

HAWTHORN METROPOLITAN DISTRICT NO. 2

REGULAR MEETING

Leyden Rock Clubhouse
17685 W. 83rd Drive, Arvada, Colorado
Monday, December 2, 2019
2:00 P.M.

Krystal Bigley, President	Term to May 2020
Carly Fenton, Treasurer	Term to May 2020
Matthew Cavanaugh, Secretary	Term to May 2020
Andrea Stewart, Assistant Secretary	Term to May 2022
Brittany Lutz, Assistant Secretary	Term to May 2022

NOTICE OF REGULAR MEETING AND AGENDA

1. Call to Order/Declaration of Quorum
2. Director Conflict of Interest Disclosures
3. Approval of Agenda
4. Public Comment – Members of the public may express their views to the Board on matters that affect the District that are not otherwise on the agenda. Comments will be limited to three (3) minutes per person. Comments will be taken in the order reflected on the sign in sheet.
5. Consent Agenda
 - a. Approval of Minutes from September 9, 2019 special meeting (**enclosure**)
 - b. Consider Adoption of Resolution Calling May 2020 Election (**enclosure**)
6. Facilities/Management Matters
 - a. District Manager Update
 - b. Covenant Enforcement Update
 - c. Architectural Review Committee Update
 - d. Discuss 2020 Contract Renewals/Proposals
 - i. Discussion regarding District Management and Covenant Enforcement Proposals
 - ii. Consider Approval of Proposal from H2 Enterprises for Weed Control Services
 - iii. Consider Approval of Proposal from Metco Landscape for Landscape Maintenance Services
 - iv. Consider Proposal from Environmental Landworks for Landscape Management Services
 - v. Consider Approval of Proposal from Poop911

- e. Discuss Fees/Fines for Various Violations
7. Legal Matters
- a. Consider Adoption of Resolution Adopting a Park and Open Space Use Policy (**enclosure**)
 - b. Consider Approval of Amended and Restated Resolution Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges (**enclosure**)
 - c. Consider Adoption of 2020 Annual Administrative Resolution (**enclosure**)
 - d. Consider Renewal of Property and Liability Schedule and Limits, Workers Compensation and SDA Membership
 - e. Discuss Dissolution of Hawthorn Metropolitan District No. 1
8. Financial Matters
- a. Consider Approval of Payables/Financials (**enclosure**)
 - b. Consider Approval of Engagement Letter from Dazzio & Associates, P.C. to perform 2019 Audit (**enclosure**)
 - c. Conduct Public Hearing on 2019 Budget Amendment
 - i. Consider Adoption of Resolution Amending 2019 Budget (**enclosure**)
 - d. Conduct Public Hearing on 2020 Budget
 - i. Consider Adoption of Resolution Adopting 2020 Budget (**enclosure**)
9. Other Business
10. Adjourn

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF

HAWTHORN METROPOLITAN DISTRICT NO. 2

Held: Monday, September 9, 2019, at 2:00 p.m. at 17685 W. 83rd Drive, Arvada, Colorado.

Attendance

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

- Krystal Bigley
- Carly Fenton
- Matthew Cavanaugh
- Andrea Stewart
- Brittany Lutz

All Director absences are deemed excused unless otherwise specified.

Also present were:
Megan J. Murphy, Esq., White Bear Ankele Tanaka & Waldron, Attorneys at Law, District General Counsel; Patrick Shannon, CliftonLarsonAllen, LLP, District Manager; Susie Ellis, Community Preservation Specialists; Alex Fink, CliftonLarsonAllen, LLP, District Accountant; and various members of the public.

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. Murphy advised the Board that, pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. Ms. Murphy 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. Murphy 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.

Approval of Agenda

Ms. Murphy presented the Agenda to the Board for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the Agenda as amended.

Public Comment

None.

Consent Agenda

The following items on the consent agenda were considered routine or administrative. Following a summary by Ms. Murphy the items on the consent agenda were approved by one motion duly made, seconded, and vote unanimously carried.

1. Minutes from June 3, 2019 regular meeting
2. Approval of Waiver for Tree Removal
3. Ratification of Annual Report

Facilities Management

District Manager Update

Mr. Shannon presented the Board with the district manager report. The Board engaged in a discussion regarding dead trees and noted that 9 out of the 27 trees died and will be covered under warranty with Davey Tree.

Consider Approval of Proposal from Homestead Painting LLC for Fence Repair

Mr. Shannon presented the Board with the proposal from Homestead Painting LLC for fence repair and noted that the entire project would be \$748. Following discussion, upon a motion duly made and seconded, the Board unanimously approved \$428 for the Gilbert repairs and \$320 for the dog park fence repairs, subject to final review by Director Fenton.

Review and Consider Approval of Proposal from Metco for Walkway Drainage at Eldora and 58th Cul-de-sac and Picnic Area

Mr. Shannon presented the Board with the proposals from Metco Landscape LLC ("Metco") and Highland Landscaping for walkway drainage at Eldora and 58th cul-de-sac and picnic areas. Director Bigley asked Mr. Shannon to ask Metco for a more detailed proposal with visual aids. Director Cavanaugh suggested approving the Highlands proposal without the seeding. Following discussion, the Board directed Ms. Murphy to reach out to the County regarding gravel on the pathway in the southwest corner of the project. It was noted that CliftonLarsonAllen will include these projects as part of the 2020 budget and that Director Cavanaugh will meet with Director Bigley to review the proposals.

Review and Consider Approval of Proposal from Metco for Gravel Trail Renovation and Concrete Cleanup

Mr. Shannon presented the Board with the proposals from Metco and Highlands Landscaping for gravel trail renovation and concrete cleanup. No action was taken at this time.

Review and Consider Approval of Proposal from Metco for Native Grass Reseeding

Ms. Shannon presented the Board with the proposal from Metco for native grass reseeding and noted that the entire project would cost approximately \$40k-\$50k. Following discussion, the Board directed Mr. Shannon to reach out to Arnold Seed Company and Weed Wranglers for proposals.

Discuss Drainage Issue at 93rd and Flattop

The Board engaged in a discussion regarding drainage issues at 93rd and Flattop. No action was taken.

Weeds in Open Space

Mr. Shannon informed the Board that Metco mowed the beauty band for \$900. Director Bigley reminded the Board that the District is not

responsible for open space clean up.

Sports Fields

It was noted that soccer and football teams have been practicing on the field. Ms. Murphy explained that the current policy prohibits reservations. No action was taken at this time.

Covenant Enforcement Update

Ms. Ellis presented the Board with an update on covenant enforcement and noted that lawns, trees, and weeds are the biggest problems. She also noted that discussions with legal counsel regarding parking and RVs have been productive.

Director Bigley discussed homeowner installation of fence along the side of the home. Ms. Ellis stated that a resident moved a fence forward 4 feet without approval. The rest of the community has fences set back about 10 feet. The resident interpreted the setback requirement to be measured from the front of his porch not the front of his house. Following discussion, upon a motion duly made and seconded, the Board unanimously approved an extension until November to relocate the fence.

The Board discussed Ms. Ellis' 2020 contract renewal. Director Bigley asked Ms. Ellis to submit her proposed fees directly to legal counsel.

Director Fenton engaged in a discussion with the Board regarding maintaining lawns that are well groomed and asked the Board to consider adopting more clear guidelines. The Board requested Ms. Ellis provide photos of lawns that are "in a neat and attractive condition" to be posted on the website.

Director Fenton asked if there is a yard size that is too small to plant a tree in. Director Fenton noted there is a yard that is 8 feet by 16 feet and may be too small for a tree to be installed. The Board took no action at this time.

Director Lutz engaged in a discussion with the Board regarding overnight camping in the open space. Following discussion, the Board directed Mr. Shannon to order specific signs providing notice of rules or regulations to be prominently posted at all public entrances to the open space.

