

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF

HAWTHORN METROPOLITAN DISTRICT NO. 2

Held: Monday, March 4, 2019, 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
Corey Elliott

All Director absences are deemed excused unless otherwise specified.

Also present were:

Megan J. Murphy, Esq., White Bear Ankele Tanaka & Waldron, Attorneys at Law, District General Counsel; Gigi Pangindian CliftonLarsonAllen, LLP, District Accountant; Patrick Shannon and Denise Denslow, CliftonLarsonAllen, LLP, District Managers; Susie Ellis, Community Preservation Specialists; Matt Janke and Sarah Hunsche, E5X Management; and Bob 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 presented.

Public Comment

None.

Consent Agenda

The following items on the consent agenda were considered routine or administrative. 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. Approval of Minutes from December 3, 2018 special meeting
2. Adoption of Resolution Designating the District's 24-Hour Posting Location
3. Acknowledge Waste Management Price Increase
4. Ratification of Independent Contractor Agreement with Poop 911 for Pet Waste Station Services
5. Ratification of Independent Contractor Agreement with Metco Landscape, LLC for Landscape Maintenance and Snow Removal Services

Facilities Management

District Manager Update

Ms. Denslow and Mr. Shannon presented the Board with their district manager report and noted that the newsletter went out, the website has been updated, trash pickup in the park is ongoing, and Ms. Ellis is the main ARC contact.

Covenant Enforcement Update

Ms. Ellis reviewed her report with the Board and responded to Mr. Pries' comments regarding fence staining and other items that she is aware of. It was noted that there are volunteer members of the community to help people turn on their sprinklers and that the public was instructed to contact Ms. Ellis for more information.

Architectural Review Committee Update

Ms. Denslow suggested that the next newsletter include a reminder on architectural review committee issues. It was noted that the first newsletter will be sent via mail, subsequent newsletters will be emailed.

Mr. Bob Pries engaged in a discussion with Ms. Ellis regarding the Architectural Review Committee "ARC." Following discussion, it was determined that the ARC will review the current Residential Improvement Guidelines and Site Restrictions and recommend changes to the Board at the next meeting.

Review proposals for Tree Removal Service

Mr. Shannon presented the two proposals from Davey Tree and Bailey Tree to the Board. The Bailey Tree representative stated that in order to get the trees warranted by them, they would require a winter watering program to survive. They stated that the ash trees

that died might have had a disease, but it is not worth the cost to investigate, which requires removal of the bark. Ms. Pangindian noted that there is \$30,000 in budget for the tree removal project and the Bailey proposal is for \$33,000; she also noted that the extra funds could come from the planned Dissolution of District No. 1, which was budgeted for \$7,000. Following discussion, upon a motion duly made and seconded, the Board unanimously authorized Director Bigley and Director Cavanaugh to select a tree removal service up to \$37,000.

Legal Matters

None.

Financial Matters

Financials/Claims Payable

Ms. Pangindian presented the Board with the December 31, 2018 unaudited financials for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously accepted the unaudited financials.

Ms. Pangindian presented the Board with claims payable. Following discussion, upon a motion duly made and seconded, the Board unanimously ratified the claims payable in the amount of \$69,377.18.

Ms. Pangindian reviewed the debt service mill levy and the bonds previously issued by the District. The District previously issued Series 2017A, Series 2017B, and Series 2017C bonds (collectively, the “Bonds”) on December 14, 2017 in the par amount of \$7,958,000 to pay for public infrastructure in the community. The 2017A Bonds bear interest at 4.5% and 5.0%, payable semi-annually on June 1 and December 1, beginning on June 1, 2018. The Series 2017B bonds bear interest at 7.25% per annum and the Series 2017C bonds bear interest at 10.00% per annum. The Series 2017B bonds and the Series 2017C bonds are cash flow bonds and do not have a set principal and interest payment schedule. The 2018 debt service mill levy is 55.277 mills which is pledged to repay the Bonds.

Discussion Regarding Operations Fee – Payment Due Upon a Transfer

Ms. Denslow presented and noted that the District operations fund is short a total of \$6,600 because the \$600/per home Operations Fee Due Upon Transfer was missed for 11 closings due to a miscommunication between CLA and the title company. CLA is going to absorb the cost through not invoicing to the District until this balance is corrected. CLA has implemented a new control process to not miss this item with future closings.

Acknowledge Resignation of Corey Elliott and Discuss Appointment Process

The Board acknowledged the resignation of Corey Elliott.

It was noted that the Board would implement the same process as the appointment of Director's Bigley and Fenton. An email will go out to the community on April 16th, requesting a cover letter and resume

by May 1st. Director's Bigley and Fenton will conduct interviews and the Board will appoint a candidate at the next meeting.

Other Business

None.

Next Meeting

The next meeting is scheduled for Monday, June 3, 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