who may provide or be responsible for the provision of Services where such activities contemplate the responsibility for money or property of the District. Such bond shall protect the District against any fraudulent or dishonest act which may result in the loss of money, securities, or other property belonging to or in the possession of the District. Said bond shall be in an amount as determined by the District, from a surety acceptable to the District.
5. Any other insurance commonly used by contractors for services of the type to be performed pursuant to this Agreement.
6. Professional liability insurance in the amount of \$1,000,000.00 each occurrence.

EXHIBIT C-1
CERTIFICATE(S) OF INSURANCE

DRAFT

EXHIBIT D
CERTIFICATE OF GOOD STANDING WITH COLORADO SECRETARY OF STATE

DRAFT

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE OF FACT OF GOOD STANDING

I, Wayne W. Williams, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

METCO LANDSCAPE, INC.

is a
Corporation

formed or registered on 06/29/1998 under the law of Colorado, has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 19981118798 .

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 11/20/2017 that have been posted, and by documents delivered to this office electronically through 11/22/2017 @ 10:44:35 .

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, and issued this official certificate at Denver, Colorado on 11/22/2017 @ 10:44:35 in accordance with applicable law. This certificate is assigned Confirmation Number 10565553 .



A handwritten signature in blue ink that reads "Wayne W. Williams".

Secretary of State of the State of Colorado

*****End of Certificate*****

Notice: A certificate issued electronically from the Colorado Secretary of State's Web site is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Validate a Certificate page of the Secretary of State's Web site, <http://www.sos.state.co.us/biz/CertificateSearchCriteria.do> entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our Web site, <http://www.sos.state.co.us/> click "Businesses, trademarks, trade names" and select "Frequently Asked Questions."



POOP 911- Pet Waste Removal Service Quote

Thank you so much for your interest in POOP 911 Pet Waste Clean-Up Services. At POOP 911, we pride ourselves in providing you with the best customer service and promise to always, 'get the job done.' We will never charge you until you are completely satisfied. Below is a price quote for servicing **Table Rock Ridge / Hawthorne Metro Dist.** Please feel free to contact me with any questions you may have at (303) 483-5941.

POOP 911 will perform the following services per your request:

1. **\$35 per visit - Pet Waste Station servicing:**

Two pet waste stations – includes removing and replacing the trash can liner and adding pet waste bags when necessary.

One Large Trash Can servicing included.

NOTE: \$8 per roll extra for pet waste bags when added.

POOP 911 will receive the service compensation listed above for each service date.

Thank you so much for your time and we look forward to continue working with you.

Sincerely,

Jory J. Long, Owner
POOP 911Colorado
(303) 483-5941

**RESOLUTION OF BOARD OF DIRECTORS
CALLING ELECTION**

HAWTHORN METROPOLITAN DISTRICT NO. 2

§§ 32-1-804, 1-1-111(2), 1-13.5-1103(1), 1-13.5-513(1)

At a meeting of the Board of Directors (the “Board”) of the Hawthorn Metropolitan District No. 2 (the “District”), it was moved to adopt the following Resolution: OR

WHEREAS, the District was organized as a special district pursuant to §§ 32-1-101, *et seq.*, C.R.S. (the “Special District Act”); and

WHEREAS, the District is located entirely within Jefferson County, Colorado (the “County”); and

WHEREAS, pursuant to § 32-1-804, C.R.S., the Board governs the conduct of regular and special elections for the District; and

WHEREAS, the Board anticipates holding a regular election on May 8, 2018, for the purpose of electing directors and submitting ballot issues, and desires to take all actions necessary and proper for the conduct thereof (the “Election”); and

WHEREAS, the Election shall be conducted pursuant to the Special District Act, the Colorado Local Government Election Code and the Uniform Election Code of 1992, to the extent not in conflict with the Colorado Local Government Election Code, including any amendments thereto, and shall also comply with Article X, § 20 of the Colorado Constitution (“TABOR”), as necessary; and

WHEREAS, pursuant to § 1-1-111(2), C.R.S., the Board is authorized to designate an election official (the “Designated Election Official”) to exercise authority of the Board in conducting the Election; and

WHEREAS, pursuant to § 1-13.5-513(1), C.R.S., the Board can authorize the Designated Election Official to cancel the Election upon certain conditions.

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

1. The Board hereby calls the Election for the purpose of electing directors and presenting certain ballot issues. The Election shall be conducted as an independent mail ballot election in accordance with § 1-13.5-1101, *et seq.*, C.R.S.

2. The Board names Bradley T. Neiman of the law firm of White Bear Ankele Tanaka & Waldron as the Designated Election Official for the Election. The Designated Election Official shall act as the primary contact with the County and shall be primarily responsible for ensuring the proper conduct of the Election.

3. Without limiting the foregoing, the following specific determinations also are made:

- a. The Board hereby directs general counsel to the District to approve the final form of the ballot to be submitted to the eligible electors of the District and authorizes the Designated Election Official to certify those questions and take any required action therewith.
- b. The Board hereby directs general counsel to the District to oversee the general conduct of the Election and authorizes the Designated Election Official to take all action necessary for the proper conduct thereof and to exercise the authority of the Board in conducting the Election, including, but not limited to, causing the call for nominations; appointment, training and setting compensation of election judges and a board of canvassers, as necessary; all required notices of election, including notices required pursuant to TABOR; printing of ballots; supervision of the counting of ballots and certification of election results; and all other appropriate actions.

4. The District shall be responsible for the payment of any and all costs associated with the conduct of the Election, including its cancellation, if permitted.

5. The Board hereby ratifies any and all actions taken to date by general counsel and the Designated Election Official in connection with the Election.

6. The Board hereby authorizes and directs the Designated Election Official to cancel the Election and to declare the candidates elected if, at the close of business on the sixty-third day before the Election, or at any time thereafter, there are not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates, and so long as the only ballot questions are for the election of candidates. The Board further authorizes and directs the Designated Election Official to publish and post notice of the cancellation as necessary and file such notice and cancellation resolutions with the County Clerk and Recorder and with the Division of Local Government, as required. The Designated Election Official shall also notify the candidates that the Election was canceled and that they were elected by acclamation.

7. This Resolution shall remain in full force and effect until repealed or superseded by subsequent official action of the Board.

[Remainder of Page Intentionally Left Blank]

ADOPTED THIS 4TH DAY OF DECEMBER, 2017.

HAWTHORN METROPOLITAN DISTRICT NO. 2

Officer of the District

ATTEST:

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

**RESOLUTION
OF THE BOARD OF DIRECTORS OF
HAWTHORN METROPOLITAN DISTRICT NO. 2**

**REGARDING ACCEPTANCE OF DISTRICT ELIGIBLE COSTS
FOR PUBLIC IMPROVEMENTS**

WHEREAS, Hawthorn Metropolitan District No. 2, Jefferson County, State of Colorado (the “District”), is a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized and existing as a metropolitan district under Article 1, Title 32, Colorado Revised Statutes; and

WHEREAS, the District was formed for the purpose of design, acquisition, construction, installation, maintenance and financing of water, sanitation, streets, safety protection, parks and recreation, transportation, television relay and translation, limited fire protection, and mosquito control improvements and services within and without the boundaries of the District, subject to any limitations contained in the Service Plan for the District; and

WHEREAS, in accordance with § 32-1-1001(1)(f), C.R.S., the District has the power to acquire real and personal property, including rights and interests in property and easements necessary to its functions or operations; and

WHEREAS, the District and Hawthorn Development Inc. (the “Developer”) entered into an Infrastructure Acquisition and Reimbursement Agreement, dated December 7, 2015 (the “Acquisition Agreement”); and

WHEREAS, pursuant to the Acquisition Agreement, the Developer has agreed to fund soft and hard costs for the benefit of the District to sell and convey various public improvements (collectively, the “Public Improvements”) to the District or another governmental entity, and the District has agreed to reimburse the Developer for the same, subject to the satisfaction of certain terms and conditions set forth therein; and

WHEREAS, the Developer has funded certain costs related to Public Improvements as described in Section 1 herein (the “District Eligible Costs”); and

WHEREAS, the Board of Directors of the District (the “Board”) has determined that the best interests of the District, its residents, users, and property owners would be served by the District’s recognition and acceptance of the District Eligible Costs and reimbursement of the Developer for the same and, in that regard, the District should expend funds for such purposes; and

WHEREAS, the Board engaged Manhard Consulting, Ltd. (the “Engineer”), an independent engineer to review receipts, invoices, and/or other satisfactory evidence of the District Eligible Costs, and the Board has been advised that the District Eligible Costs are

reasonable, appropriate, and related to the Public Improvements authorized and contemplated under the terms of the Acquisition Agreement; and

WHEREAS, the District desires to recognize the District Eligible Costs and reimburse the Developer for the same, subject to the availability of District funds for such purpose:

NOW, THEREFORE, be it resolved by the Board of the District:

1. Description of District Eligible Costs. The Developer has represented that is has funded the District Eligible Costs at its sole cost and expense, which District Eligible Costs are directly related to water, sanitary sewer collection, stormwater drainage and detention ponds, street improvements, parks, open space, recreation, and landscaping located generally in the Hawthorn subdivision, Jefferson County, Colorado. The Board finds that the total reimbursable value of the District Eligible Costs is \$3,070,599.10

2. Acceptance of District Eligible Costs. As required under Section 4(c) of the Acquisition Agreement, the Engineer has reviewed the invoices and associated documentation, and has issued a certification, attached as **Exhibit A**, stating that the costs are related to the Public Improvements and are reasonable. In addition, the District's accountant has reviewed the invoices and associated documentation to substantiate the District Eligible Costs, and has issued a certification verifying said costs in the above referenced amount, which certification is attached as **Exhibit B**. Based on these certifications, the Board hereby finds that the requirements set forth in the Acquisition Agreement have been met and that the District Eligible Costs are hereby accepted and approved for reimbursement by the District.

3. Subject to Annual Appropriations. Any payments due hereunder are subject to annual appropriation by the District and do not create a multiple-fiscal year obligation or debt whatsoever. Furthermore, any payments due hereunder a subject to any repayment terms and conditions as set forth in the Acquisition Agreement.

[Signature page to follow.]

ADOPTED this 4th day of December, 2017.

HAWTHORN METROPOLITAN DISTRICT NO.
2

Officer of the District

ATTEST:

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

Exhibit A

Engineer's Certification

DRAFT

ENGINEER'S REPORT and CERTIFICATION

PREPARED FOR:

Hawthorn Metropolitan District
c/o White Bear Ankele Tanaka & Waldron
2154 E. Commons Ave. Suite 2000
Centennial, Colorado 80122

PREPARED BY:

Manhard Consulting, Ltd
8840 W. Colfax Avenue
Lakewood, CO 80215

DATE PREPARED:

October 30, 2017

TABLE OF CONTENTS

Engineer's Report

| | |
|--|---|
| Introduction..... | 3 |
| Public Improvements as Authorized by the Service Plan | 3 |
| Scope of Certification | 3 |
| General Methodology | 3 |
| Phase I – Authorization to Proceed and Document Gathering..... | 3 |
| Phase II – Site Visits and Meetings..... | 4 |
| Phase III – Review of Documentation | 4 |
| Phase IV – Verification of Construction Quantities..... | 4 |
| Phase V – Verification of Construction Unit Costs and Indirect Costs | 4 |
| Phase VI – Verification of Payment for Public Costs | 4 |
| Phase VII – Determination of Costs Eligible for Reimbursement..... | 4 |

Engineer's Certification

| | |
|--------------------------------|---|
| Engineer's Certification | 5 |
|--------------------------------|---|

Appendices

| | |
|---------------------------------------|---|
| Appendix A – Documents Reviewed | 6 |
|---------------------------------------|---|

Tables

| | |
|---|----|
| Table I Summary of Costs | 7 |
| Table II Construction Costs Summary by Category | 8 |
| Table III Soft and Indirect Costs Summary by Category | 9 |
| Table IV Construction Costs Detail | 10 |
| Table V Soft and Indirect Costs Detail | 15 |

ENGINEER'S REPORT

Introduction

Manhard Consulting, Ltd (“Manhard”) was retained by Hawthorn Metropolitan District Nos. 1-2 (“District”) as an Independent Consulting Engineer to certify costs associated with constructed Public Improvements completed within the District.

The District is located within the City of Arvada, Colorado. The development area is approximately 69 acres. This certification considers soft & indirect and construction costs directly related to improvements within the District boundaries.

The attached Engineer's Certification states that the Independent Consulting Engineer finds and determines that the constructed value of the Public Improvements considered in this Engineer's Report, including both soft & indirect and hard costs from approximately April, 2014 to January, 2016, are valued at **\$3,072,576.16**.

Table I summarizes the cost breakdown of the construction costs. Tables II and III provides category breakdowns of construction costs and soft and indirect costs reviewed for this certification. Tables IV and V provides a detailed breakdown of the eligible hard costs and soft and indirect costs per the Service Plan categories.

Public Improvements as Authorized by the Service Plan

Manhard reviewed the Service Plan for Hawthorn Metropolitan District Nos. 1-2 (“Service Plan”); dated September 25, 2012. Section V-A of the service plan states, “The Districts shall have the power and authority to provide the Public Improvements and undertake related operation and maintenance services within and without the boundaries of the Districts...” Section V-B-4 defines the District's debt limit as \$10,000,000. Section V-D identifies proposed Public Improvement categories including; Water, Sanitary Sewer Collection, Stormwater Drainage and Detention Ponds, Street Improvements, and Parks, Open Space, Recreation, and Landscaping. The District boundary legal description is described in Exhibit A of the Service Plan and shown in Exhibit B. Manhard has determined that the constructed improvements and associated soft and indirect construction costs (“Public Improvements”) under consideration in this report and certification for reimbursement by the District are indeed authorized by the Service Plan.

Scope of Certification

Section V-D of the Service Plan identifies proposed Public Improvement categories including; Water, Sanitary Sewer Collection, Stormwater Drainage and Detention Ponds, Street Improvements, and Parks, Open Space, Recreation, and Landscaping. Summaries of these costs can be found in Tables II and III.

General Methodology

Manhard employed a phased approach toward the preparation of this Engineer's Report and Certification of Public Costs (“Engineer's Certification”).

Phase I – Authorization to Proceed and Document Gathering

Manhard was authorized to proceed with the Engineer's Certification September 11, 2017. Documentation for the Hawthorn Certification was provided in October, 2017.

Phase II – Site Visit

Manhard performed a site visit in October 2017 to verify completion of work relating to District infrastructure during construction improvements.

Phase III – Review of Documentation

See Appendix A for a complete listing of documents reviewed, as deemed necessary, by Manhard.

Phase IV – Verification of Construction Quantities

Construction quantity take-offs were performed from applicable construction drawings. These quantity take-offs were used in conjunction with Phase V below to certify reasonableness of construction costs.

Phase V – Verification of Construction Unit Costs and Indirect Costs

Construction Unit Costs were reviewed for market reasonableness. Manhard took into consideration the type of construction and the timeframe during which the construction occurred. Manhard determined that the costs incurred were within a reasonable range.

Phase VI – Verification of Payment for Public Costs

Hawthorn Development (“The Developer”) provided payment for all contractors and consultants. The Developer then provided cancelled checks and bank statements or contractor lien release waivers that were used to verify payments for all contractors and consultants. Only costs with an approved form of proof of payment have been certified in this report.

Phase VII – Determination of Costs Eligible for Reimbursement

Manhard concluded the Engineer’s Certification by determining which improvements were eligible for District reimbursement and what percent of the costs for those improvements were reimbursable. The Public Improvements related to this project were completed between 2014 and 2016. Multiple vendors had costs that were previously certified by another third-party consultant. These costs were reviewed to verify that overlap did not occur on costs, and only newly submitted costs were certified in this report. Cost Certification construction improvements that were reimbursable consisted of water, sanitation, storm, street, and parks and recreation improvements.

ENGINEER'S CERTIFICATION

Collin Koranda, P.E. / Manhard Consulting, Ltd (the "Independent Consulting Engineer"), states as follows:

1. The Independent Consulting Engineer is an engineer duly qualified and licensed in the State of Colorado with experience in the design, construction and certification of Public Improvements of similar type and function as those described in the above Engineer's Report.

2. The Independent Consulting Engineer has performed a site visit and reviewed applicable construction and legal documents related to the Public Improvements under consideration to state the conclusions set forth in this Engineer's Certification.

3. The Independent Consulting Engineer finds and determines that the constructed value of the Public Improvements considered in the attached Engineer's Report dated October 30, 2017, including soft and indirect, District funded, and hard costs, are valued at an estimated **\$3,072,576.16**. In the opinion of the Independent Consulting Engineer, the above stated estimated value for the Public Improvements is reasonable and consistent with costs of similar improvements constructed for similar purposes during the same timeframe in similar locales.

Sincerely,

Manhard Consulting, Ltd



Collin Koranda, P. E.