Architectural Review Committee Update

Ms. Ellis noted that Mr. Pries resigned and that Directors Bigley and Fenton and Mr. Kaess are the current Architectural Review Committee members. Director Bigley asked Mr. Shannon to send an email blast and post on the website that the Committee is seeking one additional member.

Consider Approval of Amendments to Residential Improvement Guidelines and Site Restrictions

Ms. Murphy presented the Board with the Amendments to Residential Improvement Guidelines and Site Restrictions for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the amendments.

Discuss Street Parking

The Board engaged in discussion regarding street parking and options for enforcement through the Covenants and Restrictions of Hawthorn

(the “Covenants”). Director Bigley stated that for the duration of the summer there has been an RV parked on the street. Following discussion, the Board directed Mr. Shannon to put information in the newsletter and send letters to homeowners stating that the Covenants require the garage area and driveway first be used for parking of vehicles (cars) before any street parking.

Consider Adoption of
Resolution Adopting Event
Sponsorship Request Policy

Ms. Murphy presented the Board with the Resolution Adopting Event Sponsorship Request Policy for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously adopted the resolution and asked Mr. Shannon to reach out to vendors and include this in the newsletter.

Discuss Timing of Net
Installation

The Board engaged in a discussion regarding the timing of the net installation. It was noted that the net will be installed on approximately May 15th and removed on approximately October 15th. Mr. Shannon noted that he will include this information in the newsletter.

Discuss and Consider Approval
of Installation of Reservation
Sign at Soccer Field

The Board engaged in a discussion regarding the installation of a reservation sign at the soccer field. Mr. Shannon noted that he will provide a proposal for signs at the next meeting.

Discuss Davey Tree 2020
Watering Schedule

The Board engaged in a discussion regarding the 2020 watering schedule for Davey Tree. Mr. Shannon noted that he will work with Davey Tree after the new trees are installed.

Discuss 2020 Contract renewals

Ms. Murphy presented a list of current contractors to the Board. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the proposal for Arnold Seeding for an amount not to exceed \$4,000, subject to final review by Director Cavanaugh.

Discuss Fees/Fines for Various
Violations

Director Bigley asked if we should be charging more for fines or violations. Following discussion, upon a motion duly made and seconded, the Board unanimously approved an increase in RV fees to \$150 for the first violation, \$300 for the second violation, and \$50/day following.

Consider Approval of
Amended Open Space Policy

Ms. Murphy presented the Board with the Amended Open Space Policy for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the policy. The Board directed legal counsel to prepare another amendment to the Open Space Policy to allow for reservation of the open space for a fee.

Consider Approval of Proposal
from Metco for Irrigation
Repairs

Ms. Shannon presented the Board with the proposal from Metco for irrigation repairs. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the proposal not to exceed \$545.

Legal Matters

Consider Adoption of
Resolution Concerning Online

Ms. Murphy presented the Board with the Resolution Concerning Online Notice of Regular and Special Meetings for consideration. Following

Notice of Regular and Special Meetings

discussion, upon a motion duly made and seconded, the Board unanimously adopted the resolution.

Financial Matters

Financials/Claims Payable

Mr. Fink presented the Board with the June 30, 2019 unaudited financials for consideration. Following discussion, upon a motion duly made and seconded, the Board unanimously accepted the unaudited financials.

Mr. Fink presented the Board with the claims payable. Following discussion, upon a motion duly made and seconded, the Board unanimously ratified the claims from June 3, 2019 through September 5, 2019.

Other Business

It was noted that Ms. Pangindian and Mr. Fink will work with Director Lutz and Director Stewart to hold a Board member workshops.

It was also noted that the 2020 draft budget will be due to the Board on October 15th and the budget hearing will be December 2nd.

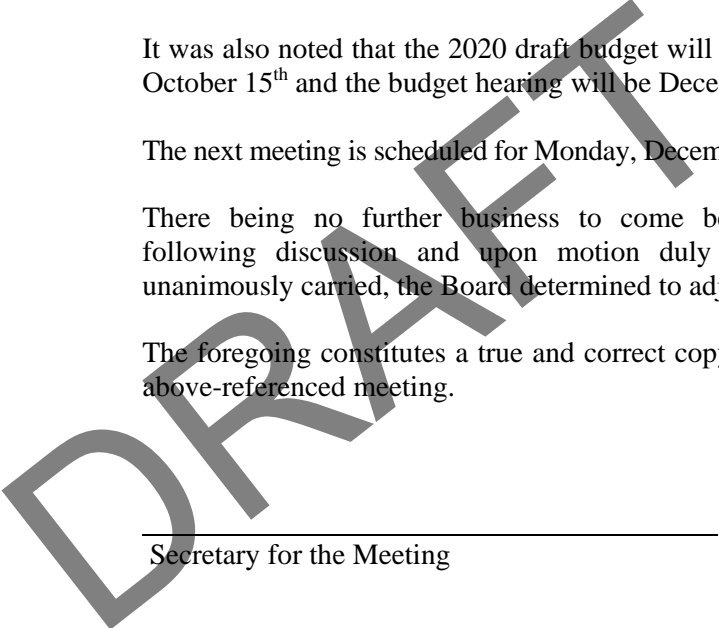
Next Meeting

The next meeting is scheduled for Monday, December 2, 2019.

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

**RESOLUTION OF BOARD OF DIRECTORS
CALLING ELECTION**

HAWTHORN METROPOLITAN DISTRICT NO. 2

§§ 32-1-804, 1-1-111(2), 1-13.5-1103(1), and 1-13.5-513(1), C.R.S.

At a meeting of the Board of Directors (the “Board”) of the Hawthorn Metropolitan District No. 2 (the “District”), it was moved to adopt the following Resolution:

WHEREAS, the District was organized as a special district pursuant to §§ 32-1-101, *et seq.*, C.R.S. (the “Special District Act”); and

WHEREAS, the District is located entirely within Jefferson County, Colorado (the “County”); and

WHEREAS, pursuant to § 32-1-804, C.R.S., the Board governs the conduct of regular and special elections for the District; and

WHEREAS, the Board anticipates holding a regular election on May 5, 2020, for the purpose of electing directors, and desires to take all actions necessary and proper for the conduct thereof (the “Election”); and

WHEREAS, the Election shall be conducted pursuant to the Special District Act, the Colorado Local Government Election Code and the Uniform Election Code of 1992, to the extent not in conflict with the Colorado Local Government Election Code, including any amendments thereto, and shall also comply with Article X, § 20 of the Colorado Constitution (“TABOR”), as necessary; and

WHEREAS, pursuant to § 1-1-111(2), C.R.S., the Board is authorized to designate an election official (the “Designated Election Official”) to exercise authority of the Board in conducting the Election; and

WHEREAS, pursuant to § 1-13.5-513(1), C.R.S., the Board can authorize the Designated Election Official to cancel the Election upon certain conditions.

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

1. The Board hereby calls the Election for the purpose of electing directors. The Election shall be conducted as an independent mail ballot election in accordance with §§ 1-13.5-1101, *et seq.*, C.R.S.

2. The Board names Ashley B. Frisbie of the law firm of White Bear Ankele Tanaka & Waldron as the Designated Election Official for the Election. The Designated Election Official

shall act as the primary contact with the County FOR ELECTIONS THAT ARE NOT COORDINATED: and shall be primarily responsible for ensuring the proper conduct of the Election.

