

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF

HAWTHORN METROPOLITAN DISTRICT NO. 2

Held: Monday, December 3, 2018, at 2:00 p.m. at 17685 W. 83rd Drive, Arvada, Colorado.

Attendance

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

Krystal Bigley
Carly Fenton
Matthew Cavanaugh
Christopher Elliott

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; Sarah Hunsche, CliftonLarsonAllen, LLP, District Accountant; Susie Ellis, Community Preservation Specialists; and Mr. Robert Pries, Homeowner.

Call to Order

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

Conflict of Interest Disclosures

Ms. Murphy advised the Board that, pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. Ms. Murphy reported that disclosures for those directors with potential or existing conflicts of interest were filed with the Secretary of State's Office and the Board at least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged by the Board. Ms. Murphy noted that a quorum was present and inquired into whether members of the Board had any additional disclosures of potential or existing conflicts of interest with regard to any matters scheduled for discussion at the meeting. No additional disclosures were noted. The Board determined that the participation of the members present was necessary to obtain a quorum or to otherwise enable the Board to act.

Approval of Agenda

Ms. Murphy presented the Agenda to the Board for consideration. Following discussion, upon a motion duly made and seconded, the

Board unanimously approved the Agenda as amended.

Public Comment

None.

Discuss Appointment of Residents to Architectural Review Committee

The Board engaged in a discussion regarding the appointment of residents to the Architectural Review Committee. Following discussion, upon a motion duly made and seconded, the Board unanimously appointed Mr. Robert Pries and Mr. Travis Kaess to the Architectural Review Committee.

Consent Agenda

Following a summary by Ms. Murphy the items on the consent agenda were approved by one motion duly made, seconded, and vote unanimously carried.

1. Minutes from September 10, 2018 special meeting
2. 2019 Annual Administrative Resolution
3. Renewal of Property and Liability Schedule and Limits, Workers Compensation Coverage, and SDA Membership

Legal Matters

Consider Approval of Engagement Letter with White Bear Ankele Tanaka & Waldron for Legal Services

Ms. Murphy presented the Board with the Engagement Letter of White Bear Ankele Tanaka & Waldron for Legal Services and noted that the engagement letter provides for mandatory arbitration in the event of a dispute between the parties. Ms. Murphy also notified the Board of their right to retain independent counsel. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the engagement.

Discuss Dissolution of Hawthorn Metropolitan District No. 1

The Board engaged in a discussion regarding funding the dissolution of Hawthorn Metropolitan District No. 1. Following discussion, the Board determined to defer this matter to the next meeting.

Facilities Management

District Manager Update

None.

Discuss and Consider Approval of Waste Management Price Increase

Ms. Murphy stated that the Waste Management Contract for 2018-2022 authorized a 5% price increase per year. The current proposal for 2018 is a 5.9% price increase. Following discussion, upon a motion duly made and seconded, the Board unanimously authorized up to a 5% price increase with Waste Management and directed the District Manager to coordinate with Waste Management directly.

Covenant Enforcement Update

Ms. Ellis presented the Board with her report on covenant enforcement. No action was necessary.

Review Bids for Snow

The Board reviewed the bids for snow removal services from

Removal Services and Consider Approval of Contractor
BrightView, Metco, Schultz, Arrowhead, and Environmental Landworks. Following discussion, upon a motion duly made and seconded, the Board unanimously approved Metco Landscaping for snow removal services in 2019.

Review Bids for Landscaping Services and Consider Approval of Contractor
The Board reviewed the bids for landscaping services from BrightView, Metco, Schultz, Arrowhead, and Environmental Landworks. Following discussion, upon a motion duly made and seconded, the Board unanimously approved Metco Landscaping for landscaping services in 2019.

Review proposals for Tree Removal Service
This matter was deferred to the next meeting.

Financial Matters

Financials/Claims Payable
Ms. Hunsche presented the Board with the September 30, 2018 unaudited financials for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously accepted the unaudited financials.

Ms. Hunsche presented the Board with check numbers 1097-1107. Following discussion, upon a motion duly made and seconded, the Board unanimously ratified the checks and electronic funds transfers, and approved the claims payable in the amount of \$31,800.29.