APPENDIX A

Documents Reviewed

Construction Plans

- Hawthorn Subdivision Construction Plans. Prepared by KT Engineering. Dated 05/07/13.
- Hawthorn Subdivision Major Drainageway Construction Plans. Prepared by KT Engineering. Dated 05/07/13.
- Hawthorn Irrigation Plans. Prepared by Consilium Design. Dated 12/21/12.
- Hawthorn Final Landscape Plans. Prepared by Consilium Design. Dated 12/21/12
- Hawthorn Subdivision Plat. Prepared by KT Engineer. Recorded 02/01/13. Rec # 2013012661.

Contractor & Consultant Invoices

HARD COSTS

- APC Construction
- Armstrong Sweeping
- ARS Companies
- CTL Thompson
- Heon, Dave's Landscaping.
- Down To Earth Compliance, LLC
- Kelley Trucking Inc.
- KT Engineering LLC
- Landscape Const & Contractors
- Max Thompson Landscaping
- Nelson Pipeline Construction
- NuStyle Landscaping (and Joint Checks)
- Page Specialty Company
- RDP Barricade Co LLC
- Silver Crown Landscaping
- Standard Fence Co
- Summit Services
- Thoutt Concrete
- WL Contractors Inc

SOFT COSTS

- CDPHE
- Consilium Design
- Jefferson County
- N. Table Water & San
- Xcel

District Documents

- Service Plan for Jefferson Center Metropolitan District No. 6 (Mountain Shadows Financing District). Approved: March 1, 2004.
- Hawthorn Metropolitan District No's 1-2 Summary of Recommend Reimbursements – Construction. Dated 9/7/2017.



Hawthorn MD
Summary of Costs
Table I

| | Total Cost Paid | District Eligible Costs | Percent District | Developer Reimbursement |
|---------------------------|-----------------|----------------------------|---------------------|----------------------------|
| Direct Construction Costs | \$ 3,240,725.73 | \$ 2,820,460.88 | 87.0% | \$ 2,820,460.88 |
| Soft and Indirect Costs | \$ 306,346.93 | \$ 252,115.28 | 82.3% | \$ 252,115.28 |
| Totals | \$3,547,072.66 | \$ 3,072,576.16 | 86.6% | \$ 3,072,576.16 |



Hawthorn MD
Construction Costs Summary By Category
Table II

| Category | Total Eligible Construction Cost | Category Percentage |
|----------------------|----------------------------------|---------------------|
| Water | \$ 11,103.91 | 0.4% |
| Sanitation | \$ 5,478.65 | 0.2% |
| Storm Water | \$ 57,914.36 | 2.1% |
| Streets | \$ 1,592,377.42 | 56.5% |
| Safety Protection | \$ 135,995.55 | 4.8% |
| Parks and Recreation | \$ 1,017,590.98 | 36.1% |
| | \$ 2,820,460.88 | 100.0% |



Hawthorn MD

Soft & Indirect Costs Summary By Category

Table III

| Category | Total Eligible Soft Costs | Category Percentage |
|----------------------|---------------------------|---------------------|
| Water | \$ 146.36 | 0.1% |
| Sanitation | \$ 72.22 | 0.0% |
| Storm Water | \$ 763.38 | 0.3% |
| Streets | \$ 20,989.43 | 8.3% |
| Safety Protection | \$ 1,792.58 | 0.7% |
| Parks and Recreation | \$ 228,351.31 | 90.6% |
| | \$ 252,115.28 | 100.0% |



| | | | | | |
|--|----|----------|----|-----------|----|
| | \$ | 1,760.00 | \$ | 1,760.00 | |
| | \$ | 3,896.48 | | | |
| | | | \$ | 9,617.40 | |
| | | | \$ | 60,699.60 | |
| | | | \$ | 41,511.84 | |
| | | | \$ | 33,795.45 | |
| | | | \$ | 17,297.50 | |
| | | | \$ | 6,622.00 | |
| | | | | | |
| | \$ | 2,566.05 | | | |
| | | | \$ | 15,754.41 | |
| | | | \$ | 8,277.75 | |
| | | | \$ | 1,843.20 | |
| | | | | | \$ |



Hawthorn MD
Construction Costs Detail
Table IV

| Contract Values | | | | | Payments Made | | | | Eligibility | | | | | Submitted Invoices | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|---|----|----|----------|---------------|----------|----|----------|-------------|----|---|----|---|--------------------|----------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|----|
| Invoice 371664 | 1 | LS | \$ | 4,350.00 | \$ | 4,350.00 | \$ | 4,350.00 | 100% | \$ | - | \$ | - | \$ | 4,350.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | </ |



Hawthorn MD
Construction Costs Detail
Table IV

| Contract Values | | | | | Payments Made | | | | Eligibility | | | | | | Submitted Invoices | | | | | | | | | | | | |
|-------------------------------|----------|------|--------------|---------------|-----------------|------------------|-----------|-----------------------|----------------------|------------------|----------------|----------|--------------|-------------------------|----------------------|--------------|--------------|--------------|--------------|----------------|-------------|-------------|-------------|-------------|-------------|--|--|
| | | | | | | | | | | | | | | | Check Amount | \$20,190.00 | \$64,240.55 | \$200,913.27 | \$28,323.45 | | | | | | | | |
| | | | | | | | | | | | | | | | Payment Confirmation | 07/17/14 | 08/13/14 | 10/15/14 | 12/30/14 | | | | | | | | |
| KT Engineering | Quantity | Unit | Cost | Value | Amount Invoiced | Percent Invoiced | Retainage | Amount Less Retainage | District Type | Percent Eligible | Total Eligible | Pending | Non-District | Developer Reimbursement | Pay App Number | 1437 | 1450 | 1458 | 1466 | 1476 | 1514 | 1529 | 1540 | 1502 | 1561 | | |
| | | | | | | | | | | | | | | | Pay App Date | 5/13/2014 | 6/16/2014 | 7/8/2014 | 8/11/2014 | 9/11/2014 | 12/7/2014 | 1/15/2015 | 2/16/2015 | 11/11/2014 | 5/5/2015 | | |
| Construction staking | 1 | LS | \$ 15,430.00 | \$ 15,430.00 | \$ 15,430.00 | 100% | \$ - | \$ 15,430.00 | Streets | 13% | \$ 1,930.00 | \$ - | \$ 13,500.00 | \$ 1,930.00 | | \$ 15,430.00 | | | | | | | | | | | |
| Construction staking | 1 | LS | \$ 8,074.00 | \$ 8,074.00 | \$ 8,074.00 | 100% | \$ - | \$ 8,074.00 | Streets | 100% | \$ 8,074.00 | \$ - | \$ - | \$ 8,074.00 | | \$ 8,074.00 | | | | | | | | | | | |
| Construction staking | 1 | LS | \$ 9,492.00 | \$ 9,492.00 | \$ 9,492.00 | 100% | \$ - | \$ 9,492.00 | Streets | 100% | \$ 9,492.00 | \$ - | \$ - | \$ 9,492.00 | | | \$ 9,492.00 | | | | | | | | | | |
| Construction staking | 1 | LS | \$ 10,930.00 | \$ 10,930.00 | \$ 10,930.00 | 100% | \$ - | \$ 10,930.00 | Streets | 100% | \$ 10,930.00 | \$ - | \$ - | \$ 10,930.00 | | | | \$ 10,930.00 | | | | | | | | | |
| Construction staking | 1 | LS | \$ 9,785.00 | \$ 9,785.00 | \$ 9,785.00 | 100% | \$ - | \$ 9,785.00 | Streets | 100% | \$ 9,785.00 | \$ - | \$ - | \$ 9,785.00 | | | | | \$ 9,785.00 | | | | | | | | |
| Construction staking | 1 | LS | \$ 1,370.00 | \$ 1,370.00 | \$ 1,370.00 | 100% | \$ - | \$ 1,370.00 | Streets | 100% | \$ 1,370.00 | \$ - | \$ - | \$ 1,370.00 | | | | | | \$ 1,370.00 | | | | | | | |
| Construction staking | 1 | LS | \$ 2,800.00 | \$ 2,800.00 | \$ 2,800.00 | 100% | \$ - | \$ 2,800.00 | Streets | 100% | \$ 2,800.00 | \$ - | \$ - | \$ 2,800.00 | | | | | | | \$ 2,800.00 | | | | | | |
| Construction staking | 1 | LS | \$ 2,620.00 | \$ 2,620.00 | \$ 2,620.00 | 100% | \$ - | \$ 2,620.00 | Streets | 100% | \$ 2,620.00 | \$ - | \$ - | \$ 2,620.00 | | | | | | | | \$ 2,620.00 | | | | | |
| Construction staking | 1 | LS | \$ 720.00 | \$ 720.00 | \$ 720.00 | 100% | \$ - | \$ 720.00 | Streets | 100% | \$ 720.00 | \$ - | \$ - | \$ 720.00 | | | | | | | | | \$ 720.00 | | | | |
| Construction staking | 1 | LS | \$ 2,820.00 | \$ 2,820.00 | \$ 2,820.00 | 100% | \$ - | \$ 2,820.00 | Streets | 100% | \$ 2,820.00 | \$ - | \$ - | \$ 2,820.00 | | | | | | | | | | \$ 2,820.00 | | | |
| | | | \$ 64,041.00 | | \$ 64,041.00 | | \$ - | \$ 64,041.00 | | | \$ 50,541.00 | \$ - | \$ - | \$ 50,541.00 | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | Invoice Total | \$ 15,430.00 | \$ 8,074.00 | \$ 9,492.00 | \$ 10,930.00 | \$ 9,785.00 | \$ 1,370.00 | \$ 2,800.00 | \$ 2,620.00 | \$ 720.00 | \$ 2,820.00 | | |
| | | | | | | | | | | | | | | | Check Number | 2143 | 2163 | 2185 | 2213 | 2213 | 2213 | 2213 | 2240 | | | | |
| | | | | | | | | | | | | | | | Check Date | 8/8/2014 | 9/12/2014 | 11/11/2014 | 3/3/2015 | 3/3/2015 | 3/3/2015 | 8/7/2015 | | | | | |
| | | | | | | | | | | | | | | | Check Amount | \$32,996.00 | \$ 10,930.00 | \$ 9,785.00 | \$ 7,510.00 | \$ 7,510.00 | \$ 7,510.00 | \$2,820.00 | | | | | |
| | | | | | | | | | | | | | | | Payment Confirmation | 8/18/2014 | 9/18/2014 | 5/21/2015 | | | | 9/1/2015 | | | | | |
| Landscape Const & Contractors | Quantity | Unit | Cost | Value | Amount Invoiced | Percent Invoiced | Retainage | Amount Less Retainage | District Type | Percent Eligible | Total Eligible | Pending | Non-District | Developer Reimbursement | Pay App Number | 98538 | 98539 | | | | | | | | | | |
| | | | | | | | | | | | | | | | Pay App Date | 7/12/2014 | 7/14/2014 | | | | | | | | | | |
| Irrigation Invoice 98538 | 1 | LS | \$ 586.06 | \$ 586.06 | \$ 586.06 | 100% | \$ - | \$ 586.06 | Parks and Recreation | 100% | \$ 586.06 | \$ - | \$ - | \$ 586.06 | | \$ 586.06 | | | | | | | | | | | |
| Irrigation Invoice 98539 | 1 | LS | \$ 1,032.90 | \$ 1,032.90 | \$ 1,032.90 | 100% | \$ - | \$ 1,032.90 | Parks and Recreation | 100% | \$ 1,032.90 | \$ - | \$ - | \$ 1,032.90 | | \$ 1,032.90 | | | | | | | | | | | |
| Irrigation Invoice 98540 | 1 | LS | \$ 941.59 | \$ 941.59 | \$ 941.59 | 100% | \$ - | \$ 941.59 | Parks and Recreation | 100% | \$ 941.59 | \$ - | \$ - | \$ 941.59 | | \$ 941.59 | | | | | | | | | | | |
| Irrigation Invoice 98541 | 1 | LS | \$ 604.67 | \$ 604.67 | \$ 604.67 | 100% | \$ - | \$ 604.67 | Parks and Recreation | 100% | \$ 604.67 | \$ - | \$ - | \$ 604.67 | | \$ 604.67 | | | | | | | | | | | |
| Irrigation Invoice 98542 | 1 | LS | \$ 1,511.04 | \$ 1,511.04 | \$ 1,511.04 | 100% | \$ - | \$ 1,511.04 | Parks and Recreation | 100% | \$ 1,511.04 | \$ - | \$ - | \$ 1,511.04 | | \$ 1,511.04 | | | | | | | | | | | |
| Irrigation Invoice 98543 | 1 | LS | \$ 341.25 | \$ 341.25 | \$ 341.25 | 100% | \$ - | \$ 341.25 | Parks and Recreation | 100% | \$ 341.25 | \$ - | \$ - | \$ 341.25 | | \$ 341.25 | | | | | | | | | | | |
| Irrigation Invoice 98499 | 1 | LS | \$ 130.00 | \$ 130.00 | \$ 130.00 | 100% | \$ - | \$ 130.00 | Parks and Recreation | 100% | \$ 130.00 | \$ - | \$ - | \$ 130.00 | | \$ 130.00 | | | | | | | | | | | |
| Irrigation Invoice 97823 | 1 | LS | \$ 130.00 | \$ 130.00 | \$ 130.00 | 100% | \$ - | \$ 130.00 | Parks and Recreation | 100% | \$ 130.00 | \$ - | \$ - | \$ 130.00 | | \$ 130.00 | | | | | | | | | | | |
| Irrigation Invoice 97907 | 1 | LS | \$ 97.50 | \$ 97.50 | \$ 97.50 | 100% | \$ - | \$ 97.50 | Parks and Recreation | 100% | \$ 97.50 | \$ - | \$ - | \$ 97.50 | | \$ 97.50 | | | | | | | | | | | |
| Irrigation Invoice 98138 | 1 | LS | \$ 787.21 | \$ 787.21 | \$ 787.21 | 100% | \$ - | \$ 787.21 | Parks and Recreation | 100% | \$ 787.21 | \$ - | \$ - | \$ 787.21 | | \$ 787.21 | | | | | | | | | | | |
| Irrigation Invoice 98139 | 1 | LS | \$ 738.60 | \$ 738.60 | \$ 738.60 | 100% | \$ - | \$ 738.60 | Parks and Recreation | 100% | \$ 738.60 | \$ - | \$ - | \$ 738.60 | | \$ 738.60 | | | | | | | | | | | |
| Irrigation Invoice 98140 | 1 | LS | \$ 543.73 | \$ 543.73 | \$ 543.73 | 100% | \$ - | \$ 543.73 | Parks and Recreation | 100% | \$ 543.73 | \$ - | \$ - | \$ 543.73 | | \$ 543.73 | | | | | | | | | | | |
| Irrigation Invoice 98793 | 1 | LS | \$ 130.00 | \$ 130.00 | \$ 130.00 | 100% | \$ - | \$ 130.00 | Parks and Recreation | 100% | \$ 130.00 | \$ - | \$ - | \$ 130.00 | | \$ 130.00 | | | | | | | | | | | |
| Irrigation Invoice 98794 | 1 | LS | \$ 178.75 | \$ 178.75 | \$ 178.75 | 100% | \$ - | \$ 178.75 | Parks and Recreation | 100% | \$ 178.75 | \$ - | \$ - | \$ 178.75 | | \$ 178.75 | | | | | | | | | | | |
| | | | \$ 7,753.30 | | \$ 7,753.30 | | \$ - | \$ 7,753.30 | | | \$ 7,753.30 | \$ - | \$ - | \$ 7,753.30 | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | Subtotal | \$ 7,444.55 | \$ 308.75 | | | | | | | | | | |
| | | | | | | | | | | | | | | | Check Number/PLW | 2164 | 2189 | | | | | | | | | | |
| | | | | | | | | | | | | | | | Date | 9/12/2014 | 11/11/2014 | | | | | | | | | | |
| | | | | | | | | | | | | | | | Amount | \$ 7,444.55 | \$ 308.75 | | | | | | | | | | |
| | | | | | | | | | | | | | | | Payment Conf. | 9/15/2014 | 11/14/2014 | | | | | | | | | | |
| Max Thompson Landscaping | Quantity | Unit | Cost | Value | Amount Invoiced | Percent Invoiced | Retainage | Amount Less Retainage | District Type | Percent Eligible | Total Eligible | Pending | Non-District | Developer Reimbursement | Pay App Number | 1283 | | | | | | | | | | | |
| | | | | | | | | | | | | | | | Pay App Date | 1/29/2015 | | | | | | | | | | | |
| Hawthorne Sign | 1 | LS | \$ 1,057.50 | \$ 1,057.50 | \$ 1,057.50 | 100% | \$ - | \$ 1,057.50 | Parks and Recreation | 100% | \$ 1,057.50 | \$ - | \$ - | \$ 1,057.50 | | \$ 1,057.50 | | | | | | | | | | | |
| | | | \$ 1,057.50 | | \$ 1,057.50 | | \$ - | \$ 1,057.50 | | | \$ 1,057.50 | \$ - | \$ - | \$ 1,057.50 | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | Invoice Total | \$ 1,057.50 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| | | | | | | | | | | | | | | | Less Retainage | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| | | | | | | | | | | | | | | | PLW | 2215 | | | | | | | | | | | |
| | | | | | | | | | | | | | | | Check Date | 3/31/2015 | | | | | | | | | | | |
| | | | | | | | | | | | | | | | Check Amount | \$ 1,057.50 | | | | | | | | | | | |
| | | | | | | | | | | | | | | | Payment Confirmation | 4/8/2015 | | | | | | | | | | | |
| Nelson Pipeline Construction | Quantity | Unit | Cost | Value | Amount Invoiced | Percent Invoiced | Retainage | Amount Less Retainage | District Type | Percent Eligible | Total Eligible | Pending | Non-District | Developer Reimbursement | Pay App Number | 13 | 18 & 19 | 30,31,32 | 14 | 25,42,54,55,56 | 34 | RET | | | | | |
| | | | | | | | | | | | | | | | Pay App Date | 5/22/2013 | 6/24/2014 | 8/7/2014 | 8/25/2014 | 9/25/2014 | 4/28/2015 | | | | | | |
| Storm Sewer | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15" RCP CL III | 48 | LF | \$ 35.70 | \$ 1,713.60 | \$ - | 0% | \$ - | \$ - | Storm Water | 100% | \$ - | \$ - | \$ - | \$ - | | | | | | | | | | | | | |
| 18" RCP CL III | 779 | LF | \$ 43.85 | \$ 34,159.15 | \$ - | 0% | \$ - | \$ - | Storm Water | 100% | \$ - | \$ - | \$ - | \$ - | | | | | | | | | | | | | |
| 24" RCP CL III | 2199 | LF | \$ 58.45 | \$ 128,531.55 | \$ - | 0% | \$ - | \$ - | Storm Water | 100% | \$ - | \$ - | \$ - | \$ - | | | | | | | | | | | | | |
| 30" RCP CL III | 1256 | LF | \$ 69.45 | \$ 87,229.20 | \$ - | 0% | \$ - | \$ - | Storm Water | 100% | \$ - | \$ - | \$ - | \$ - | | | | | | | | | | | | | |
| 36" RCP CL III | 86 | LF | \$ 85.30 | \$ 7,335.80 | \$ - | 0% | \$ - | \$ - | Storm Water | 100% | \$ - | \$ - | \$ - | \$ - | | | | | | | | | | | | | |
| Extra depth 8-10' | 865 | LF | \$ 2.30 | \$ 1,989.50 | \$ - | 0% | \$ - | \$ - | Storm Water | 100% | \$ - | \$ - | \$ - | \$ - | | | | | | | | | | | | | |
| Extra depth 10-12' | 56 | LF | \$ 5.05 | \$ 282.80 | \$ - | 0% | \$ - | \$ - | Storm Water | 100% | \$ - | \$ - | \$ - | \$ - | | | | | | | | | | | | | |
| 15" FES | 1 | EA | \$ 385.50 | \$ 385.50 | \$ - | 0% | \$ - | \$ - | Storm Water | 100% | \$ - | \$ - | \$ - | \$ - | | | | | | | | | | | | | |
| Tow wall for 15" FES | 1 | EA | \$ 511.10 | \$ 511.10 | \$ - | 0% | \$ - | \$ - | Storm Water | 100% | \$ - | \$ - | \$ - | \$ - | | | | | | | | | | | | | |
| 18" FES | 1 | EA | \$ 584.25 | \$ 584.25 | \$ - | 0% | \$ - | \$ - | Storm Water | 100% | \$ - | \$ - | \$ - | \$ - | | | | | | | | | | | | | |
| Toe wall for 18" FES | 1 | EA | \$ 511.10 | \$ 511.10 | \$ - | 0% | \$ - | \$ - | Storm Water | 100% | \$ - | \$ - | \$ - | \$ - | | | | | | | | | | | | | |
| 24" FES | 6 | EA | \$ 614.40 | \$ 3,686.40 | \$ 614.40 | 17% | \$ 61.44 | \$ 552.96 | Storm Water | 100% | \$ 552.96 | \$ 61.44 | \$ - | \$ 552.96 | | \$ 614.40 | | | | | | | | | | | |
| Toe wall for 24" FES | 6 | EA | \$ 491.55 | \$ 2,949.30 | \$ 491.55 | 17% | \$ 49.16 | \$ 442.40 | Storm Water | 100% | \$ 442.40 | \$ 49.16 | \$ - | \$ 442.40 | | \$ 491.55 | | | | | | | | | | | |
| 30" FES | 6 | EA | \$ 790.10 | \$ 4,740.60 | \$ - | 0% | \$ - | \$ - | Storm Water | 100% | \$ - | \$ - | \$ - | \$ - | | | | | | | | | | | | | |