3. Without limiting the foregoing, the following specific determinations also are made:

- a. The Board hereby directs general counsel to the District to approve the final form of the ballot to be submitted to the eligible electors of the District and authorizes the Designated Election Official to certify those questions and take any required action therewith.
- b. The Board hereby directs general counsel to the District to oversee the general conduct of the Election and authorizes the Designated Election Official to take all action necessary for the proper conduct thereof and to exercise the authority of the Board in conducting the Election, including, but not limited to, causing the call for nominations; appointment, training and setting compensation of election judges and a board of canvassers, as necessary; all required notices of election, including notices required pursuant to TABOR; printing of ballots; supervision of the counting of ballots and certification of election results; and all other appropriate actions.

4. The District shall be responsible for the payment of any and all costs associated with the conduct of the Election, including its cancellation, if permitted.

5. The Board hereby ratifies any and all actions taken to date by general counsel and the Designated Election Official in connection with the Election.

6. The Board hereby authorizes and directs the Designated Election Official to cancel the Election and to declare the candidates elected if, at the close of business on the sixty-third day before the Election, or at any time thereafter, there are not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates, and so long as the only ballot questions are for the election of candidates. The Board further authorizes and directs the Designated Election Official to publish and post notice of the cancellation as necessary and file such notice and cancellation resolutions with the County Clerk and Recorder and with the Division of Local Government, as required. The Designated Election Official shall also notify the candidates that the Election was canceled and that they were elected by acclamation.

7. This Resolution shall remain in full force and effect until repealed or superseded by subsequent official action of the Board.

[Remainder of Page Intentionally Left Blank]

ADOPTED THIS 2ND DAY OF DECEMBER, 2019.

HAWTHORN METROPOLITAN DISTRICT NO. 2

Officer of the District

ATTEST:

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

DRAFT

[Signature Page to Resolution Calling Election.]

Memorandum

Date: 11/21/2019

To: Hawthorn Metropolitan District No. 2 Board of Directors

From: Pat Shannon, Assistant District Manager

RE: District Manager's Report for December 2, 2019

1. District Newsletter – CLA is currently drafting the Q4 Newsletter to be sent to residents following the December Board Meeting.
2. ARC Vacancy – A blast email asking residents for applications to fill the vacancy on the ARC was sent to the community on 9/19 and posted to the District website. The notice asked residents to submit applications by 10/31, however no applications were received. The notice is still live on the website.
3. Tree Removal and Replacement – Davey Tree is claiming that labor is not included in their warranty, only the price of trees. This was a surprise to management as it was assumed the one year warranty covered the entirety of services provided. Davey Tree offered to reimburse the District for the cost of the trees if we did not want them to do the removal and install. This option should be considered if the Board would like to look at a new contractor. Regardless, new trees will need to be planted in the spring.
4. Fence Repair – Director Fenton and her husband repaired the 6' fence adjacent to the Doggie Daycare. Homestead Painting was delayed on their schedule to repair the fence at 59th and Gilbert due to the October storms, however are expected to complete the repairs by 11/22.
5. Open Space Signs – CLA received a quote to produce and install 2 Open Space Rules signs and 1 Field Reservation sign. This quote, as well as the sign proofs, are included in the meeting packet.
6. RV Parking – On 9/16, a letter was sent to the resident that was parking an RV on W 58th Place. No response was received.
7. Native Seeding – H2 Enterprises, an affiliate of Arnold Seeding, provide a quote to reseed the District's native areas. The reseeding amounted to \$19,050. H2 also recommended that the District adopt a native maintenance schedule to maintain healthy vegetation. H2 quoted native mowing at \$5,400 per occurrence and weed control at \$4,200 per occurrence. Although it varies, many of our districts schedule 3 native mows per season.
8. New Board Member Workshop – Alex Fink, an accountant with CLA, held a workshop with Director Lutz and Director Stewart to review the District's budget and financials.
9. Landscape Maintenance Proposals – We received 2020 landscape maintenance proposals from both Metco and Environmental Landworks. Both are in your packet for review. Please note that, due to the timing of this meeting, Environmental Landworks would not be able to provide snow removal services for this season if engaged for landscape maintenance.
10. CLA Technology Fee – Beginning in 2020, CLA is implementing a firm wide 5% Technology Fee on all client invoices. This fee is a direct cost pass through for expenses related to protecting client data and will appear on all invoices beginning in January. There is a letter from the firm included in your packet further explaining this fee.

11/21/2019

Dear Hawthorn Metropolitan District No. 2:

Our world is changing at an unprecedented pace, cybersecurity threats are increasing, and the cost of doing business continues to rise. As a firm, we are committed to delivering value-added services while also protecting the integrity of our technology environment and your sensitive data.

We continue to implement advanced resources and innovative techniques to create efficiencies and drive down the cost of our professional services. As such, we have only applied modest increases to our professional fees each year.

However, like many firms, our technology-driven and other engagement support costs continue to increase disproportionately, and we believe that transparency is paramount in our relationship. Accordingly, effective January 1, 2020, you will see a new line item on your invoice, which represents 5% of professional fees incurred, as follows:

5% Technology and Client Support Fee

You will continue to see the separate charges for our professional fees as well as direct expenses related to travel and other costs (if any) that have been historically tracked related to your engagement. No change is being made to this practice.

We continue to look for ways to enhance your experience with CLA as we streamline our work to serve you better and keep our prices fair. For example, we are enhancing our electronic billing and receipt practices, secured communication portals, and electronic deliverables.

We appreciate your understanding and value your loyalty as an important part of our CLA family. If you have any questions regarding this matter, please reach out to us.

Sincerely,

CLA

Created Date: 10/11/2019

DESCRIPTION: Signs with Posts

Bill To: CliftonLarsonAllen LLP
8390 E Crescent Parkway
Suite 500
Greenwood Village, CO 80111
US

Pickup At: FASTSIGNS Denver Midtown
479@fastsigns.com
1485 S. Colorado Blvd. Ste. 150
Denver, CO 80222
US

Requested By: Patrick Shannon
Email: Patrick.Shannon@claconnect.com
Work Phone: (303) 265-7998
Tax ID: 98-12164-0000

Salesperson: Suzanne Curtis
Email: Suzanne.Curtis@fastsigns.com
Entered By: Suzanne Curtis

DRAFT

NO.	Product Summary	QTY	UNIT PRICE	TAXABLE	AMOUNT
1	Reservation Sign/Open Space Rules	3	\$96.9133	\$0.00	\$290.74
1.1	Uchannel Galvanized 6' - Part Qty: 1				
1.2	DiBond 3mm - Part Qty: 1 Width: 17.00" Height: 22.00" Sides: 1 Text: Qty 1- Reservations Qty 2- Open Space Rules Ref Dls Notes: holes top and bottom center rounded corners for safety				
2	Install	1	\$275.00	\$0.00	\$275.00
2.1	Installation - Inside - Part Qty: 1 Width: 1.00" Height: 1.00" - Retail Price: \$0.00 Notes: Installing 2 posts into dirt/grass. 811 not included--				

Thank you for choosing FASTSIGNS® Denver Midtown for your signage needs.

Subtotal:	\$565.74
Taxable Amount:	\$0.00
Taxes:	\$0.00
Grand Total:	\$565.74

This estimate is good for 30 days from the date provided.
This FASTSIGNS® location is independently owned and operated.
Payment is required at the time of order placement, prior to proofing.

Signature: _____ **Date:** _____

DRAFT

All orders are CUSTOM and Non-Refundable.

