

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS

OF

HIGHLANDS METROPOLITAN DISTRICT NO. 2

Held: Wednesday, May 19, 2021, at 3:30 p.m., at *FirstBank located at 1779 CO-7, Erie, CO 80516 and also 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 also 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 (in-person)
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 and Bill Flynn, 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 Directors Spehalski and A. Rochester provided a conflict of interest disclosure and all other directors have indicated they do not have a conflict of interest. Director Spehalski noted for

the record his relationship with Vista Highlands, LLC, and that Vista Highlands, LLC will be reimbursed \$350,000 from proceeds of the Taxable Convertible to Tax Exempt Refunding Loan, Series 2021A. No other Board members 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 February 22, 2021 Special Meeting
- 2020 Annual Report

Public Comment

None.

Loan Matters

Consider Approval of Authorization to Subscribe for the Purchase of United States Treasury Time Deposit Securities – State and Local Government Series

Ms. Hutchens presented to the Board the Authorization to Subscribe for the Purchase of United States Treasury Time Deposit Securities - State and Local Government Series. Following discussion, upon a motion duly made and seconded, the Board approved the authorization. Director Spehalski having informed the Board that he has a potential conflict of interest involving the 2021A Loan, abstained from voting on the matter.

Consider Adoption of Resolution Concerning the Allocation of Electoral Authorization to Prior Bonds

Ms. Reed presented the Board with a Resolution Concerning the Allocation of Electoral Authorization to Prior Bonds. Following discussion, upon a motion duly made and seconded, the Board approved the Authorization. Director Spehalski, having informed the Board that he has a potential conflict of interest involving the 2021A Loan, abstained from voting on the matter.

Consider and make a final determination to issue general obligation

Ms. Hutchens provided the Board with an overview of the proposed 2021A Loan.

indebtedness consisting of its Taxable Convertible to Tax Exempt Refunding Loan, Series 2021 in the approximate principal amount of \$7,750,000, which amount is subject to increase or decrease as determined by the Board, or as otherwise permitted by any resolution adopted by the Board at such meeting, for the purpose of refunding general obligation indebtedness consisting of the District's Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2016A and its Subordinate Limited Tax General Obligation Bonds, Series 2016B, and, in connection therewith, the Board will consider a resolution: authorizing the issuance of such indebtedness; authorizing a Loan Agreement, a Custodial Agreement, a Placement Agent Agreement, a Refunding Escrow Agreement and other related documents; approving, ratifying and confirming the execution of certain documents; making determinations and findings as to other matters related to such financing transaction; authorizing incidental action; and repealing prior inconsistent actions

It was also noted that Loan proceeds will be used to (i) refund the District's Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2016A and its Subordinate Limited Tax General Obligation Bonds, Series 2016B Bonds, (ii) pay the bank lock fee, (iii) cover the cost of the Loan issuance, and (iv) pay the outstanding \$350,000 debt owed to Vista Highlands, LLC. The Loan saves the District 18.8% from the prior debt with a present value savings of \$1,300,000.

Ms. Reed presented the Resolution Authorizing the Issuance of the District's Taxable Convertible to Tax Exempt Refunding Loan, Series 2021 and the underlying financing documents to the Board.

Following discussion, upon a motion duly made and seconded, the Board approved the Resolution authorizing the issuance of general obligation indebtedness consisting of the District's Taxable Convertible to Tax Exempt Refunding Loan, Series 2021 in the approximate principal amount of \$7,750,000, and authorized the Loan Agreement, the Custodial Agreement, the Placement Agent Agreement, the Refunding Escrow Agreement and other related documents; approved, ratified and/or confirmed the execution of certain documents; made determinations and findings as to other matters related to such financing transaction; authorized incidental action; and repealed prior inconsistent actions, and designated Director L. Rochester as the Authorized Representative. Director Spenhalski, having informed the Board that he has a potential conflict of interest involving the 2021A Loan, abstained from voting on the matter.

Legal Matters

None.

Financial Matters

Consider Approval of Payables/Financials

Mr. Flynn presented the Board with outstanding claims in the amount of \$13,029.62 for ratification. Following discussion, upon a motion duly made and seconded, the Board unanimously ratified the claims.

Mr. Flynn presented the Board with the Unaudited Financial Statements for the period ending March 31, 2021. Following discussion, upon a motion duly made and seconded, the Board unanimously accepted the Unaudited Financial Statements.

Conduct 2021 Budget Amendment Hearing and Consider Adoption of Resolution to Amend 2021 Budget

Director A. Rochester opened the public hearing on the 2021 Budget Amendment. Ms. Tompkins noted that the notice of public hearing was provided in accordance with Colorado law. No written objections had been received prior to the meeting. There being no public comment, the hearing was closed.

Mr. Flynn reviewed the Resolution Amending the 2021 Budget with the Board. Following discussion, upon a motion duly made and seconded, the Board unanimously adopted the resolution amending the Debt Service Fund to \$9,000,000.

Consider Acceptance of 2020 Audit

Ms. Wheeler presented the Board with the 2020 Audit for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously accepted the 2020 Audit, subject to final legal review, auditor review, receipt of clean opinion from the auditor, and Director A. Rochester's review and approval by June 30, 2021.

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 (Oct 14, 2021 19:42 MDT)

Officer of the District

The foregoing minutes were approved by the Board of Directors on the 12th day of October, 2021.