[illegible]



| Age | Amount Less Retainage | District Type | Percent Eligible | Total Eligible | Pending | Non-District | Developer Reimbursement | Pay App Pay App | Check Da Check An Payment |
|-------|-----------------------|-------------------|------------------|-----------------|---------------|---------------|-------------------------|--------------------|---|
| - | \$ 16,080.30 | Safety Protection | 100% | \$ 16,080.30 | \$ - | \$ - | \$ 16,080.30 | | |
| - | \$ 16,080.30 | Safety Protection | 100% | \$ 16,080.30 | \$ - | \$ - | \$ 16,080.30 | | |
| - | \$ 32,160.60 | | | \$ 32,160.60 | \$ - | \$ - | \$ 32,160.60 | | Invoice T PLW Check Da Check An Payment |
| 31.76 | \$ 3,240,725.73 | | | \$ 2,820,460.88 | \$ 122,458.55 | \$ 159,262.77 | \$ 2,820,460.88 | | |



| Invoice Values | | | | | Payments Made | | | | | | | | |
|-------------------------|------------------------|----------------|--------------|---------------|---------------|---------------|---------------|------------|---------------------------|---------------|----------------------|------------------|----------------|
| Vendor | Work Description | Invoice Number | Invoice Date | Amount | Amount Paid | Check Number | Check Amount | Check Date | Account | Payment Conf. | Category | Percent Eligible | Total Eligible |
| Colorado Dept of Health | Permit | SW1006864 | 07/29/14 | \$ 245.00 | \$ 245.00 | 2157 | \$ 245.00 | 09/12/14 | Hawthorn Development Inc. | 9/18/2014 | Multiple | 54% | \$132.03 |
| Consilium Design | Landscape Architecture | 3428 | 04/06/14 | \$ 1,250.00 | \$ 1,250.00 | 2125 | \$ 1,797.50 | 07/11/14 | Hawthorn Development Inc. | 7/29/2014 | Parks and Recreation | 100% | \$1,250.00 |
| Consilium Design | Landscape Architecture | 3444 | 05/02/14 | \$ 547.50 | \$ 547.50 | 2125 | | | Hawthorn Development Inc. | | Parks and Recreation | 100% | \$547.50 |
| Consilium Design | Landscape Architecture | 3464 | 06/04/14 | \$ 732.50 | \$ 732.50 | 2138 | \$ 732.50 | 08/08/14 | Hawthorn Development Inc. | 8/12/2014 | Parks and Recreation | 100% | \$732.50 |
| Consilium Design | Landscape Architecture | 3487 | 07/01/14 | \$ 1,540.00 | \$ 1,540.00 | 2158 | \$ 1,540.00 | | Hawthorn Development Inc. | 9/17/2014 | Parks and Recreation | 100% | \$1,540.00 |
| Consilium Design | Landscape Architecture | 3349 | 01/09/14 | \$ 515.00 | \$ 515.00 | | | | Hawthorn Development Inc. | | Parks and Recreation | 100% | \$515.00 |
| Consilium Design | Landscape Architecture | 3511 | 08/12/14 | \$ 965.00 | \$ 965.00 | 2196 | \$ 3,207.50 | 12/22/14 | Hawthorn Development Inc. | 12/30/2014 | Parks and Recreation | 100% | \$965.00 |
| Consilium Design | Landscape Architecture | 3542 | 09/06/14 | \$ 1,142.50 | \$ 1,142.50 | | | | Hawthorn Development Inc. | | Parks and Recreation | 100% | \$1,142.50 |
| Consilium Design | Landscape Architecture | 3750 | 10/06/14 | \$ 585.00 | \$ 585.00 | | | | Hawthorn Development Inc. | | Parks and Recreation | 100% | \$585.00 |
| Consilium Design | Landscape Architecture | 3716 | 03/04/15 | \$ 304.25 | \$ 304.25 | 2224 | \$ 304.25 | 06/29/15 | Hawthorn Development Inc. | 7/2/2015 | Parks and Recreation | 100% | \$304.25 |
| Consilium Design | Landscape Architecture | 3743 | 04/08/15 | \$ 1,375.50 | \$ 1,375.50 | 2236 | \$ 1,375.50 | 08/07/15 | Hawthorn Development Inc. | 8/11/2015 | Parks and Recreation | 100% | \$1,375.50 |
| Consilium Design | Landscape Architecture | 3832 | 07/06/15 | \$ 346.00 | \$ 346.00 | 2245 | \$ 346.00 | 08/14/15 | Hawthorn Development Inc. | 8/20/2015 | Parks and Recreation | 100% | \$346.00 |
| Jefferson County | Concrete damage | | 07/10/14 | \$ 29,463.00 | \$ 29,463.00 | 2129 | \$ 29,463.00 | 07/11/14 | Hawthorn Development Inc. | 8/1/2014 | Non-District | 0% | \$0.00 |
| N. Table Water & San | Inspection and Review | 11250-01 | 06/25/14 | \$ 37,045.00 | \$ 37,045.00 | 2121 | \$ 37,045.00 | 06/25/14 | Hawthorn Development Inc. | 7/3/2014 | Multiple | 100% | \$37,045.00 |
| N. Table Water & San | Water Tap Fee | 11250-01 | 05/08/15 | \$ 205,635.00 | \$ 205,635.00 | 2135 | \$ 205,635.00 | 08/05/14 | Hawthorn Development Inc. | 8/8/2014 | Parks and Recreation | 100% | \$205,635.00 |
| N. Table Water & San | Service Fee | 11250-01 | 03/06/15 | \$ 168.56 | \$ 168.56 | 2217 | \$ 168.56 | 03/31/15 | Hawthorn Development Inc. | 4/21/2015 | Non-District | 0% | \$0.00 |
| N. Table Water & San | Late Fee | 11250-01 | 05/18/15 | \$ 25.00 | \$ 25.00 | 2223 | \$ 751.15 | 06/24/15 | Hawthorn Development Inc. | 6/26/2015 | Non-District | 0% | \$0.00 |
| N. Table Water & San | Service Fee | 11250-01 | 04/15/15 | \$ 726.15 | \$ 726.15 | | | | | | Non-District | 0% | \$0.00 |
| N. Table Water & San | Service Fee | 11250-01 | 07/15/15 | \$ 761.15 | \$ 761.15 | 2241 | \$ 761.15 | 08/07/15 | Hawthorn Development Inc. | 8/21/2015 | Non-District | 0% | \$0.00 |
| Public Service | Electric distribution | 502619 | 08/11/15 | \$ 22,974.82 | \$ 22,974.82 | 2252 | \$22,974.85 | 08/14/15 | Hawthorn Development Inc. | 10/16/2015 | Non-District | 0% | \$0.00 |
| | | | | \$ 306,346.93 | \$ 306,346.93 | \$ 306,346.96 | | | \$252,115.28 | | | | |

Public

| | |
|---------|--------|
| Tract A | 320631 |
| Tract B | 87294 |
| Tract C | 105733 |
| Tract D | 9686 |
| Tract E | 94716 |
| Tract F | 203729 |
| Tract G | 289690 |
| Tract H | 9683 |
| Tract I | 2983 |
| Tract J | 2983 |
| Tract K | 2983 |
| Tract L | 2983 |
| Tract M | 2983 |
| Tract N | 2983 |

| | |
|-----|--------|
| ROW | 427013 |
|-----|--------|

Private

| | |
|----------|--------|
| Lots (1) | 375246 |
| Lots (2) | 591622 |
| Lots (3) | 373051 |

Percent

| | | |
|--------------|---------|--------|
| Public Area | 1566073 | 53.89% |
| Private Area | 1339919 | 46.11% |
| Total | 2905992 | |

Exhibit B

Cost Certification

DRAFT

November 22, 2017

Board of Directors
Hawthorn Metropolitan District No. 2
Jefferson County, Colorado

Re: Hawthorn Metropolitan District No. 2 Project Costs

This report summarizes the results of procedures performed related to Hawthorn Metropolitan District No. 2 ("the District") project costs. Specifically, we read the amounts and descriptions of work performed on submitted invoices which were paid by Hawthorn Development Inc. ("Developer") to determine if amounts expended supported the assertion that the costs were for eligible public improvements.

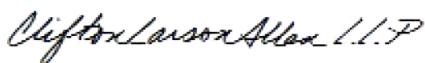
We did not evaluate quantity and quality measurements, which were covered by the Engineer's certification. The Developer has submitted sufficient documentation to support the Engineer's certification prepared by Manhard Consulting, Ltd. dated October 30, 2017, for \$3,072,576.16 of expenses related to the construction of various public improvements within the boundaries of the District that have been determined to be reimbursable.

Our procedures related, to the submitted developer-paid invoices consisted of reading the invoices for mathematical accuracy and eligibility of costs and discussions with appropriate persons to determine classification. We have analyzed each cost category and determined our amounts differ to the Engineer's recommendation by \$2,017.06; therefore we are certifying amounts for the following purposes:

| | |
|--------------------|-----------------|
| Water | \$ 11,250.27 |
| Streets | \$ 1,750,809.96 |
| Parks & Recreation | \$ 1,244,270.26 |
| Storm, Drainage | \$ 58,677.74 |
| Sanitation | \$ 5,550.87 |
| Total | \$ 3,070,599.10 |

We were not engaged to, and did not conduct, an examination in accordance with generally accepted auditing standards in the United States of America, the objective of which would be the expression of an opinion on the financial statements of the District. Accordingly, we do not express such an opinion. We performed our engagement as a consulting service, under the American Institute Of Certified Public Accountants' ("AICPA") Statement of Standards for Consulting Services. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are not independent with respect to Hawthorn Metropolitan District No. 2.



CLIFTONLARSONALLEN LLP
Certified Public Accountants & Consultants

HAWTHORN METROPOLITAN DISTRICT NO. 2

FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

HAWTHORN METROPOLITAN DISTRICT NO. 2
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

| | General | Operations | Debt Service | Total |
|-------------------------------------|-----------------|----------------|-------------------|-------------------|
| ASSETS | | | | |
| Cash - Checking | \$ - | \$ - | \$ 239,947 | \$ 239,947 |
| Bond Fund | - | - | 47,468 | 47,468 |
| Reserve Fund | - | - | 375,370 | 375,370 |
| Surplus Fund | - | - | 303,514 | 303,514 |
| Due from other fund | - | - | 3,538 | 3,538 |
| Prepaid insurance | 243 | - | - | 243 |
| TOTAL ASSETS | <u>\$ 243</u> | <u>\$ -</u> | <u>\$ 969,837</u> | <u>\$ 970,080</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Accounts payable | \$ 40,664 | \$ 8,794 | \$ - | \$ 49,458 |
| Due to other funds | 3,538 | - | - | 3,538 |
| TOTAL LIABILITIES | <u>44,202</u> | <u>8,794</u> | <u>-</u> | <u>52,996</u> |
| FUND BALANCES | | | | |
| Fund balances | <u>(43,959)</u> | <u>(8,794)</u> | <u>969,837</u> | <u>917,084</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 243</u> | <u>\$ -</u> | <u>\$ 969,837</u> | <u>\$ 970,080</u> |

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

HAWTHORN METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

GENERAL FUND

| | Annual Budget | Year to Date Actual | Variance |
|--|------------------|------------------------|--------------------|
| REVENUES | | | |
| Property taxes | \$ 105,123 | \$ 73,120 | \$ (32,003) |
| Specific ownership tax | 8,410 | 6,621 | (1,789) |
| Interest income | 1,000 | 49 | (951) |
| TOTAL REVENUES | <u>114,533</u> | <u>79,790</u> | <u>(34,743)</u> |
| EXPENDITURES | | | |
| County interest expense | - | 1,896 | (1,896) |
| Accounting | 16,000 | 17,777 | (1,777) |
| Auditing | 5,000 | 4,700 | 300 |
| County Treasurer's fee | 1,577 | 1,069 | 508 |
| Directors' fees | 800 | 246 | 554 |
| Dues and licenses | 600 | 479 | 121 |
| Insurance and bonds | 11,000 | 10,264 | 736 |
| Legal services | 20,000 | 46,406 | (26,406) |
| Miscellaneous | 123 | 19 | 104 |
| TOTAL EXPENDITURES | <u>55,100</u> | <u>82,856</u> | <u>(27,756)</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 59,433 | (3,066) | (62,499) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers to other fund | (47,000) | (4,159) | 42,841 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(47,000)</u> | <u>(4,159)</u> | <u>42,841</u> |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | 12,433 | (7,225) | (19,658) |
| FUND BALANCES - BEGINNING | <u>(8,870)</u> | <u>(36,735)</u> | <u>(27,865)</u> |
| FUND BALANCES - ENDING | <u>\$ 3,563</u> | <u>\$ (43,960)</u> | <u>\$ (47,523)</u> |

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances – governmental funds have been omitted.