Hawthorn Metropolitan District No. 2					
2019 District Management/Covenant Enforcement Proposal Comparison					
Company	Monthly Fees		Additional Fees**	Total Contract*	
	Monthly Fee	Covenant Enforcement Fee		Monthly	Annual
Current Contract (CLA and CPS)	\$1,200 flat fee	Included	\$160/additional inspections \$50/hour for ARC processing	\$1,200	\$14,400
Summit Management & Consulting, Inc.	\$1,600 flat fee	Included		\$1,600	\$19,200
Special District Management Services, Inc.	\$95-\$190/hour	\$1,250 flat fee		\$2,010	\$24,120***
Public Alliance, LLC	\$130/hour	\$75/hour		\$1,300	\$15,600
Community Preservation Specialists, Inc. (new Proposed Fee Schedule - Only Covenant Enforcement)		\$560 flat fee	\$2,000 yearly ARC Processing	\$726.67	\$8,720
Community Resource Services of Colorado, LLC	\$65-\$185/hour	Not included; will partner with CPS		\$1,850	\$22,200
CliftonLarsonAllen LLP	\$1,425 flat fee	Not included		\$1,425	\$17,100

* Assumes 10 hours per month (120 yearly hours) at maximum billable rate

**Discretionary and supplies/materials fees are additional and will be listed within proposals

***Assumes 4 hours/month of time billed on hourly rate and 6 hours/month worked under flat fee

EXHIBIT B
COMPENSATION SCHEDULE

Our Fees and Payment Terms

Management Services, Billing Services, and Covenant Enforcement Services will be \$1,200 monthly/\$14,400 annually. Fees in excess of this will not be incurred without prior approval of the Board. Additional services requested by the District will be billed at hourly rates shown below.

Covenant Enforcement Services shall conduct a physical inspection of the District at least once a month. Covenant Enforcement Services may conduct one additional physical inspection of the District per month during the months of May, June, July, August, and September, for an additional fee of \$160/inspection.

CliftonLarsonAllen LLP will not bill the District for time and materials in coordination with the individual property transfers and closings, or communications with the title companies. In exchange, CliftonLarsonAllen LLP shall collect, from the buyer or the sellers, an amount not to exceed \$300.00 per transaction for regular sales and \$350.00 for foreclosure sales, as applicable.

The charges for our work are based upon the time involved, degree of responsibility assumed and skills required, plus administrative expenses. Bills for services are due when submitted. Interim bills may be submitted at periodic dates. If a bill for services is not paid when due, we reserve the right to cease work and withdraw from the engagement.

Finance charges and collection expenses

Our hourly rates currently in effect for these management services are as follows:

Public managers	\$150-\$280
Assistant public managers	\$110-\$135
District administrators	\$90-\$120

Cost of Materials

Copy & Fax Services	\$0.15 per page of 8.5 x 11" black and white \$0.60 per page of 8.5 x 11" color
Envelopes	At Cost
Postage/postage supplies	At Cost
Payment Statements/Coupon Books	At Cost
Mailing Labels	At Cost
Special Assessment Billing	Hourly rate
Welcome Packet	At Cost

From: [Irene Borisov](#)
To: [Ashley Frisbie](#); [Natasha Henricks](#)
Cc: [Megan J. Murphy](#)
Subject: Re: Request for Management Proposal
Date: Thursday, October 10, 2019 1:04:33 PM
Attachments: [image001.png](#)

Hi Ashley,

Looking at this community - we would charge around \$1600 a month (includes DRC and Covenant Enforcement) and many other property services. Depending on what the Board wants us to do, we can always adjust pricing as our proposal is full management. Doing only certain services is possible as well.

Hi Natasha,

Could you send Ashley a proposal that lays out what we charge, what we provide for this and our schedule of fees?

Thank you,

Irene Borisov, CMCA , AMS
District/Association Manager &
COO of Community Development & Management

Summit Management & Consulting
9101 E. Kenyon Ave., #1200
Denver, CO. 80237
(303) 459-4919 office
(303) 484-9742 Fax
www.sammgt.com

Mailing Address:
4950 S. Yosemite St., F2-506
Greenwood Village, CO 80111



"The Pinnacle of Property Management"

On Thu, Oct 10, 2019 at 6:30 AM Ashley Frisbie <afrisbie@wbapc.com> wrote:

Hi Irene,

The Board of this District isn't looking for something incredibly formal, more of just a cost estimate at this time. Do you have a standard price you charge? Once the Board sees estimated costs, they will determine if they are going to move forward with a formal RFP.

From: [Ashley Frisbie](#)
To: [Megan J. Murphy](#)
Subject: FW: Request for Management Proposal
Date: Tuesday, October 22, 2019 7:02:54 AM
Attachments: [image002.png](#)

Hi Megan,

Please see below from SDMS. I haven't seen an official proposal come through yet. I believe I also forwarded you the quotes from Irene and AJ Beckman. CRS has not sent anything yet. Is there anything else you need from me for this right now?

Sincerely,

ASHLEY B. FRISBIE

DIRECTOR OF DISTRICT OPERATIONS

WHITE BEAR ANKELE TANAKA & WALDRON

303.858.1800

www.whitebearankele.com

CONFIDENTIALITY AND PRIVILEGE NOTICE: The information contained in this email message, and any files transmitted with it, may be privileged, confidential, and exempt from disclosure under applicable law. This email message is intended only for the use of the individual(s) or entity(ies) to whom it is addressed. If the reader of this message is not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this email is strictly prohibited. If you have received this email in error, please notify us immediately by telephone or by reply email and delete the message and any copies from your computer.

From: Peggy Ripko [mailto:pripko@sdmsi.com]
Sent: Friday, October 18, 2019 12:43 PM
To: Ashley Frisbie <afrisbie@wbapc.com>
Subject: RE: Request for Management Proposal

Hello, again!

We are finalizing the proposal and will have it over to you as soon as Christel/Debbie review.

Basically, it's \$1,250/month flat fee for community management, with hourly for the rest.

Peggy Ripko, CAM
Community Management Division Manager
Special District Management Services, Inc.
141 Union Boulevard, Suite 150
Lakewood, CO 80228-1898
pripko@sdmsi.com
Phone: 303-987-0835 ext 210

The information contained in this electronic communication and any document attached hereto or transmitted herewith is confidential

October 11, 2019

Hawthorne Metropolitan District

Re: Proposal for District Management Services

VIA EMAIL

Dear Directors,

Thank you for the opportunity to submit this proposal for District Management Services. Public Alliance is a newly established professional district management company serving Colorado's Title 32 Special Districts. I formed the company earlier this year in order to pursue my longstanding vision of providing superior management services and a better value to clients. Drawing upon my experience managing special districts as well as my background in property management and Homeowners Association (HOA) management, I have the motivation and experience necessary to identify and address unique issues while efficiently handling the day to day operations, constituent concerns, and administrative details required to achieve a seamless interaction with directors, contractors, and consultants.

Compensation Schedule:

The rates charged by Public Alliance are among the lowest in the industry, however rates alone can be misleading. The true measure of value is the quality and quantity of work provided per dollar charged. Unnecessarily redundant or inefficient billing practices and inefficient work practices render a quoted rate meaningless. I have no billing quota to meet, and the true and actual time for work performed will always be accurately reported and billed to the tenth of an hour. As the owner of the company I have complete control of the hours charged to each client and will assure that only the highest quality work will be provided.

Rates:

- District Management and Administration; \$130 per hour
- Travel; \$75 per hour
- Field Work / Site Visits; \$75 per hour
- Elections; \$2.50 per ballot prepared or \$130 per hour plus expenses
- Expenses: Incidental expenses will be passed through without markup. Copies; \$0.05 per page for black and white and \$0.10 per page for color.

Thank you for considering Public Alliance. I would greatly appreciate the opportunity to meet with the board or its designee to further discuss my ability to provide exceptional management services for your community..

