

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

OF

HIGHLANDS METROPOLITAN DISTRICT NO. 2

Held: Tuesday, October 11, 2022, at 6:00 p.m.

This meeting was held via teleconference.

Attendance

The regular 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:

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 and Diane Wheeler, Simmons & Wheeler, P.C., District Accountant

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. 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.

Consider Appointment of Officers The Board engaged in discussion regarding the Appointment of Officers. Following discussion, upon a motion duly made and seconded, the Board unanimously approved Allison Rochester as President, Gavin Adams as Treasurer, Lloyd Rochester as Secretary, and Devon Schad as the Member at Large.

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 October 12, 2021 Regular Meeting;
- Engagement of Hiratsuka & Associates, L.L.P to prepare 2021 Audit;
- 2021 Audit;
- 2021 Annual Report;
- Renewal of General Liability Schedule and Limits and Consider Approval and Authorization to Bind Coverage;
- Approval of Workers' Compensation Coverage with the Colorado Special Districts Property and Liability pool;
- Renewal of Special District Association of Colorado Membership for 2023; and
- Resolution Designating the Location of Regular Meetings of the Board of Directors;

Public Comment None.

Legal Matters

Consider Adoption of 2023 Annual Administrative Matters Resolution Ms. Tompkins presented the 2023 Annual Administrative Matters Resolution to the Board. Following discussion, upon a motion duly made and seconded, the Board unanimously adopted the Resolution subject to changes discussed.

Consider Adoption of Resolution Calling for May 2, 2023 Election

Ms. Tompkins presented the Resolution Calling for Election to the Board. Following discussion, upon a motion duly made and seconded, the Board unanimously adopted the Resolution Calling for Election, designating the District's website as the second method for providing notice of Call for Nominations.

Consider Approval of Action Items related to Payment of Costs for County Road 7 and 169th Avenue Improvements pursuant to the Intergovernmental Agreement for Construction of Public Improvements and the Escrow Agreement (together, the "Agreements") with Highlands Metropolitan District No. 3

Ms. Tompkins discussed the request from Highlands Metropolitan District No. 3 to consent to the Disbursement Request No. 1 and the subsequent termination of the Agreements. Following discussion, upon a motion duly made and seconded, the Board approved the termination of the Agreements and the Disbursement Request No. 1, subject to the requirement that the disbursement be made within 60 days.

Financial Matters

Consider Approval of Payables/Financials

Ms. Wheeler presented the Board with claims for the period of September 8, 2021 through September 30, 2022 in the amount of \$30,738.49 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 June 30, 2022. Following discussion, upon a motion duly made and seconded, the Board unanimously accepted the Unaudited Financial Statements.

Conduct 2022 Budget Amendment Hearing and Consider Adoption of Resolution to Amend 2022 Budget

The public hearing on the 2022 Budget Amendment was opened. Ms. Tompkins noted that the notice of public hearing was provided in accordance with Colorado Law. No written objections have been received prior to the meeting. There being no public comment, the hearing was closed.

Ms. Wheeler reviewed the Resolution Amending the 2022 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 \$395,000.

Conduct 2023 Budget Hearing and Consider Adoption of Resolution to Adopt 2023 Budget and Set Mill Levies

The public hearing on the proposed 2023 Budget was opened. Ms. Tompkins noted that the notice of the public hearing was published in accordance with Colorado law. No written objections were received prior to the meeting. There being no public comment, the hearing was closed.

Ms. Wheeler reviewed the proposed 2023 Budget and Budget Resolution with the Board.

Following discussion, upon a motion duly made and seconded, the Board unanimously adopted the resolution adopting the 2023 Budget as discussed, appropriating funds therefore, and certifying 5.000 mills in the general fund and 45.000 mills in the Debt Service Fund.

The Board directed legal counsel and the District's accountant to certify the mill levies by December 15, 2022 and file the 2023 Budget by January 30, 2023.

Other Financial Matters

Ms. Tompkins engaged in discussion with the Board regarding \$75,000 owed to Vista Highlands, LLC under the Funding and Reimbursement Agreement. The Board directed legal counsel to discuss the outstanding reimbursements with the Developer.

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 (Nov 11, 2023 16:02 MST)

Officer of the District

The foregoing minutes were approved by the Board of Directors on the 8th day of November, 2023.