HAWTHORN METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

OPERATIONS FUND

| | Annual Budget | Year to Date Actual | Variance |
|--|------------------|------------------------|-------------------|
| REVENUES | | | |
| Interest income | \$ 1,000 | \$ - | \$ (1,000) |
| Operations fees | <u>83,550</u> | <u>93,271</u> | <u>9,721</u> |
| TOTAL REVENUES | <u>84,550</u> | <u>93,271</u> | <u>8,721</u> |
| EXPENDITURES | | | |
| Postage and copies | 1,260 | 2,000 | (740) |
| Transfer fees | - | 3,300 | (3,300) |
| Social activities | 3,000 | - | 3,000 |
| Landscape maintenance contract | 38,000 | 36,108 | 1,892 |
| Sod repair | 250 | - | 250 |
| Grounds cleanup | 2,500 | 3,249 | (749) |
| Trash removal | 32,200 | 26,150 | 6,050 |
| Lighting repair | 50 | - | 50 |
| Water | 17,865 | 2,789 | 15,076 |
| Electricity | 1,200 | 661 | 539 |
| Irrigation repairs | 3,400 | 3,354 | 46 |
| District management | 17,760 | 10,888 | 6,872 |
| Miscellaneous | - | 193 | (193) |
| Snow removal | 4,870 | 2,533 | 2,337 |
| North Table Mtn IGA | 14,100 | 13,983 | 117 |
| Director expense | <u>2,000</u> | <u>1,018</u> | <u>982</u> |
| TOTAL EXPENDITURES | <u>138,455</u> | <u>106,226</u> | <u>32,229</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (53,905) | (12,955) | 40,950 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers from other funds | <u>47,000</u> | <u>4,159</u> | <u>(42,841)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>47,000</u> | <u>4,159</u> | <u>(42,841)</u> |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | (6,905) | (8,796) | (1,891) |
| FUND BALANCES - BEGINNING | <u>7,000</u> | <u>-</u> | <u>(7,000)</u> |
| FUND BALANCES - ENDING | <u>\$ 95</u> | <u>\$ (8,794)</u> | <u>\$ (8,889)</u> |

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances – governmental funds have been omitted.

SUPPLEMENTARY INFORMATION

HAWTHORN METROPOLITAN DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

| DEBT SERVICE FUND | | | |
|--|------------------|------------------------|-------------|
| | Annual Budget | Year to Date Actual | Variance |
| REVENUES | | | |
| Property taxes | \$ 318,555 | \$ 221,577 | \$ (96,978) |
| Specific ownership tax | 25,480 | 20,112 | (5,368) |
| Interest income | 4,000 | 5,000 | 1,000 |
| TOTAL REVENUES | 348,035 | 246,689 | (101,346) |
| EXPENDITURES | | | |
| County interest expense | - | 5,746 | (5,746) |
| Bond interest Series 2015 | 143,719 | - | 143,719 |
| County Treasurer's fee | 4,778 | 3,240 | 1,538 |
| Paying agent fees | 3,000 | 5,500 | (2,500) |
| Bond interest Series 2014 | 263,288 | 131,644 | 131,644 |
| Contingency | 5,215 | - | 5,215 |
| TOTAL EXPENDITURES | 420,000 | 146,130 | 273,870 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (71,965) | 100,559 | 172,524 |
| OTHER FINANCING SOURCES (USES) | | | |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | - |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | (71,965) | 100,559 | 172,524 |
| FUND BALANCES - BEGINNING | 860,507 | 869,278 | 8,771 |
| FUND BALANCES - ENDING | \$ 788,542 | \$ 969,837 | \$ 181,295 |

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances – governmental funds have been omitted.

HAWTHORN METROPOLITAN DISTRICT NO. 2
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by court order and decree of the District Court for the County of Jefferson on December 5, 2012, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was established to provide financing for the operations and maintenance and design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation/storm sewer, streets, park and recreation, transportation, mosquito control, safety protection, fire protection, television relay and translation, and security. The District was organized in conjunction with Hawthorn Metropolitan District No. 1 which is now inactive.

The District is not authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided as part of an intergovernmental agreement with the County.

On November 6, 2012, the District's voters authorized total indebtedness of \$300,000,000 for the above listed facilities and \$30,000,000 for operations and maintenance, \$30,000,000 for both intergovernmental and private agreements, and \$30,000,000 for refunding. The election also approved an annual increase in property taxes of \$5,000,000 without limitation of rate, to pay the District's operation and maintenance costs. Per the District's service plan, the maximum debt mill levy is 50.000 mills. Additionally the service plan limits the total amount of debt issued between both Districts to \$10,000,000.

The District has no employees and all administrative functions are contracted.

The District prepares its budget on the modified accrual basis of accounting and in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105.

Revenues

Property Taxes

Property Taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the county Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on page 3 at the adopted mill levy of 62.500 mills, of which 12.500 mills is for operations and 50.000 mills for debt service.

Specific Ownership

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 8% of the property taxes collected for General Fund and 8% for Debt Service Fund.

HAWTHORN METROPOLITAN DISTRICT NO. 2
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Expenditures

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of property taxes.

Debt and Leases

Series 2014 General Obligation Bonds

On August 28, 2014, the District issued a General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds in the amount of \$4,130,000. The Bond bears interest at a rate of 6.375% per annum, with interest payable on June 1 and December 1, and principal payable on December 1. The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2019, and on any date thereafter, upon payment of par and accrued interest, without redemption premium. The Bonds are also subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2019, and each December 1 thereafter.

The Bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (i) the Required Mill Levy and (ii) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the Bonds as the same become due/payable. The District must levy 50.000 mills so long as the amount on deposit in the Surplus Fund is less than the Required Surplus Fund amount of \$413,000. District currently has less than the Required Surplus Fund amount.

A debt service schedule is attached.

Series 2015 General Obligation Subordinate Bonds

On December 29, 2015, the District issued Limited Tax Subordinate General Obligation Bonds in the amount of \$1,905,000. The proceeds from the sale of the bonds were used for the purposes of reimbursing construction costs of public infrastructure improvements and paying costs of issuance of the Subordinate Bonds.

Interest on the Subordinate Bonds is at a rate of 7.75% per annum and is payable annually on December 15, beginning on December 15, 2016. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. The Subordinate Bonds are subject to optional redemption prior to maturity as described in the Subordinate Indenture.

**HAWTHORN METROPOLITAN DISTRICT NO. 2
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases - (continued)

The Subordinate Bonds are secured by and payable solely from Pledged Revenue as described in the Subordinate Indenture, which includes (i) property taxes, net of the costs of collection, derived from the Required Subordinate Mill Levy; (ii) specific ownership taxes attributable to the Required Subordinate Mill Levy; and, (iii) receipts, if any, available for the District's Subordinate Bonds in 2016 after all amounts required by the 2014 Indenture are applied by the trustee for the 2014 Senior Bonds. Pledged Revenue for the Subordinate Bonds is subordinate to the revenue pledged to the 2014 Senior Bonds. While the 2014 Senior Bonds are secured by a Senior Reserve Fund and a Senior Surplus Fund, there is no reserve fund or surplus fund which secures the Subordinate Bonds. The Subordinate Bonds are structured as cash flow bonds, meaning that there are no scheduled payments of principal prior to the final maturity date. The first cash flow payment is anticipated to occur on December 15, 2017. A debt to maturity schedule is not provided as repayment depends on available cash flow after the Senior Bonds are paid. The Indenture provides that any unpaid principal and interest will extinguish on, and will no longer be due as of, December 15, 2055.

The Subordinate Indenture requires that a Required Subordinate Mill Levy be imposed in an amount equal to 50 mills less the amount of the Senior Bond Mill Levy. The 2014 Indenture provides a Senior Required Mill Levy which, prior to the time when the debt to assessed value ratio is 50% or less, shall be imposed in an amount sufficient to pay the principal of, premium if any, and interest on the 2014 Senior Bonds and to replenish the 2014 Reserve Fund to the 2014 Required Reserve (less any amounts on deposit in the Bond Fund, and with respect to the Required Mill Levy to be imposed in 2043 only, amounts on deposit in the Surplus Fund and the Reserve Fund, if any). The 2014 Indenture further provides that the Senior Required Mill Levy must equal 50 mills (subject to adjustment as described in the 2014 Indenture) until such time as the Senior Surplus Fund for the 2014 Senior Bonds equals the Required Surplus Amount, which is defined in the 2014 Indenture as the amount of \$413,000. In no event shall the Senior Required Mill Levy exceed 50 mills (subject to adjustment). Until such time as (if ever), the ratio of debt to assessed value in the District is 50% or less, the Senior Required Mill levy is not limited as to rate. Therefore, the Required Subordinate Mill Levy will be zero until such time as the Senior Required Mill Levy is less than 50 mills. The Subordinate Bonds are cash flow bonds and a debt to maturity schedule is not provided as the timing of payments is unknown.

The District has no operating or capital leases.

Reserve Funds

Debt Service Reserve

The Debt Service Reserve Requirement on the 2014 Bond is \$375,025 and was fully funded at closing.

Emergency Reserve

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending.

This information is an integral part of the budget.

HAWTHORN METROPOLITAN DISTRICT NO. 2
Schedule of Cash Position
September 30, 2017
Updated as of November 13, 2017

| | General Fund | Operation Fees Fund | Debt Service Fund | Capital Projects Fund | Total Funds |
|--|-------------------------|--------------------------------|------------------------------|----------------------------------|------------------------|
| <u>FirstBank - Checking Account</u> | | | | | |
| Balance 9/30/17 | \$ - | \$ - | \$ 239,946.84 | \$ - | \$ 239,946.84 |
| Subsequent activities: | | | | | |
| 10/10/17 - Jefferson County | 879.43 | - | 2664.45 | - | 3,543.88 |
| 10/17/17 - Operations fees deposit | - | 385.00 | - | - | 385.00 |
| 10/19/17 - Directors' fees | (400.00) | - | - | - | (400.00) |
| 11/10/17 - Jefferson County | 2,834.69 | - | 8,589.35 | - | 11,424.04 |
| 11/10/17 - Fees deposit | - | 985.00 | - | - | 985.00 |
| Anticipated activities: | | | | | |
| Vouchers payable | (38,563.33) | (33,200.77) | - | - | (71,764.10) |
| Developer advance | 9,000.00 | 6,000.00 | - | - | 15,000.00 |
| Transfer to UMB for debt service | - | - | (250,000.00) | - | - |
| Anticipated Balance | <u>\$ (26,249.21)</u> | <u>\$ (25,830.77)</u> | <u>\$ 1,200.64</u> | <u>\$ -</u> | <u>\$ 199,120.66</u> |
| <u>UMB 2014 Bond Fund</u> | | | | | |
| Balance 9/30/17 | \$ - | \$ - | \$ 47,468.14 | \$ - | \$ 47,468.14 |
| Subsequent activities: | | | | | |
| 10/31/17 - Interest income | - | - | 44.04 | - | 44.04 |
| Anticipated activities: | - | - | - | - | - |
| Transfer from FirstBank | - | - | 250,000.00 | - | 250,000.00 |
| Debt service payment | - | - | (131,643.75) | - | (131,643.75) |
| Anticipated Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 165,868.43</u> | <u>\$ -</u> | <u>\$ 165,868.43</u> |
| <u>UMB 2014 Reserve Fund</u> | | | | | |
| Balance 9/30/17 | \$ - | \$ - | \$ 375,370.10 | \$ - | \$ 375,370.10 |
| Subsequent activities: | | | | | |
| 10/31/17 - Interest income | - | - | 347.86 | - | 347.86 |
| Anticipated Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 375,717.96</u> | <u>\$ -</u> | <u>\$ 375,717.96</u> |
| <u>UMB 2014 Surplus Fund</u> | | | | | |
| Balance 9/30/17 | \$ - | \$ - | \$ 303,514.18 | \$ - | \$ 303,514.18 |
| Subsequent activities: | | | | | |
| 10/31/17 - Interest income | - | - | 281.30 | - | 281.30 |
| Anticipated Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 303,795.48</u> | <u>\$ -</u> | <u>\$ 303,795.48</u> |
| Anticipated Balances | <u>\$ (26,249.21)</u> | <u>\$ (25,830.77)</u> | <u>\$ 846,582.51</u> | <u>\$ -</u> | <u>\$ 1,044,502.53</u> |

Hawthorn Metro District No. 2
Property Taxes Reconciliation
2017

| | Current Year | | | | | | | | | Prior Year | | |
|-----------|----------------|--|--------------------------|---------------|------------------|---------------|---------------------|------------------------------------|--------|---------------------|------------------------------------|--------|
| | Property Taxes | Delinquent Taxes, Rebates & Abatements | Specific Ownership Taxes | Interest | Treasurer's Fees | Due to County | Net Amount Received | % of Total Property Taxes Received | | Total Cash Received | % of Total Property Taxes Received | |
| | | | | | | | | Monthly | Y-T-D | | Monthly | Y-T-D |
| | | | | | | | | | | | | |
| January | \$ 226.56 | \$ - | \$ 3,045.21 | \$ 20.40 | \$ (3.70) | \$ - | \$ 3,288.47 | 0.05% | 0.05% | \$ 1,871.75 | 0.00% | 0.00% |
| February | 165,405.65 | (76,103.33) | 3,020.69 | (7,641.96) | (1,224.91) | - | 83,456.14 | 21.08% | 21.13% | 73,097.31 | 24.30% | 24.30% |
| March | 4,608.18 | - | 3,453.02 | - | (69.12) | - | 7,992.08 | 1.09% | 22.22% | 5,023.47 | 1.01% | 25.31% |
| April | 39,563.76 | - | 2,849.79 | 8.61 | (593.59) | - | 41,828.57 | 9.34% | 31.56% | 157,450.87 | 53.13% | 78.45% |
| May | 19,890.64 | - | 3,190.83 | 28.66 | (298.79) | - | 22,811.34 | 4.69% | 36.25% | 4,038.79 | 0.70% | 79.14% |
| June | 137,865.53 | - | 3,377.83 | 67.48 | (2,069.00) | - | 139,241.84 | 32.54% | 68.79% | 57,911.69 | 19.13% | 98.27% |
| July | 1,807.48 | - | 3,664.20 | 44.74 | (27.78) | - | 5,488.64 | 0.43% | 69.22% | 2,843.63 | 0.31% | 98.58% |
| August | 1,432.78 | - | 4,081.03 | 28.66 | (21.92) | - | 5,520.55 | 0.34% | 69.56% | 2,147.10 | 0.00% | 98.58% |
| September | - | - | 3,543.88 | - | - | - | 3,543.88 | 0.00% | 69.56% | 2,094.36 | 0.00% | 98.58% |
| October | - | - | - | - | - | - | - | 0.00% | 69.56% | 6,023.96 | 0.00% | 98.58% |
| November | - | - | - | - | - | - | - | 0.00% | 69.56% | 1,929.02 | 0.00% | 98.58% |
| December | - | - | - | - | - | - | - | 0.00% | 69.56% | 1,959.57 | 0.00% | 98.58% |
| | \$ 370,800.58 | \$ (76,103.33) | \$ 30,226.48 | \$ (7,443.41) | \$ (4,308.81) | \$ - | \$ 313,171.51 | 69.56% | 69.56% | \$ 316,391.52 | 98.58% | 98.58% |
| | | | | | | | | | | | | |

| Taxes Levied | % of Levied | Property Taxes Collected | % Collected to Amount Levied |
|--------------|-------------|--------------------------|------------------------------|
|--------------|-------------|--------------------------|------------------------------|

Property Tax

| | | | | |
|-------------------|-------------------|----------------|----------------------|---------------|
| General Fund | \$ 105,123 | 24.81% | \$ 73,120.29 | 69.56% |
| Debt Service Fund | 318,555 | 75.19% | 221,576.96 | 69.56% |
| | <u>\$ 423,678</u> | <u>100.00%</u> | <u>\$ 294,697.25</u> | <u>69.56%</u> |