Sincerely,



AJ Beckman
President,
Public Alliance, LLC

**Community Preservation Specialists, Inc.
Comprehensive Covenant Enforcement Services
Hawthorn Metropolitan District**

SCOPE OF SERVICES

1. Receive referred resident complaints of covenant violations and take the appropriate action to resolve the issues through accepted procedures, attempting first to gain voluntary compliance.
2. Provide proactive enforcement services of covenant violations and take the appropriate action to resolve the issues through accepted procedures, attempting first to gain voluntary compliance.
3. Interpret and apply, in accordance with the Metro District's CC&Rs and other applicable documents and policies to achieve the prescribed compliance.
4. Provide information and resources on covenant enforcement matters as needed to the Metro District and its members.
5. Enforce the Metro District's covenants to appropriate conclusion through the prescribed process in collaboration with the associated agencies and personnel not to exceed the adopted budget unless a supplemental appropriation is approved by the Metro District.
6. Items, activities, documents etc. requested that are not considered standard covenant enforcement activity may be performed upon approval by the appropriate Parties.
7. Assist with inquires, emails and phone calls from residents in need if direction and information pertaining to the Metro District.
8. Assist with ARC processing including maintain records and documents.

COMPENSATION SCHEDULE

Certified mailings, bulk mailings, lien processing fees or other items, activities, documents, unforeseen circumstances such as extreme weather events etc. requested or performed that are not considered standard covenant enforcement activity may be billed separately with a "not to exceed" amount of \$2,000.00 or the Metro District may choose the option of supplementing those activities and services for standard enforcement hours as an alternative or in addition to supplemental payment. Approval for other items, activities, documents, and services etc. shall be discussed and approved by both Parties.

Current Fee Schedule

Fee Schedule - Based on Predetermined Scheduled Hours and 201 Homes			
Option	Program	Monthly	Annually
A4-12	4 hours monthly January thru December	\$ 360.00	\$ 4,320.00

Proposed Fee Schedule

Fee Schedule - Based on Predetermined Scheduled Hours and 201 Homes			
Option	Program	Monthly	Annually
A10-6/4-6	5 hours twice monthly May thru October 4 hours once monthly November thru April	\$ 560.00	\$ 6,720.00
Hourly \$50.00	ARC processing		\$ 2,000.00

Justification for Increase

The contract presented to CPS originally was for 4 hours of monthly service each month for 12 months. This was to include one day of inspections and follow-up monthly. It became evident at the start of summer that the number of cases derived would warrant the need for inspections and follow-up at least twice monthly. It was also evident that the Board's expectations were the same. To honor the contract and meet expectations CPS went into the summer knowing that the overage in services may have to be absorbed.

CPS also offered to assist with the ARC processing with the understating that compensation at \$50.00 per hour would be figured out between the MD and CLA. It is not evident that an agreement has been formalized. CPS has also absorbed the cost of all ARC processing for the year 2019 through October 20, 2019.

Below you will find the breakdown of and justification for a necessary increase in enforcement costs. Covenant Enforcement has a distinct pattern throughout the year for obvious reasons. During May through October, reactive and proactive activity always increases while November through April are less active. In an effort to offer budget friendly options, CPS provides a hybrid inspection program with increased inspections during the busier months and fewer inspections during the less busy month as opposed to maintaining increased inspections throughout the year when it isn't necessary.

2019 Figures

January through April was in line with the 4 hours of monthly service with no need for increased services, and November thru December is expected to be the same. However, May through September (October has yet to be determined) has significant increases in activity justifying not only an additional inspection monthly but a slight increase in the number of hours.

January	4	May	7.8	September	9.2
February	4	June	8.4	October	7
March	4	July	10.8	November	4 expected
April	4	August	16.7	December	4 expected

The more active months warrant an increase to 10 hours, divided by two inspections monthly equally 5 hours twice monthly to maintain the current standards and expectations. This would be an increase of \$200.00 per month.

Justification for the ARC processing

January	0	May	2.33	September	3.7
February	6.93	June	2.89	October	TBD
March	4.23	July	6.28	November	TBD
April	3.47	August	7.13	December	TBD

Totals through September are 36.96hours x \$50.00/hour = \$1,848.00. The figure above (\$2,000.00) may change and is expected to be less than the budgeted amount.



COMMUNITY RESOURCE SERVICES OF COLORADO, LLC
The Offices at the Promenade East Building
7995 East Prentice Avenue, Suite 103E, Greenwood Village, CO 80111
(303) 381-4960 - (303) 381-4961 Fax - www.crsocolorado.com

November 1, 2019

VIA EMAIL: mmurphy@wbapc.com

Megan Murphy, Esq.
 White Bear Ankele Tanaka & Waldron
 Hawthorn Metropolitan District No. 2

**RE: INFORMAL PROPOSAL FOR PROFESSIONAL DISTRICT MANAGEMENT,
 ACCOUNTING/BILLING SERVICES, COVENANT ENFORCEMENT AND DESIGN REVIEW
 SERVICES FOR HAWTHORN METROPOLITAN DISTRICT NO. 2**

Dear Ms. Murphy:

Community Resource Services of Colorado, LLC ("CRS") appreciates the opportunity to submit an informal proposal/scope of service to Hawthorn Metropolitan District No. 2.

In addition to management services, CRS can provide professional accounting and financial services to the District. We mention this as we believe there is an economy of scale (cost savings) to be had with engaging CRS to perform the accounting services in conjunction with the management and owner's association type services.

CRS has been in existence for over fifteen years and consists of highly skilled and experienced professionals. Lisa Jacoby will serve as the District Manager and the primary contact. She will be supported by the CRS team in performing her duties as District Manager. As with some of our other clients, CRS will partner with Susie Ellis (CPS) to manage the covenant control and design review aspects of the District. We understand that Ms. Ellis is already engaged by this District.

District Manager

Lisa Jacoby, Senior Manager
 Community Resource Services
 7995 E. Prentice Avenue Suite 103E
 Greenwood Village, CO 80111
 Direct Telephone: (303) 381-4968
 Main Office Number: (303) 381-4960
 Cell Phone (720) 350-0849
 Facsimile: (303) 381-4961
ljacoby@crsocolorado.com

Hawthorn Metropolitan District No. 2
Page 2

Executive Contact:

Joel Meggers, President
Community Resource Services
7995 E. Prentice Avenue, Suite 103E
Greenwood Village, CO 80011
Direct Telephone: (303) 381-4966
Main Office Number: (303) 381-4960
Cell Phone: (303) 204-0803
Facsimile: (303) 381-4961
jmeggers@crsofcolorado.com

Alternate Executive Contact:

Sue Blair, CEO
Community Resource Services
7995 E. Prentice Avenue Suite 103E
Greenwood Village, CO 80111
Direct Telephone: (303) 381-4977
Main Office Number: (303)381-4960
Cell Phone: (303) 601-6441
Facsimile: (303) 381-4961
sblair@crsofcolorado.com

The attached proposal does not constitute a firm and binding offer by Community Resource Services to the Hawthorn Metropolitan District No. 2. We look forward to providing a more detailed proposal should the Board determine to proceed with a formal RFP.

Very truly yours,



Sue Blair
CEO

Attachments

CRS 2019 RATE SHEET

District Management & Administration:

Director & Managers	\$125.00-\$185.00
Assistant Managers & Admin. Coordinators	\$ 90.00-\$145.00
Administrative Support Personnel	\$ 65.00-\$120.00

Finance & Accounting:

Director and Managers	\$125.00-\$185.00
Assistant Accountants & Coordinators	\$ 90.00-\$145.00
Accounting Administration	\$ 65.00-\$120.00

Utility Billing Services \$ 80.00

Operations, Maintenance & Facilities:

Project Manager	\$ 80.00-\$140.00
Field Supervisor	\$ 80.00

Additional Expenses:

Direct non-salary expenses incurred, identifiable and not applicable to general overhead, will be charged at actual invoice cost, including but not limited to travel-related expenses, project equipment and supplies such as billing statements, postage, etc.

