

MINUTES OF THE JOINT ORGANIZATIONAL AND
BUDGET MEETING OF THE BOARDS OF
DIRECTORS OF

HAWTHORN METROPOLITAN DISTRICT NOS. 1 & 2

Held: Monday the 10th day of December 2012, at 1:00
p.m. at: 9468 W. 58th Avenue, Arvada, Colorado
80002

Attendance

The joint organizational and budget meeting of the Boards of Directors of the Hawthorn Metropolitan District Nos. 1 and 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 Boards, were in attendance:

Chris Elliott
C. Regan Hauptman
Matt Cavanaugh
Corey Elliott
Paul Ron Hauptman

Also present: Kristin J. Bowers, Esq., White, Bear & Ankele, Professional Corporation, general counsel; Sarah Hunsche, CliftonLarsonAllen, LLP, District accountant; Doug Edwards, Remington Homes; and Riley Hauptman.

All director absences are deemed excused unless otherwise specified.

Call to Order and
Declaration of Quorum

Director Chris Elliott noted that a quorum of the Boards was present and that the directors had confirmed their continuing qualification to serve, and therefore called the organizational and budget meeting of the Boards of Directors of Hawthorn Metropolitan District Nos. 1 & 2 to order.

Combined Meeting

The Boards of Directors of the Districts have determined to hold joint meetings of the Districts and to prepare joint minutes of actions taken by the Districts in such meetings. Unless otherwise noted herein, all official action reflected in these minutes shall be deemed to be the action of both Districts. Where necessary, action taken by an individual District will be so reflected in these

minutes.

Disclosure Matters

Ms. Bowers advised the Boards 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 Boards determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the Boards to act.

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

Agenda

Ms. Bowers presented the proposed agenda to the Boards. Following discussion, upon motion duly made by Director Chris Elliott and seconded by Director Regan Hauptman, the Boards unanimously approved the agenda, as amended.

Public Comment

None.

Organizational Matters

Appointment of Officers

Following discussion, upon motion duly made by Director Chris Elliott and seconded by Director Cavanaugh, the Boards unanimously voted to place the directors in the following positions:

Chris Elliott, President
C. Regan Hauptman, Vice President
Paul Ron Hauptman, Treasurer
Matt Cavanaugh, Secretary
Corey Elliott, Assistant Secretary

Adopt Resolution
Establishing Meeting Date,
Time and Location

Ms. Bowers presented the proposed Resolution Establishing Meeting Date, Time and Location to the Boards. Following discussion, upon motion duly made by Director Corey Elliott and seconded by Director Regan Hauptman, the Boards unanimously adopted the Resolution and established that regular meetings will be held on the first Monday of each month at 1:30 p.m. at 9468 W. 58th Avenue, Arvada, CO 80002.

Adopt Resolution
Designating the 72-hour
Notice and 24-hour Notice

Ms. Bowers presented the proposed Resolution Designating the 72-hour Notice and 24-hour Notice Posting Places to the Boards. Following discussion, upon motion duly made by Director Regan

Posting Place. Hauptman and seconded by Director Chris Elliott, the Boards unanimously adopted the Resolution and designated Director Cavanaugh as the person responsible for posting such notices.

Federal Employer Identification Numbers, Colorado Sales Tax Exemption Numbers, PDPA Numbers Ms. Bowers presented the applications for FEIN, Sales Tax Exemption Numbers and PDPA Numbers to the Boards. Following discussion, upon motion duly made by Director Chris Elliott and seconded by Director Regan Hauptman, the Boards unanimously approved the applications.

Discuss Payment of Director Fees Following discussion, upon motion duly made by Director Chris Elliot and seconded by Director Regan Hauptman, the Boards unanimously determined to waive the payment of director fees.

Insurance Coverage

Director Liability Issues- Public Official Surety Bonds & General Liability Coverage The Boards reviewed the General Liability Schedule and Surety Bonds. Following discussion, upon motion duly made by Director Chris Elliott and seconded by Director Regan Hauptman, the Boards unanimously approved the bonds and general liability coverage.

Discuss Requirement for Carrying or Opting Out of Worker's Compensation Insurance Following discussion, upon motion duly made by Director Chris Elliott and seconded by Director Regan Hauptman, the Boards determined to provide worker's compensation insurance coverage.

Consider Resolution Approving an Intergovernmental Agreement with SDA Property and Liability Pool Insurance and SDA Membership Ms. Bowers presented the proposed Resolution Approving an Intergovernmental Agreement with SDA Property and Liability Pool Insurance and SDA Membership to the Boards. Following discussion, upon motion duly made by Director Chris Elliott and seconded by Director Regan Hauptman, the Boards unanimously approved the Resolution.