Specific Ownership Tax

| | | | | |
|-------------------|------------------|----------------|---------------------|---------------|
| General Fund | \$ 8,410 | 24.82% | \$ 7,500.88 | 89.19% |
| Debt Service Fund | 25,480 | 75.18% | 22,725.60 | 89.19% |
| | <u>\$ 33,890</u> | <u>100.00%</u> | <u>\$ 30,226.48</u> | <u>89.19%</u> |

Treasurer's Fees

| | | | | |
|-------------------|-----------------|----------------|--------------------|---------------|
| General Fund | \$ 1,577 | 24.82% | \$ 1,069.24 | 67.80% |
| Debt Service Fund | 4,778 | 75.18% | 3,239.57 | 67.80% |
| | <u>\$ 6,355</u> | <u>100.00%</u> | <u>\$ 4,308.81</u> | <u>67.80%</u> |

Hawthorn Metropolitan District No. 2

Cash Requirement Report - Detailed

All Dates

| GL Account | Description | Gross Open Amount | Discount Available | Net Open Amount | Cash Required |
|--------------------|--|----------------------|-----------------------|--------------------|------------------|
| CLA | CliftonLarsonAllen LLP | | | | |
| Reference: | 1601270 | Date: | 07/31/17 | Discount exp date: | |
| GL AP account: | 102500 | Due date: | 07/31/17 | Payment term: | |
| 107000 | Accounting - CliftonLarsonAllen LLP | <u>1,742.97</u> | | | |
| | Totals | 1,742.97 | 0.00 | 1,742.97 | 1,742.97 |
| Reference: | 1619439 | Date: | 08/31/17 | Discount exp date: | |
| GL AP account: | 102500 | Due date: | 08/31/17 | Payment term: | |
| 107000 | Accounting - CliftonLarsonAllen LLP | <u>2,899.80</u> | | | |
| | Totals | 2,899.80 | 0.00 | 2,899.80 | 2,899.80 |
| Reference: | 1638598 | Date: | 09/30/17 | Discount exp date: | |
| GL AP account: | 102500 | Due date: | 09/30/17 | Payment term: | |
| 107000 | Accounting - CliftonLarsonAllen LLP | <u>940.00</u> | | | |
| | Totals | 940.00 | 0.00 | 940.00 | 940.00 |
| | Totals for CliftonLarsonAllen LLP | <u>5,582.77</u> | <u>0.00</u> | <u>5,582.77</u> | <u>5,582.77</u> |
| CSDPLP | CO Special Districts Prop & Liab | | | | |
| Reference: | 18W61168-1997 | Date: | 09/01/17 | Discount exp date: | |
| GL AP account: | 102500 | Due date: | 09/01/17 | Payment term: | |
| 101255 | Prepaid insurance - CO Special Districts Prop & Liab | <u>243.00</u> | | | |
| | Totals | 243.00 | 0.00 | 243.00 | 243.00 |
| | Totals for CO Special Districts Prop & Liab | <u>243.00</u> | <u>0.00</u> | <u>243.00</u> | <u>243.00</u> |
| DAZZIOASSOC | Dazzio & Associates, PC | | | | |
| Reference: | 184 | Date: | 08/09/17 | Discount exp date: | |
| GL AP account: | 102500 | Due date: | 08/09/17 | Payment term: | |
| 107020 | Auditing - Dazzio & Associates, PC | <u>4,700.00</u> | | | |
| | Totals | 4,700.00 | 0.00 | 4,700.00 | 4,700.00 |
| | Totals for Dazzio & Associates, PC | <u>4,700.00</u> | <u>0.00</u> | <u>4,700.00</u> | <u>4,700.00</u> |
| KEESEN | Keesen Landscape Management | | | | |
| Reference: | 193646 | Date: | 07/19/17 | Discount exp date: | |
| GL AP account: | 112500 | Due date: | 07/19/17 | Payment term: | |
| 117800 | Irrigation repairs - Keesen Landscape Management | <u>513.00</u> | | | |
| | Totals | 513.00 | 0.00 | 513.00 | 513.00 |
| Reference: | 195194 | Date: | 08/14/17 | Discount exp date: | |
| GL AP account: | 112500 | Due date: | 08/14/17 | Payment term: | |
| 117800 | Irrigation repairs - Keesen Landscape Management | <u>55.75</u> | | | |
| | Totals | 55.75 | 0.00 | 55.75 | 55.75 |
| Reference: | 195195 | Date: | 08/14/17 | Discount exp date: | |
| GL AP account: | 112500 | Due date: | 08/14/17 | Payment term: | |
| 117800 | Irrigation repairs - Keesen Landscape Management | <u>316.25</u> | | | |
| | Totals | 316.25 | 0.00 | 316.25 | 316.25 |
| Reference: | 197121 | Date: | 09/07/17 | Discount exp date: | |

Hawthorn Metropolitan District No. 2 Cash Requirement Report - Detailed

All Dates

| GL Account | Description | Gross Open Amount | Discount Available | Net Open Amount | Cash Required |
|---|--|--|-------------------------------------|--------------------|------------------|
| GL AP account: 112500 117800 | Irrigation repairs - Keesen Landscape Management | Due date: 09/07/17 251.50 | Payment term: | | |
| | Totals | 251.50 | 0.00 | 251.50 | 251.50 |
| Reference: 198695 GL AP account: 112500 117800 | Irrigation repairs - Keesen Landscape Management | Date: 09/26/17 Due date: 09/26/17 101.50 | Discount exp date: Payment term: | | |
| | Totals | 101.50 | 0.00 | 101.50 | 101.50 |
| Reference: 197581 GL AP account: 112500 117585 | Landscape maintenance contract - Keesen Landscape Management | Date: 10/01/17 Due date: 10/01/17 5,364.08 | Discount exp date: Payment term: | | |
| | Totals | 5,364.08 | 0.00 | 5,364.08 | 5,364.08 |
| Reference: 199268 GL AP account: 112500 117800 | Irrigation repairs - Keesen Landscape Management | Date: 10/04/17 Due date: 10/04/17 115.00 | Discount exp date: Payment term: | | |
| | Totals | 115.00 | 0.00 | 115.00 | 115.00 |
| | Totals for Keesen Landscape Management | 6,717.08 | 0.00 | 6,717.08 | 6,717.08 |
| NORTHTABLEM | North Table Mountain W & S District | | | | |
| Reference: 11250-01SEP17 GL AP account: 112500 117702 | Water - North Table Mountain W & S District | Date: 09/29/17 Due date: 09/29/17 1,384.40 | Discount exp date: Payment term: | | |
| | Totals | 1,384.40 | 0.00 | 1,384.40 | 1,384.40 |
| | Totals for North Table Mountain W & S District | 1,384.40 | 0.00 | 1,384.40 | 1,384.40 |
| OPTIMAL | Optimal Outsource, Inc. | | | | |
| Reference: OPT0162784 GL AP account: 112500 117445 | Postage and copies - Optimal Outsource, Inc. | Date: 09/25/17 Due date: 09/25/17 210.07 | Discount exp date: Payment term: | | |
| | Totals | 210.07 | 0.00 | 210.07 | 210.07 |
| | Totals for Optimal Outsource, Inc. | 210.07 | 0.00 | 210.07 | 210.07 |
| POOP | POOP 911 | | | | |
| Reference: 9045 GL AP account: 112500 117587 | Grounds cleanup - POOP 911 | Date: 07/31/17 Due date: 07/31/17 292.00 | Discount exp date: Payment term: | | |
| | Totals | 292.00 | 0.00 | 292.00 | 292.00 |
| Reference: 9047 GL AP account: 112500 117587 | Grounds cleanup - POOP 911 | Date: 08/31/17 Due date: 08/31/17 175.00 | Discount exp date: Payment term: | | |
| | Totals | 175.00 | 0.00 | 175.00 | 175.00 |
| Reference: 9049 GL AP account: 112500 117587 | Grounds cleanup - POOP 911 | Date: 09/30/17 Due date: 09/30/17 462.95 | Discount exp date: Payment term: | | |
| | Totals | 462.95 | 0.00 | 462.95 | 462.95 |

Hawthorn Metropolitan District No. 2

Cash Requirement Report - Detailed

All Dates

| GL Account | Description | | Gross Open Amount | Discount Available | Net Open Amount | Cash Required |
|----------------------------|---|-----------|----------------------|-----------------------|--------------------|------------------|
| Totals for POOP 911 | | | <u>929.95</u> | <u>0.00</u> | <u>929.95</u> | <u>929.95</u> |
| STILLWATER | Stillwater Community Management, LLC | | | | | |
| Reference: | 23706 | Date: | 06/05/17 | Discount exp date: | | |
| GL AP account: | 112500 | Due date: | 06/05/17 | Payment term: | | |
| 117585 | Landscape maintenance contract - Stillwater Community Management, LLC | | <u>2,190.31</u> | | | |
| | Totals | | 2,190.31 | 0.00 | 2,190.31 | 2,190.31 |
| Reference: | 23707 | Date: | 06/06/17 | Discount exp date: | | |
| GL AP account: | 112500 | Due date: | 06/06/17 | Payment term: | | |
| 117587 | Grounds cleanup - Stillwater Community Management, LLC | | <u>354.15</u> | | | |
| | Totals | | 354.15 | 0.00 | 354.15 | 354.15 |
| Reference: | 23705 | Date: | 06/12/17 | Discount exp date: | | |
| GL AP account: | 112500 | Due date: | 06/12/17 | Payment term: | | |
| 117585 | Landscape maintenance contract - Stillwater Community Management, LLC | | <u>559.06</u> | | | |
| | Totals | | 559.06 | 0.00 | 559.06 | 559.06 |
| Reference: | 23620 | Date: | 08/01/17 | Discount exp date: | | |
| GL AP account: | 112500 | Due date: | 08/01/17 | Payment term: | | |
| 117445 | Postage and copies - Stillwater Community Management, LLC | | <u>315.43</u> | | | |
| 117446 | Transfer fees - Stillwater Community Management, LLC | | <u>100.00</u> | | | |
| | Totals | | 415.43 | 0.00 | 415.43 | 415.43 |
| Reference: | 23615 | Date: | 08/04/17 | Discount exp date: | | |
| GL AP account: | 112500 | Due date: | 08/04/17 | Payment term: | | |
| 117480 | Miscellaneous - Stillwater Community Management, LLC | | <u>192.75</u> | | | |
| | Totals | | 192.75 | 0.00 | 192.75 | 192.75 |
| Reference: | 23708 | Date: | 08/04/17 | Discount exp date: | | |
| GL AP account: | 112500 | Due date: | 08/04/17 | Payment term: | | |
| 117587 | Grounds cleanup - Stillwater Community Management, LLC | | <u>1,319.85</u> | | | |
| | Totals | | 1,319.85 | 0.00 | 1,319.85 | 1,319.85 |
| Reference: | 23713 | Date: | 10/01/17 | Discount exp date: | | |
| GL AP account: | 112500 | Due date: | 10/01/17 | Payment term: | | |
| 117440 | District management - Stillwater Community Management, LLC | | <u>1,164.00</u> | | | |
| | Totals | | 1,164.00 | 0.00 | 1,164.00 | 1,164.00 |
| Reference: | 23911 | Date: | 10/01/17 | Discount exp date: | | |
| GL AP account: | 112500 | Due date: | 10/01/17 | Payment term: | | |
| 117445 | Postage and copies - Stillwater Community Management, LLC | | <u>7.59</u> | | | |
| | Totals | | 7.59 | 0.00 | 7.59 | 7.59 |
| Reference: | 23896 | Date: | 10/01/17 | Discount exp date: | | |
| GL AP account: | 112500 | Due date: | 10/01/17 | Payment term: | | |
| 117587 | Grounds cleanup - Stillwater Community Management, LLC | | <u>2,814.85</u> | | | |
| | Totals | | 2,814.85 | 0.00 | 2,814.85 | 2,814.85 |

Hawthorn Metropolitan District No. 2

Cash Requirement Report - Detailed

All Dates

| GL Account | Description | Gross Open Amount | Discount Available | Net Open Amount | Cash Required |
|--|--|----------------------|-----------------------|--------------------|------------------|
| Reference: 23972 | | Date: 10/16/17 | | Discount exp date: | |
| GL AP account: 112500 | | Due date: 10/16/17 | | Payment term: | |
| 117485 | Social activities - Stillwater Community Management, LLC | 571.65 | | | |
| | Totals | 571.65 | 0.00 | 571.65 | 571.65 |
| Reference: 24076 | | Date: 10/25/17 | | Discount exp date: | |
| GL AP account: 112500 | | Due date: 10/31/17 | | Payment term: | |
| 117587 | Grounds cleanup - Stillwater Community Management, LLC | 106.50 | | | |
| | Totals | 106.50 | 0.00 | 106.50 | 106.50 |
| Reference: 23891 | | Date: 11/01/17 | | Discount exp date: | |
| GL AP account: 112500 | | Due date: 11/01/17 | | Payment term: | |
| 117440 | District management - Stillwater Community Management, LLC | 1,164.00 | | | |
| | Totals | 1,164.00 | 0.00 | 1,164.00 | 1,164.00 |
| Reference: 24077 | | Date: 11/08/17 | | Discount exp date: | |
| GL AP account: 112500 | | Due date: 11/30/17 | | Payment term: | |
| 117485 | Social activities - Stillwater Community Management, LLC | 217.50 | | | |
| | Totals | 217.50 | 0.00 | 217.50 | 217.50 |
| Reference: 24078 | | Date: 11/08/17 | | Discount exp date: | |
| GL AP account: 112500 | | Due date: 11/30/17 | | Payment term: | |
| 117485 | Social activities - Stillwater Community Management, LLC | 305.17 | | | |
| | Totals | 305.17 | 0.00 | 305.17 | 305.17 |
| Reference: 24053 | | Date: 12/01/17 | | Discount exp date: | |
| GL AP account: 112500 | | Due date: 12/01/17 | | Payment term: | |
| 117440 | District management - Stillwater Community Management, LLC | 1,164.00 | | | |
| | Totals | 1,164.00 | 0.00 | 1,164.00 | 1,164.00 |
| Totals for Stillwater Community Management, LLC | | 12,546.81 | 0.00 | 12,546.81 | 12,546.81 |
| WASTE | Waste Management | | | | |
| Reference: 5170322-2514-9 | | Date: 10/01/17 | | Discount exp date: | |
| GL AP account: 112500 | | Due date: 10/01/17 | | Payment term: | |
| 117590 | Trash removal - Waste Management | 3,093.48 | | | |
| | Totals | 3,093.48 | 0.00 | 3,093.48 | 3,093.48 |
| Reference: 5193411-2514-3 | | Date: 11/01/17 | | Discount exp date: | |
| GL AP account: 112500 | | Due date: 11/30/17 | | Payment term: | |
| 117590 | Trash removal - Waste Management | 3,093.48 | | | |
| | Totals | 3,093.48 | 0.00 | 3,093.48 | 3,093.48 |
| Totals for Waste Management | | 6,186.96 | 0.00 | 6,186.96 | 6,186.96 |
| WHITE | White Bear Ankele Tanaka & Waldron | | | | |
| Reference: 76627 | | Date: 07/25/17 | | Discount exp date: | |
| GL AP account: 102500 | | Due date: 07/25/17 | | Payment term: | |
| 107460 | Legal services - White Bear Ankele Tanaka & Waldron | 10,605.20 | | | |
| | Totals | 10,605.20 | 0.00 | 10,605.20 | 10,605.20 |

Hawthorn Metropolitan District No. 2 Cash Requirement Report - Detailed

All Dates

| GL Account | Description | | Gross Open Amount | Discount Available | Net Open Amount | Cash Required |
|-----------------------|---|--------------------|----------------------|-----------------------|--------------------|------------------|
| Reference: 76685 | | | | | | |
| GL AP account: 102500 | | Date: 08/25/17 | | | Discount exp date: | |
| 107460 | Legal services - White Bear Ankele Tanaka & Waldron | Due date: 08/25/17 | | | Payment term: | |
| | | 6,580.98 | | | | |
| | Totals | | 6,580.98 | 0.00 | 6,580.98 | 6,580.98 |
| Reference: 77205 | | | | | | |
| GL AP account: 102500 | | Date: 09/25/17 | | | Discount exp date: | |
| 107460 | Legal services - White Bear Ankele Tanaka & Waldron | Due date: 09/25/17 | | | Payment term: | |
| | | 12,952.29 | | | | |
| | Totals | | 12,952.29 | 0.00 | 12,952.29 | 12,952.29 |
| Reference: 77439-a | | | | | | |
| GL AP account: 112500 | | Date: 10/25/17 | | | Discount exp date: | |
| 117460 | Legal services - White Bear Ankele Tanaka & Waldron | Due date: 10/25/17 | | | Payment term: | |
| | | 1,007.50 | | | | |
| | Totals | | 1,007.50 | 0.00 | 1,007.50 | 1,007.50 |
| Reference: 77439-b | | | | | | |
| GL AP account: 102500 | | Date: 10/25/17 | | | Discount exp date: | |
| 107460 | Legal services - White Bear Ankele Tanaka & Waldron | Due date: 10/25/17 | | | Payment term: | |
| | | 2,117.09 | | | | |
| | Totals | | 2,117.09 | 0.00 | 2,117.09 | 2,117.09 |
| | Totals for White Bear Ankele Tanaka & Waldron | | 33,263.06 | 0.00 | 33,263.06 | 33,263.06 |
| | Company Totals | | 71,764.10 | 0.00 | 71,764.10 | 71,764.10 |



Dazzio & Associates, PC

Certified Public Accountants

November 7, 2017

To the Board of Directors and Management
Hawthorn Metropolitan District No. 2
c/o CliftonLarsenAllen, LLP
8390 E Crescent Pkwy Suite 500
Greenwood Village, Colorado 80111

We are pleased to confirm our understanding of the services we are to provide Hawthorn Metropolitan District No. 2 (the District) for the year ended December 31, 2017. We will audit the financial statements of the governmental activities and each major fund including the related notes to the financial statements, which collectively comprise the basic financial statements of the District as of and for the year ended December 31, 2017.