Automobile travel will be charged at the mileage rate allowed by the Internal Revenue Service.

Photocopies will be charged at the cost of \$0.15 per page for black and white; color copies will be charged at the cost of \$0.25 per page.

SCOPE OF WORK**A. General Administrative Management**

- Coordinate and attend 4 Board Meetings; prepare agendas/meeting packets, provide appropriate meeting notice; post in accordance with Colorado law; record and draft minutes - attend 3 quarterly Board of Directors meetings and one Annual Owners meeting per year to conduct the meeting, provide information and answer questions pertaining to financial statements, maintenance projects, etc.
- Record quarterly and annual meeting minutes and provide draft minutes to the Board for review within fourteen (14) days of the meeting.
- In cooperation with the District accountant and attorney, perform and ensure timely statutory filings with the state, county and local entities as required.
- If not already a function of General Counsel, maintain District records in accordance with State laws and statutes which affect the District.
- Track action items and keep detailed history of events related to any action items assigned to contractors, consultants and Board members. Perform follow-up.
- Maintain insurance coverage, evaluate risks, process claims and monitor status of any reimbursements. Process SDA membership.

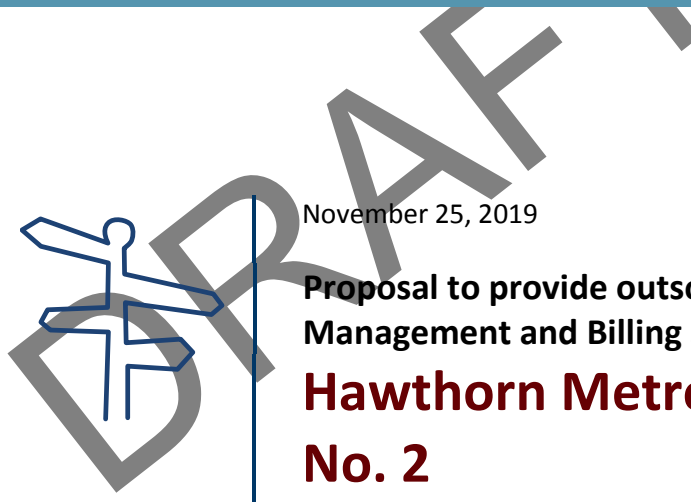
- Assist in resolving individual owner's concerns as they pertain to common elements and governing rules and regulations. A monthly report will be provided to the Board identifying the issues and resolution of said issues.
- Stay abreast of local and national laws and legislation affecting the community and its operations through industry professionals.
- Maintain availability 24 hours-per-day, through an answering service and emergency mobile network.
- Return all Owners calls and emails within 24 hours of receipt Monday through Friday.
- Manage and coordinate services of consultants and staff - coordinate legal and financial matters with General Counsel and Accountant.
- Coordinate annual budget cycle and participate in budget process.
- Coordinate with auditors for timely completion and filing of annual audits required by state law.
- Prepare notices and ballots for all elections and meetings, as required. Perform regular and special election services. Attest to the election results. Act as your designated election official to ensure all legal requirements are met according to Colorado's Uniform Election Code.
- Maintain routine compliance requirements.
- Provide appropriate contact with documentation to be posted on the website for annual compliance as well as post-Board meeting information. Provide all other website updates, as needed.
- Prepare and distribute a quarterly newsletter to the membership.
- Communicate with municipal, county and state governmental agencies as requested by the Board.
- Coordinate and provide support to the ARC. In additional, attend ARC meetings and record minutes.
- Assist Board of Director in Covenant Control as outlined by Covenants and Restrictions (and Rules, Regulations and Guidelines if applicable). Coordinate covenant infraction notifications to members.
- Attend additional study sessions, executive sessions, public forums and special meetings of the Board - draft agenda and meeting notices; post in accordance with Colorado law; record and draft minutes.
- Attend public meetings and forums as liaison to the other local governmental entities, associations, developers and builders within the community.
- Prepare request for proposals, solicit, evaluate and present bids for services required. Ensure the legal public bidding process; insurance and bond requirements; manage and monitor construction projects through final payment publication and contract closeout.
- Provide strategic planning assistance to the Board.
- Monitor legislation regarding tax assessments and valuations for the District and provide feedback to the Board and District accountants to determine financial impact.

B. Fiscal Management:

- Maintain all financial records.
- Maintain a membership list and ledger for each owner.
- Bill, receive and post assessments, special assessments and other miscellaneous payments, and deposit all receipts to the District's bank accounts.
- Send "Past Due" notices to delinquent Owners.
- Receive, review, and pay all invoices for the District. This can be done via email approval and payments processed through online bill pay, assuming your bank allows this type of activity.
- Prepare quarterly financial statements including a Balance Sheet, Income and Expense Statement, supporting documents and Check Disbursements.
- Assist in the preparation of a detailed budget. Present and explain same to Board for approval.
- Assist in managing expenditures as compared to appropriations/budget.
- Prepare and mail all necessary tax and corporate forms.
- Make accounting records available to all Owners during regular business hours, by appointment.
- When appropriate, update/review the Reserve Study.

B. Physical Management:

- In conjunction with the Board of Directors, solicit, receive, evaluate and present to the Board, two or more bids for major services or as requested by the Board. Assist with management of contracted vendors.
- Physically inspect the property on an as needed basis.



November 25, 2019

**Proposal to provide outsourced
Management and Billing Services to:
Hawthorn Metropolitan District
No. 2**

Prepared by:

CliftonLarsonAllen LLP

8390 E. Crescent Pkwy., Suite 300
Greenwood Village, CO 80111

Denise Denslow, Principal

Denise.Denslow@CLAAconnect.com

main 303-779-5710 | fax 303-773-2050



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



CliftonLarsonAllen LLP
 8390 E. Crescent Pkwy., Suite 600
 Greenwood Village, CO 80111
 303-779-5710 | fax 720-482-6668
 www.claconnect.com

November 25, 2019

Ms. Megan Murphy, Esq.
 Hawthorn Metropolitan District No. 2
 c/o White, Bear Ankele, Tanaka, & Waldron Professional Corporation
 2154 E. Commons Ave., Suite 2000
 Centennial, CO 80122
 Email: mmurphy@wbapc.com

Re: Hawthorn Metropolitan District No. 2 - Request for Proposals for Management and Billing Services

Dear Ms. Murphy and Board Members:

Thank you for the opportunity to provide this proposal for professional management services to the Hawthorn Metropolitan District No. 2 (the District). CliftonLarsonAllen LLP (CLA) would very much like to obtain this engagement and become part of the District's team.

CLA is the most experienced consulting firm servicing special districts in the Denver Metropolitan area. Our presence and experience help bring a network that is useful in addressing the current and future issues the District is facing. While many other firms can also provide these services, CLA brings several unique advantages to the District:

- CLA's team of highly qualified managers bring extensive experience in special districts, cities and towns, and general local government consulting. We have the know-how and network to get the job done effectively and efficiently.
- CLA's team of managers are the highest qualified people that manage Districts with covenant enforcement experience. We have been a leader in servicing this type of client for four years.
- As our firm provides outsourcing services to other governmental entities, both in Colorado and across the nation, we bring a wealth of "best practices" to our clients that exceeds our competition's capabilities. What this means for the District is that CLA can provide services well beyond our manager services should you need them. We are not just providing an individual for the District, we are providing a team.
- CLA has a great relationship with the business community in the Denver Metropolitan area and can engage many developments from a vantage point that many will not be able to do. Our experience in business development, land development, and understanding of local government will help the District reach its goals.

We are looking forward to discussing this proposal with you and appreciate your consideration of having us provide your management services. Please refer all questions regarding this proposal to Denise Denslow at 303.779.5710 or Denise.Denslow@claconnect.com.

