

MINUTES OF THE REGULAR MEETING OF THE BOARD OF
DIRECTORS

OF

HIGHLANDS METROPOLITAN DISTRICT NO. 2

Held: Wednesday, October 3, 2018, 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

Amy Volk was 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 Diane Wheeler, 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 might be required prior to taking official action at the meeting. Ms. Tompkins 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. Tompkins 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.

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

Ms. Tompkins presented the Board with the Minutes from the

**the October 25, 2017
Special Meeting**

October 25, 2017 special meeting. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the minutes.

Public Comment

None.

**Consider Appointment of
Director**

The Board engaged in a discussion regarding the appointment of Ms. Amanda Halsey to the Board. Following discussion, upon a motion duly made and seconded, the Board unanimously appointed Ms. Halsey to the Board.

Election of Officers

The Board engaged in a discussion regarding the election of officers. Following discussion, upon a motion duly made and seconded, the Board unanimously elected Director Halsey as Assistant Secretary.

Legal Matters

Administrative Matters

**Consider Adoption of 2019
Annual Administrative
Resolution**

Ms. Tompkins presented the Board with the 2019 Annual Administrative Resolution for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously adopted the resolution.

**Consider Ratification of 2017
Annual Report**

Ms. Tompkins presented the Board with the 2017 Annual Report for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously ratified the report.

**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.

**Consider Approval of
Engagement Letter with
White Bear Ankele Tanaka
& Waldron for Legal
Services**

Ms. Tompkins reviewed the Engagement Letter with White Bear Ankele Tanaka & Waldron with the Board. Ms. Tompkins noted specifically that the arbitration provision had been revised to make it clear that arbitration applies to this engagement letter as well as any prior engagement with the District. Ms. Tompkins also noted and discussed the addition of the representative client list section. Ms. Tompkins stated that as she is not independent as to the engagement, the Board is advised to have separate legal counsel review the engagement letter. The Board declined to engage separate legal counsel to review the letter. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the engagement letter with White Bear Ankele Tanaka & Waldron.

Insurance Matters

Consider Renewal of

Ms. Tompkins discussed Property and Liability Schedule Limits and

Property and Liability
Schedule and Limits and
SDA Membership

Workers Compensation Coverage with the Board. Following discussion, upon a motion duly made, the Board unanimously determined to renew property and liability coverage and workers compensation coverage for 2019.

Financial Matters

Consider Approval of
Unaudited Financial
Statements

Ms. Wheeler presented the Board with the June 30, 2018 unaudited financial statements for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously accepted the unaudited financial statements.

Conduct 2018 Budget
Amendment Hearing and
Consider Adoption of
Resolution to Amend 2018
Budget

The Board determined an amendment to the 2018 budget was not needed.

Conduct 2019 Budget
Hearing and Consider
Adoption of Resolution to
Adopt 2019 Budget and Set
Mill Levies

Director Spehalski opened the public hearing for the 2019 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. Wheeler presented the proposed 2019 budget to the Board for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously adopted the budget and certified 5.000 mills in the General Fund and 53.671 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, 2018, and to file the 2019 budget by January 30, 2019.

Consider Ratification 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 ratification. Following discussion, upon a motion duly made and seconded, the Board unanimously ratified the engagement.

Consider Ratification of 2017
Audit

Ms. Wheeler presented the Board with the 2017 Audit for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously ratified the acceptance of the 2017 Audit.

Consider Approval of
Resolution Regarding
Acceptance of District
Eligible Costs Incurred by
Meritage Homes of Colorado,

Ms. Tompkins presented the Board with the Resolution Regarding Acceptance of District Eligible Costs Incurred by Meritage Homes of Colorado, Inc. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the resolution.

Inc.

Consider Approval of
Engagement Letter with
Simmons and Wheeler, P.C.
for Accounting Services

Ms. Wheeler presented the Board with the Engagement Letter of Simmons and Wheeler, P.C. for Accounting Services. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the engagement.

Other Financial Matters

None.

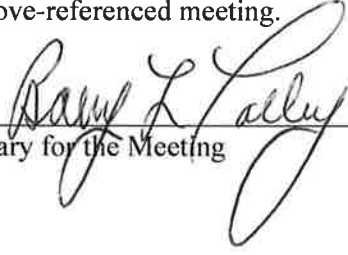
Other Business

The Board engaged in a discussion regarding establishing a District 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