Agency Services Agreement with T. Charles Wilson Insurance Service Ms. Bowers presented the proposed Agency Services Agreement with T. Charles Wilson Insurance Service to the Boards for consideration. Following discussion, upon motion duly made by Director Chris Elliott and seconded by Director Regan Hauptman, the Agreement was unanimously approved.

Engagement of Consultants

Consider Engagement of General Counsel Ms. Bowers presented the proposed engagement letter with White, Bear & Ankele, Professional Corporation. Following discussion, upon motion duly made by Director Chris Elliott and seconded by Director Regan Hauptman, the Boards unanimously

approved the engagement of White, Bear & Ankele, P.C. as General Counsel.

Consider Engagement of Accountant

Ms. Hunsche presented the proposed engagement letter with CliftonLarsonAllen, LLP. Following discussion, upon motion duly made by Director Chris Elliott and seconded by Director Regan Hauptman, the Boards unanimously approved the engagement of CliftonLarsonAllen, LLP as the District Accountant.

Consider Engagement of Facilities/District Manager

Deferred.

Consider Engagement of District Engineer

It was determined that a District engineer was not needed at this time.

Consider Engagement of AldermanBernstein (District No. 1)

Ms. Bowers presented the proposed engagement letter with AldermanBernstein to District No. 1. Following discussion, upon motion duly made by Director Chris Elliott and seconded by Director Regan Hauptman, the Board of District No. 1 unanimously approved the engagement of AldermanBernstein.

Legal Matters

Consider Approval of Indemnification Resolution

Ms. Bowers presented the proposed Indemnification Resolution to the Boards for consideration. Following discussion, upon motion duly made by Director Regan Hauptman and seconded by Director Cavanaugh, the Boards unanimously approved the Resolution.

Consider Approval of 2012 Organizational Matters Resolution

Ms. Bowers presented the proposed 2012 Organizational Matters Resolution to the the Boards. Following discussion, upon motion duly made by Director Cavanaugh and seconded by Director Regan Hauptman, the Resolution was approved unanimously by the Boards.

Consider Approval of 2013 Annual Administrative Resolution

Ms. Bowers presented the proposed 2013 Annual Administrative Resolution to the Boards for approval. Following discussion, upon motion duly made by Director Cavanaugh and seconded by Director Regan Hauptman, the Boards unanimously approved the Resolution.

Public Records Policy

Ms. Bowers presented the proposed Public Records Policy to the Boards. Following discussion, upon motion duly made by Director Regan Hauptman and seconded by Director Cavanaugh, the policy was approved unanimously.

Records Retention Policy	Ms. Bowers presented the proposed Records Retention Policy to the Boards for consideration. Following discussion, upon motion duly made by Director Regan Hauptman and seconded by Director Chris Elliott, the Boards unanimously approved the policy.
Public and Executive Session Meeting Procedure	The Boards engaged in general discussion regarding the public and executive session meeting procedures and statutory requirements
Infrastructure Acquisition and Reimbursement Agreement with Golden Peaks, LLC	Ms. Bowers presented the proposed Infrastructure Acquisition and Reimbursement Agreement with Golden Peaks, LLC to the Boards. Following discussion, upon motion duly made by Director Chris Elliott and seconded by Director Cavanaugh, the Boards unanimously approved the agreement.
Funding and Reimbursement Agreement (Operations and Maintenance) with Golden Peaks, LLC	Ms. Bowers presented the proposed Funding and Reimbursement Agreement (Operations and Maintenance) with Golden Peaks, LLC to the Boards for consideration. Following discussion, upon motion duly made by Director Chris Elliott and seconded by Director Cavanaugh, the Agreement was approved unanimously.
Intergovernmental Agreement with North Table Mountain Water and Sanitation District (District No. 1)	Ms. Bowers presented the Intergovernmental Agreement with North Table Mountain Water and Sanitation District to the Board of District No. 1. Following discussion, upon motion duly made by Director Chris Elliott and seconded by Director Regan Hauptman, the Board of District No. 1 unanimously approved the Agreement.
Resolution of Necessity for the Acquisition of an Easement, Temporary Construction Easement and Right-of-way Interest in Certain Real Property Owned by North Table Mountain Estates Homeowners' Association (District No. 1)	Ms. Bowers presented the proposed Resolution of Necessity for the acquisition of certain property interests owned by North Table Mountain Estates Homeowners' Association to the Board of District No. 1 for consideration. Upon motion duly made by Director Chris Elliott and seconded by Director Regan Hauptman, the Resolution was adopted by the Board of District No. 1. The Board of District No. 1 authorized Director Chris Elliott to continue negotiations with the property owner.
Resolution Imposing a Working Capital Fee	Ms. Bowers presented the proposed Resolution Imposing a Working Capital Fee to the Boards. Following discussion, upon motion duly made by Director Cavanaugh and seconded by Director Regan Hauptman, the Resolution was adopted by the Boards.
Resolution Imposing a General Operations Fee	Ms. Bowers presented the proposed Resolution Imposing a General Operations Fee to the Boards for consideration. Following