Conduct Public Hearing on 2018 Budget Amendment and Consider Adoption of Resolution Amending 2018 Budget
Director Bigley opened the public hearing for the 2018 budget amendment. Ms. Murphy noted that notice for the public hearing was made in accordance with the applicable Colorado statutes. No written objections were received prior to the public hearing. After no public comment was made, the public hearing was closed.

Following discussion, upon a motion a motion duly made and seconded, the Board determined to amend the 2018 General Fund from \$102,107 to \$125,000.

Conduct Public Hearing on 2019 Budget and Consider Adoption of Resolution Approving 2019 Budget
Director Bigley opened the public hearing for the 2019 budget. Ms. Murphy noted that notice for the public hearing was made in accordance with the applicable Colorado statutes. No written objections were received prior to the public hearing. After no public comment was made, the public hearing was closed.

Ms. Hunsche presented the proposed 2019 budget to the Board for consideration Following discussion, upon a motion duly made and seconded, the Board unanimously adopted the budget as presented, subject to receipt of the 2018 Final Assessed Valuation, and certified 20.241 mills in the General Fund and 55.277 mills in the Debt Service Fund.

The Board directed legal counsel and the District's accountant to certify the District's mill levy by December 15, 2018, and to file the 2019 budget by January 30, 2019.

Consider Approval of Engagement of Dazzio & Associates, P.C. for 2018 Audit

Ms. Murphy presented the Board with the engagement letter of Dazzio & Associates, P.C. for the 2018 Audit. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the engagement.

Other Business

None.

Discuss Damage to Open Space (Tract F) (Executive Session for the purpose of receiving legal advice on specific legal questions and determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators pursuant to § 24-6-402(4)(b) and § 24-6-402(4)(e), C.R.S.)

The Board entered into an executive session at 2:52 p.m. upon a motion made by Director Fenton, seconded by Director Bigley, and unanimously approved, for the purpose of receiving legal advice regarding damage to open space Tract F, pursuant to § 24-6-402(4)(b), C.R.S. Pursuant to § 24-6-402(2)(d.5)(II)(B), C.R.S., no record will be kept of the remaining portion of this Executive Session that, in the opinion of the District's attorney, constitutes privileged attorney-client communication pursuant to § 24-6-402(4)(b), C.R.S. The Board reconvened in regular session at 3:23 p.m. Upon reconvening in regular session, following discussion, the Board directed Ms. Murphy to send a letter to homeowners regarding covenant violations for damage to open space Tract F.

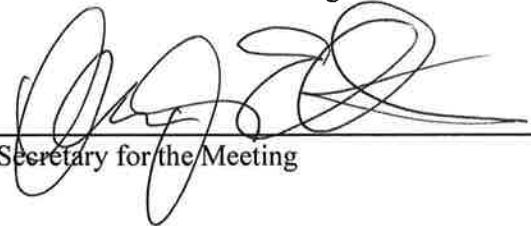
Next Meeting

The next meeting is scheduled for Monday, March 4, 2019.

Adjournment

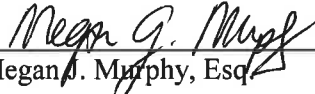
There being no further business to come before the Board, and following discussion and upon motion duly made, seconded and unanimously carried, the Board determined to adjourn the meeting.

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


Secretary for the Meeting

ATTORNEY STATEMENT
REGARDING PRIVILEGED ATTORNEY-CLIENT COMMUNICATION

Pursuant to § 24-6-402(2)(d.5)(II)(B), C.R.S., I attest that, in my capacity as the attorney representing Hawthorn Metropolitan District No. 2, I attended the executive session at the special meeting of Hawthorn Metropolitan District No. 2 convened at 2:52 P.M. on Monday, December 3, 2018, for the sole purpose of providing legal advice regarding damage to open space Tract F as authorized by § 24-6-402(4)(b), C.R.S. I further attest it is my opinion that as the executive session discussion constituted a privileged attorney-client communication as provided by § 24-6-402(4)(b), C.R.S. and, based on that opinion, no further record, written or electronic was kept or required to be kept pursuant to § 24-6-402(2)(b), C.R.S. or § 24-6-402(2)(d.5)(II)(B), C.R.S.



Megan J. Murphy, Esq.