Best regards,
CLIFTONLARSONALLEN LLP



Denise Denslow
Principal

DRAFT



OVERVIEW OF THE FIRM

Contact information:

Firm Name: CliftonLarsonAllen LLP
Address: 8390 E. Crescent Pkwy., Suite 300
 Greenwood Village, CO 80111
Contact Name: Denise Denslow
Title: Principal
Phone: 303-779-5710
Fax: 303-779-0348
Email: Denise.Denslow@CLAconnect.com

Firm overview

CLA is a professional services firm delivering integrated wealth advisory, outsourcing, and public accounting capabilities to help enhance our clients' value and assist them in growing and managing their related assets — all the way from startup to succession and beyond.



The CLA Promise

Our interactions with you are designed to support your goals and dreams and impact your success.



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Our professionals are immersed in the industries they serve and have specialized knowledge of their operating and regulatory environments. With over 5,000 people, almost 100 U.S. locations, and a global affiliation, we bring a wide array of solutions to help clients in all markets, foreign and domestic.



Why should Hawthorn Metropolitan District No. 2 choose CliftonLarsonAllen?

Our interactions with you are designed to support your goals and impact your success. At CLA, we develop honest, sincere relationships with our clients; expressing our genuine interest in their respective industries; investing heavily in our personnel resources. Through this approach, we have grown to become one of the leading professional services firms in the nation.

Understanding your needs and expectations

We respond to your needs in a thorough and easy-to-follow manner. We understand your most important and relevant needs are:

- **A proposed team of professionals carefully-selected for compatibility with the District’s needs and circumstances** — Your service team understands the strategic, operational, and regulatory issues impacting Districts. These professionals dedicate a substantial percentage of their time providing local governments with outsourced management services, including metropolitan districts and other special districts with and without homeowner associations and their functions. Our Denver outsourcing team has been serving similar organizations for over 40 years with management, accounting, and consulting services.

With our team approach any changes in staff can be quickly and seamlessly transitioned allowing for uninterrupted service.

- **Efficiency** — Our goal is to provide exceptional client service at the lowest possible cost. A well-planned and well-executed engagement by an experienced service team will enable timely completion of all deliverables.
- **GIS** — CLA is currently transitioning to a cloud-based system that enables onsite measured service delivery for our covenant enforcement and project management services.
- **GFR Records Retention** — CLA uses a records retention system called GFR that houses all CLA records for the firm. We follow the adopted Board recommended standards, or the adopted state activist standards of Colorado.
- **Manager Portfolio Size** — The average manager at CLA has between 10-20 active clients. However, the major difference is that CLA managers have a team that includes an assistant manager and a district administrator. This team divides the services and tasks up between each person so that the appropriate person is doing the work, and the manager is allowed to deal with “manager level” issues and work with the Board to ensure the expectations of the District are being met.
- **Continuing Education** — CLA’s employees are required to have 20-40 hours of CPE on an annual basis. If engaged, CLA is happy to provide manager/team proof of CPE certification.
- **Going Above and Beyond** — While not required for special districts, CLA is licenced with the Department of Regulatory Agencies for HOA management. Your management team members assigned to this engagement are all licenced under this program and Denise Denslow (Principal for this engagement) is the Responsible Manager listed at DORA.



- **Response Time** – Our policy is that we respond as quick as reasonably possible but no later than 48 hours of a phone call (except on weekends). However, we do have a 24 hour answering service for weekend emergencies. Each manager is called via the answering service on their cell phone. If the manager is not reached then the next team member is called, and so forth, until someone is contacted that can handle the issue.
- **Experience and Continuity** — Each engagement team member has in-depth experience in management services for similar organizations. We will commit the necessary resources to provide quality client services to meet the District’s needs.
- **Intergration** – CLA is an experienced firm that has the ability to scale on demand based on our client load. This District will be blended in with our district team that specializes in districts that have Covenant enforcement functions. They lead this service for us and integration has already begun for the expectation of bringing on the district.

EXPERIENCE SERVING SIMILAR ORGANIZATIONS

Management services capabilities

CLA’s governmental consulting services team is comprised of 50 dedicated professionals. Our professional staff provides traditional accounting, management, and financial consulting services to hundreds of governmental entities, including:

- Municipal Governments
- Metropolitan Districts
- County Governments
- Building and Financing Authorities
- Public Improvement Corporations
- Urban Renewal Authorities
- Water and/or Sanitation Districts
- Parks and Recreation Districts
- Fire Protection Districts
- Transportation Districts
- Business Improvement Districts
- General Improvement Districts
- Local Improvement Districts
- Business Associations
- Homeowner Associations

Management Plan – Based on our review of the District website provided in the RFP, and our reading of the documents provided, CLA would first want to discuss with the Board its full expectations as to service level and expectations. CLA always wants our clients to feel like they have a clear understanding of what the service delivery will be and how we as a team are going to get there together. However, given the current information, below are some initial steps that CLA would take to manage the services outlined:

1. CLA would fully integrate the District’s records and information into our databases including our GIS platform.
2. The CLA team would meet with the Board once this was complete to outline our plan of action on addressing major issues identified with the Board.
3. CLA would then meet with the District’s various consultants and staff to set an action plan of moving forward and everyone’s expectations. Staff at the District will have a lot of information that will be vital to CLA’s success.
4. Once this is all established, CLA would then establish an effective management plan that everyone at the District could respond to, and be happy with its direction and goals.

We have a deliberate focus on services for special districts, homeowners associations, and local government. CLA has earned a reputation for helping similar government clients meet their goals and fulfill their missions. With our hands-on approach to serving clients, our quality and timely service, and responsiveness to your needs, CLA can help you achieve your goals. Your CLA engagement team will strive to not only meet, but exceed your expectations.

Engagement team

Assembling the right team of professionals to serve the District is one of our primary goals, and as you review the credentials of the team in this proposal, we hope you will agree with us that you will be served by a highly qualified engagement team. Below, please find biographies of the District's engagement team members.



Denise Denslow, Principal

Denise has over 24 years of direct experience working for municipalities and other entities as a city manager, director of community development, district manager, and development consultant. Her extensive experience in the municipal sector, combined with her entrepreneurial approach to solutions, provides her clients with a comprehensive approach to both community needs as well as sustainability. Denise has been with CLA for 12 years. She has worked extensively with large scale developments in the Denver metropolitan area, such as RidgeGate in Lone Tree and Reunion in Commerce City. Her experience focuses in capital projects, infrastructure construction and financing, day-to-day operations, and other

financing tools. She was instrumental in the financing and construction of two major interstate interchanges, and works also with entities such as urban renewal authorities.