We have also been engaged to report on supplementary information that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Schedule of Revenues, Expenditures and Changes in Fund Balance –Budget and Actual – Debt Service Fund
- 2) Schedule of Revenues, Expenditures and Changes in Fund Balance –Budget and Actual – Capital Projects Fund

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information:

- 1) Schedules of Debt Services Requirements to Maturity
- 2) Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected

Audit Objective

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the Board of Directors of the District. We cannot provide assurance that unmodified opinions will be expressed.

Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables and certain other assets and

liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees,

regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

Stephen Dazzio is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses will not exceed \$4,700. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Dazzio & Associates, P.C.

RESPONSE:

This letter correctly sets forth the understanding of Hawthorn Metropolitan District No. 2.

Management signature: _____

Title: _____

Date: _____

Board signature: _____

Title: _____

Date: _____

DRAFT

RESOLUTION
ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS
(2018)

The Board of Directors of Hawthorn Metropolitan District No. 2 (the “Board”), County of Jefferson, Colorado (the “District”) held a special meeting at 17685 W. 83rd Avenue, Arvada, Colorado, on Monday, December 4, 2017, at the hour of 2:00 P.M.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with §29-1-106, C.R.S.

[Remainder of Page Intentionally Left Blank.]

NOTICE AS TO PROPOSED 2018 BUDGET

DRAFT

Thereupon, Director _____ introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE DISTRICT FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2018 AND ENDING ON THE LAST DAY OF DECEMBER 2018.

WHEREAS, the Board has authorized its treasurer, accountant and/or legal counsel to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on December 4, 2017, interested electors were given the opportunity to file or register any objections to said proposed budget and no written objections were filed prior to the public hearing; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board regarding the effects of § 29-1-101, *et seq.*, C.R.S., as applicable, and Article X, § 20 of the Colorado Constitution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Summary of 2018 Revenues and 2018 Expenditures. The estimated revenues and expenditures for each fund for fiscal year 2018, as more specifically set forth in the budget attached hereto, are accepted and approved.

Section 2. Adoption of Budget. The budget as submitted, amended, attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year

2018. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 2 shall be deemed ratified by the Board.

Section 3. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2018 budget year, there is hereby levied a tax of twenty and two hundred and forty-one thousandths (20.241) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2018 budget year, there is hereby levied a tax of fifty-five and two hundred and seventy-seven thousandths (55.277) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2018 budget year, there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2018 budget year, there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 7. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Jefferson County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 8. Appropriations. The amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto and incorporated herein, are hereby appropriated for the purposes thereof and no other.

Section 9. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 10. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

The foregoing Resolution was seconded by Director _____.

[Remainder of page intentionally left blank.]

ADOPTED THIS 4TH DAY OF DECEMBER 2017.

HAWTHORN METROPOLITAN DISTRICT NO. 2

Officer of District

ATTEST:

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

STATE OF COLORADO
COUNTY OF JEFFERSON
HAWTHORN METROPOLITAN DISTRICT NO. 2

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted at a District meeting held on Monday, December 4, 2017, at 17685 W. 83rd Drive, Arvada, Colorado, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 4th day of December 2017.

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE

DRAFT



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

Accountant's Compilation Report

Board of Directors
Hawthorn Metropolitan District No. 2
Jefferson County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Hawthorn Metropolitan District No. 2 for the year ending December 31, 2018, including the estimate of comparative information for the year ending December 31, 2017, and the actual comparative information for the year ending December 31, 2016, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Hawthorn Metropolitan District No. 2.

Greenwood Village, Colorado
_____, 2017



An independent member of Nexia International

PRELIMINARY DRAFT – SUBJECT TO REVISION

HAWTHORN METROPOLITAN DISTRICT NO. 2
SUMMARY
2018 BUDGET AS PROPOSED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

11/20/2017

| | ACTUAL 2016 | BUDGET 2017 | ACTUAL 9/30/2017 | ESTIMATED 2017 | PROPOSED 2018 |
|--|----------------|----------------|---------------------|-------------------|------------------|
| BEGINNING FUND BALANCES | \$ 883,907 | \$ 858,637 | \$ 832,543 | \$ 832,543 | \$ 49,724 |
| REVENUES | | | | | |
| 1 Property taxes | 296,794 | 423,678 | 294,697 | 294,697 | 579,828 |
| 2 Specific ownership taxes | 23,843 | 33,890 | 18,319 | 27,479 | 46,380 |
| 3 Developer advance | 25,000 | - | - | 5,015,000 | - |
| 4 Net investment income | 4,346 | 6,000 | 3,176 | 5,025 | 6,400 |
| 5 Bond issuance | - | - | - | 9,715,000 | - |
| 6 Operation fees | 98,423 | 83,550 | 93,271 | 98,423 | 105,582 |
| Total revenues | 448,406 | 547,118 | 409,463 | 15,155,624 | 738,190 |
| TRANSFERS IN | 7,067 | 47,000 | 14,950 | 30,000 | 30,000 |
| Total funds available | 1,339,380 | 1,452,755 | 1,256,956 | 16,018,167 | 817,914 |
| EXPENDITURES | | | | | |
| 7 General and administration | | | | | |
| 8 Accounting | 15,762 | 16,000 | 17,777 | 20,000 | 20,000 |
| 9 Audit | 4,700 | 5,000 | 4,700 | 4,700 | 4,900 |
| 10 Contingency | - | - | - | - | 477 |
| 11 County Treasurer's fees | 891 | 1,577 | 1,069 | 1,069 | 2,330 |
| 12 County's interest expense | 5,036 | - | 1,896 | 1,896 | - |
| 13 Director fees | - | 800 | 246 | 800 | 800 |
| 14 Dues and membership | 703 | 600 | 479 | 479 | 600 |
| 15 Election | 795 | - | - | - | 2,000 |
| 16 Insurance | 5,787 | 11,000 | 10,264 | 10,264 | 11,000 |
| 17 Legal | 43,731 | 20,000 | 46,406 | 53,000 | 30,000 |
| 18 Miscellaneous | 288 | 123 | 19 | 25 | - |
| 19 Transfers to Hawthorn #1 | 40,657 | - | - | - | - |
| 20 Operations and maintenance | | | | | |
| 21 Accounting | 7,950 | - | - | - | - |
| 22 Director expense | - | 2,000 | 1,018 | 2,000 | - |
| 23 Facility management - transfer fee | 10,040 | - | 3,300 | 4,000 | 1,000 |
| 24 Facility management fee | 12,165 | 17,760 | 10,888 | 14,517 | 14,500 |
| 25 Fence repair | - | - | - | - | 800 |
| 26 Gas and electric | 147 | 1,200 | 661 | 800 | 1,200 |
| 27 Grounds cleanup | - | 2,500 | 3,249 | 3,500 | 3,500 |
| 28 Insurance and bonds | 988 | - | - | - | - |
| 29 Intergovernmental expenditures | 20,755 | - | - | - | - |
| 30 Irrigation repairs | 6,504 | 3,400 | 3,354 | 4,472 | 3,400 |
| 31 Landscape maintenance contract | 26,823 | 38,000 | 36,108 | 38,000 | 40,000 |
| 32 Lighting repair | - | 50 | - | 50 | 50 |
| 33 Miscellaneous | 1,525 | - | 194 | 259 | - |
| 34 North Table IGA payment | - | 14,100 | 13,983 | 14,100 | 14,600 |
| 35 Postage, printing and copies | 670 | 1,260 | 2,000 | 2,500 | 600 |
| 36 Snow removal | 3,351 | 4,870 | 2,533 | 4,500 | 4,870 |
| 37 Social activities | - | 3,000 | - | 3,000 | 3,000 |
| 38 Sod repair | - | 250 | - | 250 | - |
| 39 Trash removal | - | 32,200 | 26,150 | 32,200 | 29,700 |
| 40 Water and sewer | 19,608 | 17,865 | 2,789 | 5,000 | 18,600 |
| 41 Debt service | | | | | |
| 42 Bond interest Series 2014 | 263,288 | 263,288 | 131,644 | 263,288 | - |
| 43 Bond interest Series 2015 | - | 143,719 | - | 56,666 | - |
| 44 Bond interest Series 2017A | - | - | - | - | 277,680 |
| 45 Bond issue costs | - | - | - | 363,580 | - |
| 46 Bond principal Series 2017A | - | - | - | - | 74,000 |
| 47 Contingency | - | 5,215 | - | - | 4,954 |
| 48 County interest expense | - | - | 5,746 | 5,746 | - |
| 49 County Treasurer's fees | 3,564 | 4,778 | 1,647 | 1,647 | 6,366 |
| 50 Paying agent fees | - | 3,000 | 2,500 | 3,000 | 3,000 |
| 51 Refunding escrow payment | - | - | - | 6,970,950 | - |
| 52 Capital projects | | | | | |
| 53 Bond issue costs | 495 | - | - | 59,540 | - |
| 54 Capital outlay | - | - | - | 5,000,000 | - |
| 55 Repay developer advances | - | - | - | 2,992,645 | - |
| 56 Transfers to Hawthorn #1 | 3,548 | - | - | - | - |
| Total expenditures | 499,771 | 613,555 | 330,620 | 15,938,443 | 573,927 |
| TRANSFERS OUT | 7,067 | 47,000 | 14,950 | 30,000 | 30,000 |
| Total expenditures and transfers out requiring appropriation | 506,838 | 660,555 | 345,570 | 15,968,443 | 603,927 |
| ENDING FUND BALANCES | \$ 832,542 | \$ 792,200 | \$ 911,386 | \$ 49,724 | \$ 213,987 |
| EMERGENCY RESERVE | \$ - | \$ 3,500 | \$ - | \$ 2,500 | \$ 5,100 |
| RESERVE FUND | 375,025 | 375,025 | 375,025 | - | - |
| SURPLUS FUND | 284,349 | 413,000 | 302,754 | 153,116 | 248,810 |
| TOTAL RESERVE | \$ 659,374 | \$ 791,525 | \$ 677,779 | \$ 155,616 | \$ 253,910 |

PRELIMINARY DRAFT - SUBJECT TO REVISION

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

HAWTHORN METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

11/20/2017

| | ACTUAL 2016 | BUDGET 2017 | ACTUAL 9/30/2017 | ESTIMATED 2017 | PROPOSED 2018 |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| ASSESSED VALUATION - JEFFERSON | | | | | |
| Residential | \$ 1,339,104 | \$ 4,495,240 | \$ 4,495,240 | \$ 4,495,240 | \$ 7,676,087 |
| Commercial | 7,467 | 50,906 | 50,906 | 50,906 | - |
| Vacant Land | 3,409,355 | 1,824,963 | 1,824,963 | 1,824,963 | 1,827 |
| Personal Property | - | - | - | - | 95 |
| Certified Assessed Value | <u>\$ 4,755,926</u> | <u>\$ 6,371,109</u> | <u>\$ 6,371,109</u> | <u>\$ 6,371,109</u> | <u>\$ 7,678,009</u> |
| MILL LEVY | | | | | |
| GENERAL FUND | 12.500 | 16.500 | 16.500 | 16.500 | 20.241 |
| DEBT SERVICE FUND | 50.000 | 50.000 | 50.000 | 50.000 | 55.277 |
| Total Mill Levy | <u>62.500</u> | <u>66.500</u> | <u>66.500</u> | <u>66.500</u> | <u>75.518</u> |
| PROPERTY TAXES | | | | | |
| GENERAL FUND | \$ 59,449 | \$ 105,123 | \$ 105,123 | \$ 105,123 | \$ 155,411 |
| DEBT SERVICE FUND | 237,796 | 318,555 | 318,555 | 318,555 | 424,417 |
| Levied property taxes | 297,245 | 423,678 | 423,678 | 423,678 | 579,828 |
| Adjustments to actual/rounding | (451) | - | (52,878) | (52,878) | - |
| Refund and abatements | - | - | (76,103) | (76,103) | - |
| Budgeted Property Taxes | <u>\$ 296,794</u> | <u>\$ 423,678</u> | <u>\$ 294,697</u> | <u>\$ 294,697</u> | <u>\$ 579,828</u> |
| BUDGETED PROPERTY TAXES | | | | | |
| GENERAL FUND | \$ 59,359 | \$ 105,123 | \$ 73,120 | \$ 73,120 | \$ 155,411 |
| DEBT SERVICE FUND | 237,435 | 318,555 | 221,577 | 221,577 | 424,417 |
| | <u>\$ 296,794</u> | <u>\$ 423,678</u> | <u>\$ 294,697</u> | <u>\$ 294,697</u> | <u>\$ 579,828</u> |

PRELIMINARY DRAFT - SUBJECT TO REVISION

This financial information should be read only in connection with the accompanying accountant's
compilation report and summary of significant assumptions.

HAWTHORN METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2018 BUDGET AS PROPOSED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

11/20/2017

| | ACTUAL 2016 | BUDGET 2017 | ACTUAL 9/30/2017 | ESTIMATED 2017 | PROPOSED 2018 |
|---|----------------|----------------|---------------------|-------------------|------------------|
| BEGINNING FUND BALANCES | \$ - | \$ (8,870) | \$ (36,735) | \$ (36,735) | \$ (60,891) |
| REVENUES | | | | | |
| 1 Property taxes | 59,359 | 105,123 | 73,120 | 73,120 | 155,411 |
| 2 Specific ownership taxes | 4,280 | 8,410 | 6,621 | 9,932 | 12,430 |
| 3 Developer advance | 25,000 | - | - | 15,000 | - |
| 4 Net investment income | 43 | 1,000 | 51 | 25 | 1,000 |
| Total revenues | 88,682 | 114,533 | 79,792 | 98,077 | 168,841 |
| Total funds available | 88,682 | 105,663 | 43,057 | 61,342 | 107,950 |
| EXPENDITURES | | | | | |
| General and administration | | | | | |
| 5 Accounting | 15,762 | 16,000 | 17,777 | 20,000 | 20,000 |
| 6 Audit | 4,700 | 5,000 | 4,700 | 4,700 | 4,900 |
| 7 Contingency | - | - | - | - | 477 |
| 8 County Treasurer's fees | 891 | 1,577 | 1,069 | 1,069 | 2,330 |
| 9 County's interest expense | 5,036 | - | 1,896 | 1,896 | - |
| 10 Director fees | - | 800 | 246 | 800 | 800 |
| 11 Dues and membership | 703 | 600 | 479 | 479 | 600 |
| 12 Election | 795 | - | - | - | 2,000 |
| 13 Insurance | 5,787 | 11,000 | 10,264 | 10,264 | 11,000 |
| 14 Legal | 43,731 | 20,000 | 46,406 | 53,000 | 30,000 |
| 15 Miscellaneous | 288 | 123 | 19 | 25 | - |
| 16 Transfers to Hawthorn #1 | 40,657 | - | - | - | - |
| Total expenditures | 118,350 | 55,100 | 82,856 | 92,233 | 72,107 |
| TRANSFERS OUT | | | | | |
| OPERATIONS FUND | 7,067 | 47,000 | 14,950 | 30,000 | 30,000 |
| Total transfers out | 7,067 | 47,000 | 14,950 | 30,000 | 30,000 |
| Total expenditures and transfers out requiring appropriation | 125,417 | 102,100 | 97,806 | 122,233 | 102,107 |
| ENDING FUND BALANCES | \$ (36,735) | \$ 3,563 | \$ (54,749) | \$ (60,891) | \$ 5,843 |
| EMERGENCY RESERVE | \$ - | \$ 3,500 | \$ - | \$ 2,500 | \$ 5,100 |
| TOTAL RESERVE | \$ - | \$ 3,500 | \$ - | \$ 2,500 | \$ 5,100 |

PRELIMINARY DRAFT - SUBJECT TO REVISION

This financial information should be read only in connection with the accompanying accountant's
compilation report and summary of significant assumptions.

