

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF
DIRECTORS

OF

HIGHLANDS METROPOLITAN DISTRICT NO. 2

Held: Wednesday, October 25, 2017, at 11:30 a.m., at 2154 E.
Commons Avenue, Suite 2000, Centennial, Colorado.

Attendance

The meeting referenced above was called and held in accordance with the applicable statutes of the State of Colorado. The following directors were in attendance:

James Spehalski
Barry Talley
Linda Talley

Amanda Halsey and Amy Volk were absent. All director absences are deemed excused unless otherwise specified.

Also present were Kristin B. Tompkins Esq., White Bear Ankele Tanaka & Waldron, Attorneys at Law, District General Counsel; and Kimberly Johanns, Simmons & Wheeler, P.C., District Accountant.

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. 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 Directors reviewed the agenda for the meeting, following which each Board member confirmed the contents of any written disclosure previously made stating the fact and summary nature of any matters as required under Colorado law to permit official action to be taken at the meeting. Additionally, the Board determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the Board to act.

Written disclosures of directors having conflicts of interest were filed with the Secretary of State at least 72 hours prior to the meeting.

Agenda

Ms. Tompkins presented the proposed agenda to the Board. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the agenda.

Approval of Minutes from
the December 22, 2016

Ms. Tompkins presented the Board with the Minutes from the December 22, 2016 special meeting. Following discussion, upon a

Meeting	motion duly made and seconded, the Board unanimously approved the minutes.
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Public Comment	None.
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Legal Matters

Administrative Matters

Consider Adoption of 2018 Annual Administrative Resolution	Ms. Tompkins presented the Board with the 2018 Annual Administrative Resolution for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously adopted the resolution.
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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.
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Resolution Adopting Colorado Special District Records Retention Schedule	Ms. Tompkins presented the Board with the Resolution Adopting the Colorado Special District Records Retention Schedule for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously adopted the resolution.
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Consider Approval of Amended and Restated Public Records Request Policy	Ms. Tompkins presented the Board with the Amended and Restated Public Records Request Policy for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the policy.
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Consider Adoption of Resolution Calling Election	Ms. Tompkins presented the Board with the Resolution Calling the May 2018 Election for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously adopted the resolution.
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Consider Approval of Special District Disclosure Pursuant to § 32-1-809, C.R.S.	Ms. Tompkins presented the Board with the Special District Disclosure Pursuant to § 32-1-809, C.R.S. for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the disclosure notice.
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Insurance Matters

Consider Approval of Property and Liability Schedule and Limits	Ms. Tompkins presented the Board with the 2018 Property and Liability Schedule and Limits for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the schedule and limits and approved the same coverage as 2017.
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Consider Approval of Representative Appointment Form for CSD Pool	Ms. Tompkins presented the Board with the Representative Appointment Form for CSD Pool. Following discussion, upon a motion duly made and seconded, the Board unanimously approved
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the appointment form.

Consider Renewal of SDA Membership

The Board engaged in a discussion regarding the renewal of the District's SDA membership. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the renewal.

Consider Approval of Independent Contractor Agreement with, for CVL Consultants of Colorado, Inc. for Engineering Services

Ms. Tompkins presented the Board with the Independent Contractor Agreement with, for CVL Consultants of Colorado, Inc. for engineering services. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the agreement, subject to final review by Director Spehalski and legal counsel.

Consider Approval of First Amendment to Funding and Reimbursement (O&M) Agreement with Vista Highlands, LLC

Ms. Tompkins presented the Board with the First Amendment to the Funding and Reimbursement (O&M) Agreement with Vista Highlands, LLC. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the amendment.

Financial Matters

Consider Approval of Unaudited Financial Statements

Ms. Johanns presented the Board with the August 31, 2017 unaudited financial statements for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously accepted the unaudited financial statements.

Consider Approval of Payable

Ms. Johanns presented the Board with the Claims Payable. Following discussion, upon a motion duly made and seconded, the Board unanimously ratified check numbers 5022-5039 totaling \$46,012.03 and check numbers 5040-5049 totaling \$14,486.30, and approved check numbers 5050-5054 totaling \$6,126.59.

Conduct 2017 Budget Amendment Hearing and Consider Adoption of Resolution to Amend 2017 Budget

The Board determined an amendment to the 2017 budget was not needed.

Conduct 2018 Budget Hearing and Consider Adoption of Resolution to Adopt 2018 Budget and Set Mill Levies

Director Spehalski opened the public hearing for the 2018 budget. Ms. Tompkins noted that notice for the public hearing was made in accordance with the applicable Colorado statutes. No written objections were received prior to the public hearing. After no public comment was made, the public hearing was closed.

Ms. Johanns presented the proposed 2018 budget to the Board for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously adopted the budget with revisions as discussed, certified 5 mills in the Operations and Maintenance Fund

and 52.183 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, 2017, and to file the 2018 budget by January 30, 2018.

Consider Ratification of
Hiratsuka & Associates, LLP
Engagement Letter to prepare
2016 Audit

Ms. Tompkins presented the Board with the Hiratsuka & Associates, LLP engagement letter for the preparation of the 2016 audit for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously ratified the engagement.

Consider Approval of
Hiratsuka & Associates, LLP
Engagement Letter to prepare
2017 Audit

Ms. Tompkins presented the Board with the Hiratsuka & Associates, LLP engagement letter for the preparation of the 2017 audit for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the engagement, subject to a 10% fee increase.

Consider Ratification of 2016
Audit

Ms. Johanns presented the Board with the 2016 Audit for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously ratified the acceptance of the 2016 Audit.

Discuss Status of Cost
Verification from Meritage
Homes

Director Spehalski informed the Board that Meritage is working on submitting documents for verification and anticipates having a package to the Board for review and acceptance early in 2018.

Other Financial Matters

None.

Other Business

The Board engaged in a discussion regarding getting the District's website. Director Spehalski instructed legal counsel to move forward on getting this set up.

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