

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS

OF

HIGHLANDS METROPOLITAN DISTRICT NO. 2

Held: Monday, February 22, 2021, at 5:00 p.m., *via teleconference*

Due to the Executive Orders issued by Governor Polis and Public Health Orders implementing the Executive Orders issued by the Colorado Department of Public Health and Environment, and the threat posed by the COVID-19 coronavirus, this meeting was held via teleconference.

Attendance

The special meeting of the Board of Directors of the Highlands 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:

James Spehalski
Allison Rochester
Gavin Adams
Lloyd Rochester
Devon Schad

Also present were Kristin B. Tompkins, Esq., White Bear Ankele Tanaka & Waldron, Attorneys at Law, District General Counsel; Brooke Hutchens, D.A. Davidson & Co., Diane Wheeler, Simmons & Wheeler, P.C., District Accountant, and Kim Reed, Ballard Spahr, LLP, District Bond Counsel.

Call to Order

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

Conflict of Interest Disclosures

Ms. Tompkins advised the Board that, pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. Ms. Tompkins reported that disclosures for those directors that provided White Bear Ankele Tanaka & Waldron with notice of potential or existing conflicts of interest were filed with the Secretary of State's Office and the Board at

least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged by the Board. Ms. Tompkins noted that only Mr. Spehalski provided a conflict of interest disclosure and that all other directors have indicated they do not have a conflict of interest. Ms. Tompkins inquired into whether members of the Board had any additional disclosures of potential or existing conflicts of interest with regard to any matters scheduled for discussion at the meeting. No additional disclosures were noted. The participation of the members present was necessary to obtain a quorum or to otherwise enable the Board to act.

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, as presented.

Consent Agenda

Ms. Tompkins reviewed the items on the consent agenda with the Board. Ms. Tompkins advised the Board that any item may be removed from the consent agenda to the regular agenda upon the request of any director. No items were requested to be removed from the consent agenda. Upon a motion duly made and seconded, the following items on the consent agenda were unanimously approved, ratified and/or adopted:

- Minutes from December 3, 2020 special meeting, as revised
- Engagement Letter with Hiratsuka & Associates, L.L.P. to prepare 2020 Audit

Public Comment

None.

Legal Matters

Discuss and Consider First Amendment to Infrastructure Acquisition and Reimbursement Agreement with Vista Highlands, LLC

Ms. Tompkins presented the Board with a First Amendment to Infrastructure Acquisition and Reimbursement Agreement with Vista Highlands, LLC for consideration. Following discussion, and upon motion duly made and seconded, the Board approved the First Amendment, with Mr. Spehalski abstaining.

Loan Matters

Discuss and Consider Moving Forward with Transaction with Zions Bancorporation, N.A. d/b/a Vectra Bank Colorado

Ms. Hutchens presented and reviewed with the Board the proposed transaction with Zions Bancorporation, N.A. d/b/a Vectra Bank Colorado.

Consider Approval of Term Sheet

Ms. Hutchens presented and reviewed with the Board a Term Sheet for consideration. Following discussion, and upon motion duly made and seconded, the Board approved the Term Sheet.

Discuss and Consider Approval of Engagement of Ballard Spahr LLP as Bond Counsel

Ms. Reed presented the Board with the engagement letter of Ballard Spahr LLP to serve as Bond Counsel to the District. Following review and discussion, and upon motion duly made and seconded, the Board approved the engagement of Ballard Spahr LLP.

Discuss and Consider Approval of Loan Fee Disclosure Letter with White Bear Ankele Tanaka & Waldron

Ms. Tompkins presented the Board with a Loan Fee Disclosure Letter with White Bear Ankele Tanaka & Waldron for consideration. Following discussion, and upon motion duly made and seconded, the Board approved the Loan Fee Disclosure Letter.

Discuss External Financial Advisor

The Board discussed the engagement of an external financial advisor. Ms. Tompkins noted that unlike D.A. Davidson who does not have a fiduciary duty to the District, a financial advisor would have a fiduciary duty to the District and would advise as to the rates, terms, and reasonableness of the Transaction. The Board directed Ms. Tompkins to gather proposals and send sample certifications to the Board for review and authorized Directors L. Rochester and Schad to select an external financial advisor not to exceed \$5,000.

Financial Matters

Consider Approval of Payables/Financials

Ms. Wheeler presented the Board with outstanding claims in the amount of \$14,287.20 for ratification. Following discussion, upon a motion duly made and seconded, the Board unanimously ratified the claims.

Ms. Wheeler presented the Board with the Unaudited Financial Statements for the period ending December 31, 2020. Following discussion, upon a motion duly made and seconded, the Board unanimously accepted the Unaudited Financial Statements.

Other Financial Matters

None.

Other Business

None.

Adjournment

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

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

Lloyd Rochester

Lloyd Rochester (May 20, 2021 11:10 MDT)

Officer of the District

The foregoing minutes were approved by the Board of Directors on the 19th day of May, 2021.