HAWTHORN METROPOLITAN DISTRICT NO. 2
OPERATIONS FUND
FORECASTED 2018 BUDGET AS PROPOSED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

11/20/2017

| | ACTUAL 2016 | BUDGET 2017 | ACTUAL 9/30/2017 | ESTIMATED 2017 | PROPOSED 2018 |
|---|----------------|----------------|---------------------|-------------------|------------------|
| BEGINNING FUND BALANCES | \$ 5,036 | \$ 7,000 | \$ - | \$ - | \$ 275 |
| REVENUES | | | | | |
| 1 Net investment income | - | 1,000 | - | 1,000 | 1,400 |
| 2 Operation fees | 98,423 | 83,550 | 93,271 | 98,423 | 105,582 |
| Total revenues | 98,423 | 84,550 | 93,271 | 99,423 | 106,982 |
| TRANSFERS IN | | | | | |
| GENERAL FUND | 7,067 | 47,000 | 14,950 | 30,000 | 30,000 |
| Total transfers in | 7,067 | 47,000 | 14,950 | 30,000 | 30,000 |
| Total funds available | 110,526 | 138,550 | 108,221 | 129,423 | 137,257 |
| EXPENDITURES | | | | | |
| Operations and maintenance | | | | | |
| 3 Accounting | 7,950 | - | - | - | - |
| 4 Director expense | - | 2,000 | 1,018 | 2,000 | - |
| 5 Facility management - transfer fee | 10,040 | - | 3,300 | 4,000 | 1,000 |
| 6 Facility management fee | 12,165 | 17,760 | 10,888 | 14,517 | 14,500 |
| 7 Fence repair | - | - | - | - | 800 |
| 8 Gas and electric | 147 | 1,200 | 661 | 800 | 1,200 |
| 9 Grounds cleanup | - | 2,500 | 3,249 | 3,500 | 3,500 |
| 10 Insurance and bonds | 988 | - | - | - | - |
| 11 Intergovernmental expenditures | 20,755 | - | - | - | - |
| 12 Irrigation repairs | 6,504 | 3,400 | 3,354 | 4,472 | 3,400 |
| 13 Landscape maintenance contract | 26,823 | 38,000 | 36,108 | 38,000 | 40,000 |
| 14 Lighting repair | - | 50 | - | 50 | 50 |
| 15 Miscellaneous | 1,525 | - | 194 | 259 | - |
| 16 North Table IGA payment | - | 14,100 | 13,983 | 14,100 | 14,600 |
| 17 Postage, printing and copies | 670 | 1,260 | 2,000 | 2,500 | 600 |
| 18 Snow removal | 3,351 | 4,870 | 2,533 | 4,500 | 4,870 |
| 19 Social activities | - | 3,000 | - | 3,000 | 3,000 |
| 20 Sod repair | - | 250 | - | 250 | - |
| 21 Trash removal | - | 32,200 | 26,150 | 32,200 | 29,700 |
| 22 Water and sewer | 19,608 | 17,865 | 2,789 | 5,000 | 18,600 |
| Total expenditures | 110,526 | 138,455 | 106,227 | 129,148 | 135,820 |
| Total expenditures and transfers out requiring appropriation | 110,526 | 138,455 | 106,227 | 129,148 | 135,820 |
| ENDING FUND BALANCES | \$ - | \$ 95 | \$ 1,994 | \$ 275 | \$ 1,437 |

PRELIMINARY DRAFT - SUBJECT TO REVISION

This financial information should be read only in connection with the accompanying accountant's
compilation report and summary of significant assumptions.

HAWTHORN METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2018 BUDGET AS PROPOSED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

11/20/2017

| | ACTUAL 2016 | BUDGET 2017 | ACTUAL 9/30/2017 | ESTIMATED 2017 | PROPOSED 2018 |
|---|----------------|----------------|---------------------|-------------------|------------------|
| BEGINNING FUND BALANCES | \$ 874,833 | \$ 860,507 | \$ 869,278 | \$ 869,278 | \$ 110,340 |
| REVENUES | | | | | |
| 1 Property taxes | 237,435 | 318,555 | 221,577 | 221,577 | 424,417 |
| 2 Specific ownership taxes | 19,563 | 25,480 | 11,698 | 17,547 | 33,950 |
| 3 Net investment income | 4,298 | 4,000 | 3,125 | 4,000 | 4,000 |
| 4 Bond issuance | - | - | - | 6,662,815 | - |
| Total revenues | 261,296 | 348,035 | 236,400 | 6,905,939 | 462,367 |
| Total funds available | 1,136,129 | 1,208,542 | 1,105,678 | 7,775,217 | 572,707 |
| EXPENDITURES | | | | | |
| Debt service | | | | | |
| 5 Bond interest Series 2014 | 263,288 | 263,288 | 131,644 | 263,288 | - |
| 6 Bond interest Series 2015 | - | 143,719 | - | 56,666 | - |
| 7 Bond interest Series 2017A | - | - | - | - | 277,680 |
| 8 Bond issue costs | - | - | - | 363,580 | - |
| 9 Bond principal Series 2017A | - | - | - | - | 74,000 |
| 10 Contingency | - | 5,215 | - | - | 4,954 |
| 11 County interest expense | - | - | 5,746 | 5,746 | - |
| 12 County Treasurer's fees | 3,564 | 4,778 | 1,647 | 1,647 | 6,366 |
| 13 Paying agent fees | - | 3,000 | 2,500 | 3,000 | 3,000 |
| 14 Refunding escrow payment | - | - | - | 6,970,950 | - |
| Total expenditures | 266,852 | 420,000 | 141,537 | 7,664,877 | 366,000 |
| Total expenditures and transfers out requiring appropriation | 266,852 | 420,000 | 141,537 | 7,664,877 | 366,000 |
| ENDING FUND BALANCES | \$ 869,277 | \$ 788,542 | \$ 964,141 | \$ 110,340 | \$ 206,707 |
| RESERVE FUND | \$ 375,025 | \$ 375,025 | \$ 375,025 | \$ - | \$ - |
| SURPLUS FUND | 284,349 | 413,000 | 302,754 | 153,116 | 248,810 |
| TOTAL RESERVE | \$ 659,374 | \$ 788,025 | \$ 677,779 | \$ 153,116 | \$ 248,810 |

PRELIMINARY DRAFT - SUBJECT TO REVISION

This financial information should be read only in connection with the accompanying accountant's
compilation report and summary of significant assumptions.

HAWTHORN METROPOLITAN DISTRICT NO. 2
CAPITAL PROJECTS FUND
2018 BUDGET AS PROPOSED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

11/20/2017

| | ACTUAL 2016 | BUDGET 2017 | ACTUAL 9/30/2017 | ESTIMATED 2017 | PROPOSED 2018 |
|---|----------------|----------------|---------------------|-------------------|------------------|
| BEGINNING FUND BALANCES | \$ 4,038 | \$ - | \$ - | \$ - | \$ - |
| REVENUES | | | | | |
| 1 Developer advance | - | - | - | 5,000,000 | - |
| 2 Net investment income | 5 | - | - | - | - |
| 3 Bond issuance | - | - | - | 3,052,185 | - |
| Total revenues | 5 | - | - | 8,052,185 | - |
| Total funds available | 4,043 | - | - | 8,052,185 | - |
| EXPENDITURES | | | | | |
| Capital projects | | | | | |
| 4 Bond issue costs | 495 | - | - | 59,540 | - |
| 5 Capital outlay | - | - | - | 5,000,000 | - |
| 6 Repay developer advances | - | - | - | 2,992,645 | - |
| 7 Transfers to Hawthorn #1 | 3,548 | - | - | - | - |
| Total expenditures | 4,043 | - | - | 8,052,185 | - |
| Total expenditures and transfers out requiring appropriation | 4,043 | - | - | 8,052,185 | - |
| ENDING FUND BALANCES | \$ - | \$ - | \$ - | \$ - | \$ - |

PRELIMINARY DRAFT - SUBJECT TO REVISION

This financial information should be read only in connection with the accompanying accountant's
 compilation report and summary of significant assumptions.

HAWTHORN METROPOLITAN DISTRICT NO. 2
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by court order and decree of the District Court for the County of Jefferson on December 5, 2012, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was established to provide financing for the operations and maintenance and design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation/storm sewer, streets, park and recreation, transportation, mosquito control, safely protection, fire protection, television relay and translation, and security. The District was organized in conjunction with Hawthorn Metropolitan District No. 1 which is now inactive.

The District is not authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided as part of an intergovernmental agreement with the County.

On November 6, 2012, the District's voters authorized total indebtedness of \$300,000,000 for the above listed facilities and \$30,000,000 for operations and maintenance, \$30,000,000 for both intergovernmental and private agreements, and \$30,000,000 for refunding. The election also approved an annual increase in property taxes of \$5,000,000 without limitation of rate, to pay the District's operation and maintenance costs. Per the District's service plan, the maximum debt mill levy is 50.000 mills. Additionally the service plan limits the total amount of debt issued between both Districts to \$10,000,000.

The District has no employees and all administrative functions are contracted.

The District prepares its budget on the modified accrual basis of accounting and in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105.

Revenues

Property Taxes

Property Taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the county Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

Specific Ownership

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 8% of the property taxes collected for General Fund and 8% for Debt Service Fund.

HAWTHORN METROPOLITAN DISTRICT NO. 2
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Expenditures

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of property taxes.

Debt and Leases

Series 2014 General Obligation Bonds

On August 28, 2014, the District issued a General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds in the amount of \$4,130,000. The Bond bears interest at a rate of 6.375% per annum, with interest payable on June 1 and December 1, and principal payable on December 1. The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2019, and on any date thereafter, upon payment of par and accrued interest, without redemption premium. The Bonds are also subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2019, and each December 1 thereafter.

The Bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (i) the Required Mill Levy and (ii) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the Bonds as the same become due/payable. The District must levy 50.000 mills so long as the amount on deposit in the Surplus Fund is less than the Required Surplus Fund amount of \$413,000. District currently has less than the Required Surplus Fund amount.

A debt service schedule is attached.

Series 2015 General Obligation Subordinate Bonds

On December 29, 2015, the District issued Limited Tax Subordinate General Obligation Bonds in the amount of \$1,905,000. The proceeds from the sale of the bonds were used for the purposes of reimbursing construction costs of public infrastructure improvements and paying costs of issuance of the Subordinate Bonds.

Interest on the Subordinate Bonds is at a rate of 7.75% per annum and is payable annually on December 15, beginning on December 15, 2016. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. The Subordinate Bonds are subject to optional redemption prior to maturity as described in the Subordinate Indenture.

HAWTHORN METROPOLITAN DISTRICT NO. 2
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases - (continued)

The Subordinate Bonds are secured by and payable solely from Pledged Revenue as described in the Subordinate Indenture, which includes (i) property taxes, net of the costs of collection, derived from the Required Subordinate Mill Levy; (ii) specific ownership taxes attributable to the Required Subordinate Mill Levy; and, (iii) receipts, if any, available for the District's Subordinate Bonds in 2016 after all amounts required by the 2014 Indenture are applied by the trustee for the 2014 Senior Bonds. Pledged Revenue for the Subordinate Bonds is subordinate to the revenue pledged to the 2014 Senior Bonds. While the 2014 Senior Bonds are secured by a Senior Reserve Fund and a Senior Surplus Fund, there is no reserve fund or surplus fund which secures the Subordinate Bonds. The Subordinate Bonds are structured as cash flow bonds, meaning that there are no scheduled payments of principal prior to the final maturity date. The first cash flow payment is anticipated to occur on December 15, 2017. A debt to maturity schedule is not provided as repayment depends on available cash flow after the Senior Bonds are paid. The Indenture provides that any unpaid principal and interest will extinguish on, and will no longer be due as of, December 15, 2055.

The Subordinate Indenture requires that a Required Subordinate Mill Levy be imposed in an amount equal to 50 mills less the amount of the Senior Bond Mill Levy. The 2014 Indenture provides a Senior Required Mill Levy which, prior to the time when the debt to assessed value ratio is 50% or less, shall be imposed in an amount sufficient to pay the principal of, premium if any, and interest on the 2014 Senior Bonds and to replenish the 2014 Reserve Fund to the 2014 Required Reserve (less any amounts on deposit in the Bond Fund, and with respect to the Required Mill Levy to be imposed in 2043 only, amounts on deposit in the Surplus Fund and the Reserve Fund, if any). The 2014 Indenture further provides that the Senior Required Mill Levy must equal 50 mills (subject to adjustment as described in the 2014 Indenture) until such time as the Senior Surplus Fund for the 2014 Senior Bonds equals the Required Surplus Amount, which is defined in the 2014 Indenture as the amount of \$413,000. In no event shall the Senior Required Mill Levy exceed 50 mills (subject to adjustment). Until such time as (if ever), the ratio of debt to assessed value in the District is 50% or less, the Senior Required Mill levy is not limited as to rate. Therefore, the Required Subordinate Mill Levy will be zero until such time as the Senior Required Mill Levy is less than 50 mills. The Subordinate Bonds are cash flow bonds and a debt to maturity schedule is not provided as the timing of payments is unknown.

The District has no operating or capital leases.

Reserve Funds

Debt Service Reserve

The Debt Service Reserve Requirement on the 2014 Bond is \$375,025 and was fully funded at closing.

Emergency Reserve

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending.

This information is an integral part of the budget.

HAWTHORN METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

| Bonds and Interest Maturing in the Year Ending December 31, | \$4,130,000 | | |
|--|---|---------------------|---------------------|
| | General Obligation Bonds (Limited | | |
| | Tax Convertible to Unlimited Tax) | | |
| | Series 2014, Dated August 28, 2014 | | |
| | Interest Rate of 6.375% | | |
| | Payable June 1 and December 1 | | |
| | Principal Due December 1 | | |
| | Principal | Interest | Total |
| 2018 | - | 263,288 | 263,288 |
| 2019 | 25,000 | 263,288 | 288,288 |
| 2020 | 40,000 | 261,694 | 301,694 |
| 2021 | 40,000 | 259,144 | 299,144 |
| 2022 | 50,000 | 256,594 | 306,594 |
| 2023 | 50,000 | 253,406 | 303,406 |
| 2024 | 60,000 | 250,219 | 310,219 |
| 2025 | 65,000 | 246,394 | 311,394 |
| 2026 | 75,000 | 242,250 | 317,250 |
| 2027 | 80,000 | 237,469 | 317,469 |
| 2028 | 90,000 | 232,369 | 322,369 |
| 2029 | 100,000 | 226,631 | 326,631 |
| 2030 | 110,000 | 220,256 | 330,256 |
| 2031 | 115,000 | 213,244 | 328,244 |
| 2032 | 130,000 | 205,913 | 335,913 |
| 2033 | 140,000 | 197,625 | 337,625 |
| 2034 | 155,000 | 188,700 | 343,700 |
| 2035 | 165,000 | 178,819 | 343,819 |
| 2036 | 180,000 | 168,300 | 348,300 |
| 2037 | 195,000 | 156,825 | 351,825 |
| 2038 | 215,000 | 144,394 | 359,394 |
| 2039 | 225,000 | 130,688 | 355,688 |
| 2040 | 250,000 | 116,344 | 366,344 |
| 2041 | 265,000 | 100,406 | 365,406 |
| 2042 | 290,000 | 83,513 | 373,513 |
| 2043 | 310,000 | 65,025 | 375,025 |
| 2044 | 710,000 | 45,263 | 755,263 |
| | <u>\$ 4,130,000</u> | <u>\$ 5,208,061</u> | <u>\$ 9,338,061</u> |