discussion, upon motion duly made by Director Cavanaugh and seconded by Director Regan Hauptman, the Boards adopted the Resolution.

District Operating Agreement

Ms. Bowers presented the proposed District Operating Agreement to the Boards. Following discussion, upon motion duly made by Director Chris Elliott and seconded by Director Ron Hauptman, the agreement was unanimously approved by the Boards. District No. 1 will serve as the operating district and District No. 2 will serve as the financing district.

Property Disclosures

Ms. Bowers presented the proposed property disclosures required by the Service Plan to the Boards for consideration. Following discussion, upon motion duly made by Director Chris Elliott and seconded by Director Regan Hauptman, the disclosures were unanimously approved by the Boards.

Maintenance Agreement with Jefferson County for Underdrain Maintenance (District No. 1)

Ms. Bowers presented the proposed Maintenance Agreement with Jefferson County for Underdrain Maintenance to the Board of District No. 1. Following discussion, upon motion duly made by Director Chris Elliott and seconded by Director Regan Hauptman, the Board of District No. 1 unanimously approved the Agreement, subject to final review by Director Chris Elliott and legal counsel.

Covenants and Restrictions

Ms. Bowers presented the proposed Covenants and Restrictions to the Boards for approval and consent. Following discussion, upon motion duly made by Director Cavanaugh and seconded by Director Regan Hauptman, the Boards consented to the Covenants and Restrictions, subject to final review by Director Chris Elliott and legal counsel.

Financial Report/Claims Payable/ Financial Matters

Discuss Financing Options and Schedule

The Boards engaged in general discussion regarding the financing options and schedule.

Authorize Signors to District Operating Accounts

Following Discussion, upon a motion duly made and seconded, the Boards authorized Director Cavanaugh and Director Chris Elliott to be signors for the Districts' operating accounts.

2012 Budget Hearing

Director Chris Elliott opened the public hearing on the 2012 budget. After no public comment was made, the hearing was closed. Ms. Hunsche presented the 2012 budget to the Boards. Following discussion, upon motion duly made by Director Cavanaugh and seconded by Director Chris Elliott, the Boards

unanimously approved the budget and budget resolution, appropriated funds necessary for the expenditures noted in the 2012 budgets, certified the mill levies as discussed, and authorized the budgets to be filed as required by statute.

2013 Budget Hearing

Director Chris Elliott opened the public hearing on the 2013 budget. After no public comment was made, the hearing was closed. Ms. Hunsche presented the 2013 budget to the Boards. Following discussion, upon motion duly made by Director Cavanaugh and seconded by Director Chris Elliott, the Boards unanimously approved the budget and budget resolution, appropriated funds necessary for the expenditures noted in the 2012 budgets, certified the mill levies as discussed, and authorized the budgets to be filed as required by statute.

**Construction/Public
Improvement Status**

Other Business

No update.

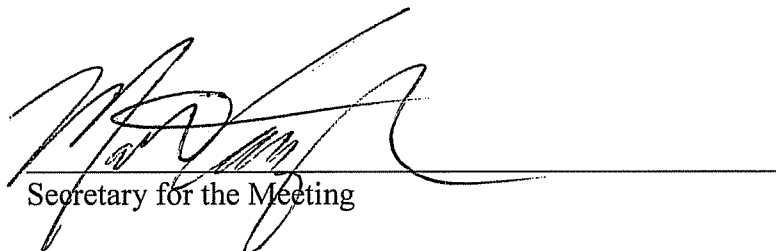
Next Meeting

The next regular meeting is scheduled for January 7, 2013 at 1:30 p.m.

Adjournment

There being no further business to come before the Boards, and following discussion, upon motion duly made by Director Chris Elliott, seconded by Director Cavanaugh and unanimously carried, the Boards 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

The foregoing minutes were approved on the 7th day of January, 2013.