HAWTHORN METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

| Bonds and Interest Maturing in the Year Ending December 31, | \$1,905,000 | | |
|--|---|------------------------|-----------------------|
| | General Obligation Bonds | | |
| | Subordinate Cash Flow Bonds | | |
| | Series 2015, Dated December 29, 2015 | | |
| | Interest Rate of 7.750% | | |
| | Payable June 1 and December 1 | | |
| | Principal Due December 1 | | |
| | Principal | Interest | Total |
| 2018 | - | 147,637.50 | 147,637.50 |
| 2019 | - | 147,637.50 | 147,637.50 |
| 2020 | - | 147,637.50 | 147,637.50 |
| 2021 | - | 147,637.50 | 147,637.50 |
| 2022 | - | 147,637.50 | 147,637.50 |
| 2023 | - | 147,637.50 | 147,637.50 |
| 2024 | - | 147,637.50 | 147,637.50 |
| 2025 | - | 147,637.50 | 147,637.50 |
| 2026 | - | 147,637.50 | 147,637.50 |
| 2027 | - | 147,637.50 | 147,637.50 |
| 2028 | - | 147,637.50 | 147,637.50 |
| 2029 | - | 147,637.50 | 147,637.50 |
| 2030 | - | 147,637.50 | 147,637.50 |
| 2031 | - | 147,637.50 | 147,637.50 |
| 2032 | - | 147,637.50 | 147,637.50 |
| 2033 | - | 147,637.50 | 147,637.50 |
| 2034 | - | 147,637.50 | 147,637.50 |
| 2035 | - | 147,637.50 | 147,637.50 |
| 2036 | - | 147,637.50 | 147,637.50 |
| 2037 | - | 147,637.50 | 147,637.50 |
| 2038 | - | 147,637.50 | 147,637.50 |
| 2039 | - | 147,637.50 | 147,637.50 |
| 2040 | - | 147,637.50 | 147,637.50 |
| 2041 | - | 147,637.50 | 147,637.50 |
| 2042 | - | 147,637.50 | 147,637.50 |
| 2043 | - | 147,637.50 | 147,637.50 |
| 2044 | 1,905,000.00 | 147,637.50 | 2,052,637.50 |
| | <u>\$ 1,905,000.00</u> | <u>\$ 3,986,212.50</u> | <u>\$5,891,212.50</u> |

HAWTHORN METROPOLITAN DISTRICT NO. 2
RESOLUTION TO AMEND 2017 BUDGET

WHEREAS, the Board of Directors of Hawthorn Metropolitan District No. 2 (the "District") certifies that at a special meeting of the Board of Directors of the District held December 4, 2017, a public hearing was held regarding the 2017 amended budget, and, subsequent thereto, the following Resolution was adopted by affirmative vote of a majority of the Board of Directors:

WHEREAS, the Board of Directors of the District adopted a budget and appropriated funds for fiscal year 2017 as follows:

| | |
|-----------------------|-----------|
| General Fund | \$55,100 |
| Debt Service Fund | \$420,000 |
| Capital Projects Fund | \$0 |
| and; | |

WHEREAS, the necessity has arisen for additional expenditures by the District due to additional costs which could not have been reasonably anticipated at the time of adoption of the budget, requiring the expenditure of funds in excess of those appropriated for fiscal year 2017; and

WHEREAS, funds are available for such expenditure.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the District does hereby amend the adopted budget for fiscal year 2017 as follows:

| | |
|-----------------------|-------------|
| General Fund | \$95,233 |
| Debt Service Fund | \$7,674,387 |
| Capital Projects Fund | \$8,052,185 |

BE IT FURTHER RESOLVED, that such sums are hereby appropriated from the revenues of the District to the funds named above for the purpose stated, and that any ending fund balances shall be reserved for purposes of complying with Article X, Section 20 of the Colorado Constitution.

[Remainder of page intentionally left blank.]

ADOPTED this 4th day of December, 2017.

**HAWTHORN METROPOLITAN DISTRICT
NO. 2**

Officer of the District

ATTEST:

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

STATE OF COLORADO
COUNTY OF JEFFERSON
HAWTHORN METROPOLITAN DISTRICT NO. 2

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted at a meeting held on Monday, December 4, 2017, at 17685 W. 83rd Drive, Arvada, Colorado, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 4th day of December 2017.

**AMENDMENT TO RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
HAWTHORN METROPOLITAN DISTRICT NO. 2**

CONCERNING THE IMPOSITION OF AN OPERATIONS FEE

WHEREAS, the Hawthorn Metropolitan District No. 2 (the “District”) was formed pursuant to §§ 32-1-101, *et seq.*, C.R.S., as amended (the “Special District Act”), by orders of the District Court for Jefferson County, Colorado, and after approval of the District’s eligible electors at an election; and

WHEREAS, pursuant to § 32-1-1001(1)(h), C.R.S., the Board of Directors of the District (the “Board”) shall have the management, control and supervision of all the business and affairs of the District; and

WHEREAS, pursuant to § 32-1-1001(1)(j)(I), C.R.S., the District is authorized to fix and impose fees, rates, tolls, penalties and charges for services or facilities furnished by the District which, until such fees, rates, tolls, penalties and charges are paid, shall constitute a perpetual lien on and against the property served; and

WHEREAS, on December 7, 2015, the Board adopted the Resolution of the Board of Directors of the Hawthorn Metropolitan District No. 2 Concerning the Imposition of An Operations Fee recorded at Reception No. 2015133232 on December 16, 2015 in Jefferson County, Colorado (the “Fee Resolution”); and

WHEREAS, the Board desires to adopt this Resolution to amend the Fee Resolution and set forth herein.

NOW, THEREFORE, be it resolved by the Board as follows:

1. AMENDMENT. The schedule of fees set forth in **Exhibit A** of the Fee Resolution is replaced in its entirety by the schedule of fees set forth in **Exhibit 1** attached hereto and incorporated herein by this reference.
2. PRIOR PROVISIONS EFFECTIVE. Except as specifically amended hereby, all the terms and provisions of the Fee Resolution shall remain in full force and effect.
3. EFFECTIVE DATE. This Resolution shall become effective January 1, 2018.

[Signature Page to Follow].

ADOPTED this 4th day of December, 2017.

HAWTHORN METROPOLITAN DISTRICT NO.
2, a quasi-municipal corporation and political
subdivision of the State of Colorado

Officer of the District

ATTEST:

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys At Law

General Counsel to the District

EXHIBIT I

HAWTHORN METROPOLITAN DISTRICT NO. 2

Schedule of Fees

Effective January 1, 2018

| Schedule of Fees | | |
|--|------------------|---|
| Fee Type | Classifications | Rate |
| | | |
| Operations Fee – Recurring Payment | Residential Unit | \$468 annually; collected annually on the Due Date* |
| | | |
| | | |
| Operations Fee – Payment Due Upon a Transfer | Residential Unit | \$500 per Transfer if consideration is less than \$500 \$600 per Transfer if consideration is greater than \$500 |
| The Due Date for each Operations Fee—Payment Due Upon Transfer is the date upon which the Transfer occurs. | | |

* The Operations Fee is payable quarterly upon written notice to the District Manager

PAYMENTS: Payment for each fee shall be made payable to the Hawthorn Metropolitan District No. 2 and sent to the following address for receipt by the Due Date:

[To Be Determined by the Board of Directors]



North Slope Capital Advisors

730 17th Street, Suite 900

Denver, CO 80202

303-953-4101

www.northslopecapital.com

STEPH CHICHESTER
steph@northslopecapital.com
(303) 953-4101

NICK TAYLOR
nick@northslopecapital.com
(303) 953-4101

November 15, 2017

Board of Directors
Hawthorn Metropolitan District No. 2
c/o White Bear Ankele Tanaka & Waldron
2154 East Commons Avenue, Suite 2000
Centennial, Colorado 80122

Re: External Financial Advisor Scope of Services Engagement Letter

Board of Directors:

The purpose of this letter is to set forth certain matters concerning the services North Slope Capital Advisors may perform as "External Financial Advisor" to the Hawthorn Metropolitan District No. 2 (the "District"). North Slope Capital Advisors is a financial firm that advises Colorado governmental entities on matters relating to the issuance of securities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities. North Slope Capital Advisors is an independent registered municipal advisor, listed as a public finance advisor in the Bond Buyer's Municipal Market Place. North Slope's employees are not officers or employees of the District and have not been otherwise engaged to provide services in connection with the transaction related to the Limited Tax Junior Lien Subordinate General Obligation Bonds, Series 2017C in the approximate amount of \$1,187,000. North Slope Capital Advisors has a fiduciary duty of loyalty and care, including a duty to put the financial interests of the District ahead of its own business interests. North Slope Capital Advisors will be engaged by the District in accordance with industry best practices to perform the work outlined in the **Scope of Services** section below and shall be compensated for those services as provided in the **Fees** section below. For more information on the municipal advisory practices and protections, the District can access the municipal advisory client brochure on the MSRB's website at www.msrb.org.

SCOPE OF SERVICES

In this engagement, we expect to perform the following duties:

External Financial Advisor – North Slope will provide the District with a certification in connection with the Limited Tax Junior Lien Subordinate General Obligation Bonds, Series 2017C issuance that: 1) the net effective interest rate on the proposed financing does not exceed a reasonable current interest rate based on our analysis of comparable high yield securities, and 2) the issue

NORTH SLOPE CAPITAL ADVISORS

Hawthorn Metropolitan District No. 2
November 15, 2017
Page 2

structure, including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District. North Slope will be fully available to the District to provide any other External Financial Advisor services not listed above to ensure successful pricing and closing of the transaction as necessary.

| Fee |
|---------|
| \$5,000 |

We look forward to working with you and your team on this engagement. Please do not hesitate to contact us with any questions. Please execute the enclosed copy of this letter and return it to the undersigned via email.

NORTH SLOPE CAPITAL ADVISORS

By _____
Name:
Title:
Date:

ACCEPTED AND AGREED TO:

HAWTHORN METROPOLITAN DISTRICT NO. 2

By _____
Name:
Title:
Date:

NORTH SLOPE CAPITAL ADVISORS

Hawthorn Metropolitan District No. 2
November 15, 2017
Page 3

DISCLOSURE STATEMENT

This Disclosure Statement is provided by the Financial Advisor to the District in connection with this draft engagement letter dated November 15, 2017. This Disclosure Statement provides information regarding conflicts of interest and legal or disciplinary events that the Financial Advisor is required to disclose to the District pursuant to MSRB Rule G-42(b) and (c)(ii). There are no known material conflicts of interest known to the Financial Advisor in connection with the Scope of Services under this engagement letter and there are no legal or disciplinary events that are material to the District's evaluation of the Financial Advisor or the integrity of the Financial Advisor's management or advisory personnel disclosed, or that should be disclosed, on any Form MA or Form MA-I filed with the SEC. For reference, the Financial Advisor's most recent Form MA and each most recent Form MA-I filed with the SEC are available on the SEC's EDGAR system at [North Slope Capital Advisors Filings](#).

The SEC permits certain items of information required on Form MA or MA-I to be provided by reference to such required information already filed by the Financial Advisor and the Financial Advisor has not made any material legal or disciplinary event disclosures on Form MA or any Form MA-I filed with the SEC.

As required by MSRB Rule G-42, this Disclosure Statement may be supplemented or amended, from time to time as needed, to reflect changed circumstances resulting in new conflicts of interest or changes in the conflicts of interest described above, or to provide updated information with regard to any legal or disciplinary events of the Financial Advisor. The Financial Advisor will provide the District with any such supplement or amendment as it becomes available throughout the term of the engagement.

November 21, 2017

Hawthorn Metropolitan District
c/o Kristen Bowers Tompkins
White Bear Ankele Tanaka & Waldron
2154 East Commons Avenue, Suite 2000
Centennial, Colorado 80122

**RE: Letter Agreement for Investment Banking Services
Hawthorn Metropolitan District**

Ms. Tompkins,

This letter agreement confirms the terms and conditions upon which D.A. Davidson & Co. Fixed Income Capital Markets (“Davidson”), its successors or assigns will provide investment banking services to Hawthorn Metropolitan District (the “Client”).

The investment banking services rendered by Davidson under this agreement may include:

- Analysis of the project’s credit quality
- Analysis of the capital markets, including interest rates and terms available in the market
- Evaluating potential strategies to achieve the Client’s goals
- Working with the Client’s consultants and attorneys to determine the feasibility of various borrowing or restructuring options
- Advising the Client on the structure and terms of a restructured bond or a new bond or loan
- Coordinating with the Client’s attorneys and consultants, the dissemination of financial data
- Negotiating the structure and terms of the bonds/loan with the purchaser on behalf of the Client
- Underwriting or privately placing bonds on behalf of the Client or assisting the Client in obtaining a direct, tax exempt loan
- Under the direction and legal advice of nationally recognized bond counsel, assist and supervise the steps necessary to be taken to close the transaction

By signing this letter agreement, the Client acknowledges and agrees that: (i) the transaction contemplated by this Agreement will be an arm’s length, commercial transaction between the Client and the purchaser, in which Davidson may be acting as an agent or as an underwriter, but not as a municipal advisor, financial advisor or fiduciary to the Client; (ii) Davidson has not assumed any fiduciary responsibility to the Client with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto; (iii) the only obligations Davidson will have to the Client with respect to the transaction contemplated hereby are expressly set forth in this letter agreement; and (iv) the Client has consulted and will continue to consult with its own legal,

accounting, tax, financial and other advisors, as applicable, to the extent it deems appropriate. The representative of the Client signing this letter agreement has been duly authorized to execute this letter agreement and to act hereunder.

This letter agreement shall remain in full force and effect until such time as the Client notifies Davidson in writing of its intent to terminate this letter agreement. Davidson may resign and terminate this letter agreement by providing written notification with no less than 30 days prior notice to the Client.

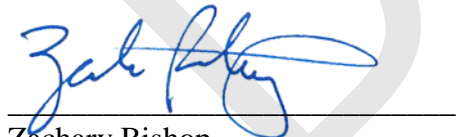
At such time as arrangements for the sale of bonds or other borrowing have been completed, Davidson shall be paid as shown below:

- 2.0% of par for underwriting/placement of non-rated senior bonds
- 3.0% of par for underwriting/placement of subordinate bonds
- 1.0% of par for the underwriting/placement of junior (third position) subordinate bonds if the bonds are sold to/placed with the developer/affiliated developer entity
- 4.0% of par for the underwriting and sale of junior (third position) subordinate bonds if the bonds are sold to an investor

This letter agreement is not an offer to purchase bonds. If the sale of bonds or other borrowing does not occur, Davidson shall not be owed compensation. Please indicate by your signature below your desire to engage D.A. Davidson & Co. Fixed Income Capital Markets to provide investment banking services on these terms.

Respectfully submitted,

D.A. Davidson & Co. Fixed Income Capital Markets



Zachary Bishop
Managing Director

ACCEPTED this ____ day of _____ 2017.



Authorized Officer
Hawthorn Metropolitan District

DRAFT



**TERMINATION OF
INFRASTRUCTURE ACQUISITION
AND REIMBURSEMENT AGREEMENT**

This **TERMINATION OF INFRASTRUCTURE ACQUISITION AND REIMBURSEMENT AGREEMENT** (this “**Termination Agreement**”) is made and entered into this 4th day of December, 2017, by and between **HAWTHORN METROPOLITAN DISTRICT NO. 2**, a quasi-municipal corporation and political subdivision of the State of Colorado (the “**District**”), and **HAWTHORN DEVELOPMENT, INC.**, a Colorado corporation (the “**Developer**”). The District and the Developer are collectively referred to herein as the “**Parties**.”

RECITALS

WHEREAS, the Parties entered into an Infrastructure Acquisition and Reimbursement Agreement dated December 7, 2015 (the “**Agreement**”); and

WHEREAS, the Agreement contemplates that the Developer would incur certain District Eligible Costs related to the Public Infrastructure for the benefit of the District and the District would be responsible for reimbursing the Developer for such District Eligible Costs; and

WHEREAS, the District intends to issue its General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Bonds, Series 2017A; Subordinate Limited Tax General Obligation Refunding Bonds, Series 2017B; and Limited Tax Junior Lien Subordinate General Obligation Bonds, Series 2017C (collectively, the “**2017 Bonds**”), in part, in order to reimburse the Developer for District Eligible Costs in accordance with the Agreement; and

WHEREAS, the Parties have agreed to terminate the Agreement contingent upon the closing of the 2017 Bonds and payment of proceeds therefrom to the Developer.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

COVENANTS AND AGREEMENTS

1. **Termination of Agreement.** The Parties hereby agree to terminate the Agreement contingent upon the 2017 Bonds closing and payment of proceeds therefrom to the Developer, without any further action by the Parties. In the event the 2017 Bonds do not close before December 31, 2017, the Agreement shall remain in full force and effect.

2. **Wavier and Release.** The Parties agree in the event the Agreement is terminated, the District and the Developer hereby release one another from any and all liabilities, obligations, or duties that may have arisen or have been contemplated by the Agreement.

3. **Counterpart Execution.** This Termination Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Executed copies of this Termination Agreement may be

delivered by facsimile or email of a PDF document, and, upon receipt, shall be deemed originals and binding upon the signatories to this Termination Agreement.

[Signature Page Follows.]

DRAFT

IN WITNESS WHEREOF, the Parties have executed this First Amendment on the date and year first above written. By the signature of its representative below, each party affirms that it has taken all necessary action to authorize said representative to execute this First Amendment.

DISTRICT:

HAWTHORN METROPOLITAN DISTRICT NO.
2, a quasi-municipal corporation and political
subdivision of the State of Colorado

Officer of the District

ATTEST:

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

DEVELOPER:

HAWTHORN DEVELOPMENT, INC., a Colorado
corporation

Printed Name: _____

Title: _____

DRAFT