RELEVANT EXPERIENCE

- Governmental Consulting
- Special District Management
- Utility Billing and Fee Collection
- Planning and Development
- Infrastructure Construction
- Project Management
- HOA Management

AREAS OF SPECIALIZATION

- Public Management
- Planning and Development
- Public Finance
- Water and Sanitation Services
- Transportation
- Parks and Recreation
- Central Services and Operations

EDUCATION

- Bachelor of science, urban and regional planning, California Polytechnic State University
- Master's of public administration/public finance, California State University Fullerton
- CAM License



SCOPE OF SERVICES

While all districts have unique needs, CLA's extensive local government practice in Colorado has exposed our management team to complex management requests and has resulted in administrative service efficiencies. We have resources in our practice area 50 people strong, and assign teams to every client that provide a depth of knowledge, leveraged skills, and accessibility to our clients. The following are representative services provided by CLA for the District:

1. General administration which will include:
 - a) Operations fee billing
 - b) Coordination of landscaping program
 - c) Provide a monthly report to the Board on District operations
 - d) Work with consultants to effectively and efficiently manage the District
 - e) Be the primary contact for the District
2. Board meetings:
 - a. Assist with agenda and packet and information packets one to two weeks prior to the meeting
 - b. Attendance at Board meetings
 - c. Preparation, filing and posting of legal notices required in conjunction with the meeting
 - d. Other details incidental to meeting preparation and follow-up
 - e. Maintain lists of persons and organizations for correspondence
3. Represent the District with other entities and bodies as requested by the Board of Directors.
4. Provide coordination and administration for the continuing revision of the District's rules and regulations.
5. Repository of the District's official records.
6. Responses to routine inquiries, questions and requests for information regarding the District.
7. Content provision for the District's website.
8. Monthly District property inspections or on an increased basis if requested by the Board. Additional fees may be applied for additional inspections.
9. Bidding, contract and construction administration, and supervision of contractors. Additional fees for special projects outside of normal maintenance.
10. Confer with and coordinate legal, accounting, auditing and other professional services to the District by those professionals and consultants retained by the Board.
11. Presentation of the proposed yearly budget, management of the budget, and work in conjunction with the District's account in the preparation of the proposed budget when necessary.
12. Monthly review of all claims and coordination of bookkeeping entries with the District's accounting firm.
13. Insurance administration, including evaluating risks, comparing coverages, processing claims, completing applications, monitoring expiration dates, processing routine written and telephone correspondence, etc. Ensure that all District contractors and subcontractors maintain required coverages for the District's benefit.
14. Aerial Photographic Mapping of the District, if requested. Mapping is billed separately at hourly rates.

COST BREAKDOWN

Fees

Our goal is to provide the District with high quality service at a fair fee for these services with no surprises. Our fee quotes reflect our knowledge and extensive experience with local entities similar to the District. We are



confident we can provide you the in-depth service the District needs to accomplish your goals. Below are the fees CLA is proposing for this engagement.

The manager shall provide the Management Services described for a fee of \$1425 per month

Special Management Services

Special Management Services provided by the manager shall be billed on a time and expense basis at the firm's standard billing rates as provided below, unless otherwise approved by the Board:

Public managers	\$150 - \$290
Assistant public managers	\$110 - \$150
District administrators	\$ 90 - \$115

Reimbursement of Direct Expenses

In addition to the fees described above, Hawthorn Metropolitan District No. 2 may reimburse the Manager for direct out-of-pocket expenses incurred by the Manager in the performance of the Management Services and supported by appropriate receipts or documentation, including, but not limited to, major maps and aerial photos, courier/delivery services, conference calls, printing, publications, and other out-of-pocket costs.

CONCLUSION

No matter how you define success, CLA would like to be a part of it. Our hands-on approach to client service, the extensive experience of our staff, our knowledge of the area, and wealth of local and national resources will serve to meet your needs and provide the insight needed to help you accomplish your goals in the future.

We understand that the District is facing challenges today that require more than ordinary solutions; they require forward-thinking, creative solutions that will help carry you into the future.

Guarantees and Warranties

As a principal with the firm, Denise Denslow is authorized to make representations and contractually bind the firm.

We look forward to continuing our relationship with the District. If you have any questions or require additional information, please contact Denise Denslow at 303.779.5710 or by email at Denise.Denslow@claconnect.com.





PROPOSAL

DATE 11/1/2019

TO:

Clifton Larson Allen Outsourcing
Pat Shannon
8390 E. Crescent Pkwy. Suite 300
Greenwood Village, Co 80111
781-439-7145
patrick.shannon@claconnect.com

FROM:

Troy Friar: Project Manager/Estimator
H-2 Enterprises LLC
4626 WCR 65
Keenesburg, CO 80643
Cell: 720-753-8021
tfriar@h-2e.com

PROJECT

Hawthorne HOA
Golden, Co.

DESCRIPTION	UNIT	QTY	UNIT PRICE	TOTAL
Hand Seed/Hydromulch bare areas	AC	6.00	\$3,175.00	\$ 19,050.00
Apply application of selective weed control to native areas	AC	24.00	\$175.00	\$ 4,200.00
Mow Native areas	AC	24.00	\$225.00	\$ 5,400.00
* Weed Control and Mowing pricing is per occurrence				
			ESTIMATE TOTAL:	\$ 28,650.00

Scope of Work:

Pricing is for listed quantities above and any additional acreage will be billed at the unit pricing

QUALIFICATIONS**Exclusions:**

Debris removal, fencing, grading, hand preparation, hand seeding, any and all maintenance, mulching, raking, rock removal, sediment/erosion control device (ECD) removal, sod, soil amendments, soil import/export/placement, traffic control, and watering/irrigation are all excluded.

Any costs associated with LEED requirements are excluded.

Davis Bacon/Prevailing Wages are excluded.

Warranty is excluded.

Any costs associated with dewatering are excluded.

General Conditions:

Proposal is valid if accepted within Thirty (30) days. Proposals for other services may be provided upon request.

Water, permits, meter, and fees to be supplied by others within the construction limits.

Proposal is based on the documents, plans, and specifications provided at the time of the bid.

Seed mix species, varieties, pricing and availability are subject to change.

Straw/hay pricing and availability are subject to change.

Stand-by rates will apply when necessary.

All taxes and fees, if applicable, will be reimbursed to H2.

Payment Terms:

Payment terms are Net 30. Invoicing will be done weekly with no retention withheld.

Interest will be charged on all past due amounts at the rate of 1.5% per month (18% per annum).

Customer Signature (Customer)

Prices indicated above based on proposal accepted in its entirety. By signing above, (Customer) agrees that this proposal becomes the legal binding contract for the services listed.

**HAWTHORN METROPOLITAN DISTRICT
LANDSCAPE MAINTENANCE PROPOSAL**

2020 SERVICES

4/1/20

10/31/20

SERVICE	FREQUENCY	TERM
MOW, TRIM, BLOW - IRRIGATED TURF AREAS	26	APRIL - OCTOBER
EDGING - IRRIGATED TURF AREAS (MONTHLY)	7	APRIL - OCTOBER
LITTER PICK UP - LANDSCAPED AREAS	26	APRIL - OCTOBER
MANUAL WEED CONTROL - LANDSCAPED BEDS	26	APRIL - OCTOBER
CHEMICAL WEED CONTROL - LANDSCAPED BEDS, SIDEWALKS AND CURB/GUTTER	7	APRIL - OCTOBER
TREE WELL MAINTENANCE (CHEMICAL APPLICATION)	2	APRIL - OCTOBER
SPRING CLEAN UP - LANDSCAPED AREAS (INCLUDES CUTTING BACK PERENNIAL GRASSES)	1	APRIL
IRRIGATION ACTIVATION	1	APRIL
IRRIGATION SYSTEM CHECKS	20	APRIL - OCTOBER
PRE-EMERGENT APPLICATION -MULCH AND ROCK BEDS, IRRIGATED TURF AREAS AS NEEDED	1	APRIL
BROADLEAF WEED SPRAY - IRRIGATED TURF AREAS	4	APRIL/MAY, JUNE, AUGUST & OCT.
FERTILIZATION - IRRIGATED TURF AREAS	4	APRIL/MAY, JUNE, AUGUST & OCT.
NATIVE BROADLEAF WEED SPRAY	3	APRIL, JULY, AUGUST
NATIVE BEAUTY BAND MOWING (12) LOCATIONS PER MAP	4	MAY, JUNE, JULY, SEPTEMBER
SHRUB/TREE PRUNING (UNDER 10') - AESTHETIC	1	SEPTEMBER
CORE AERATION - IRRIGATED TURF AREAS	1	APRIL/MAY
FALL CLEAN UP - LANDSCAPED AREAS (INCLUDES CUTTING BACK PERENNIAL FLOWERS)	1	OCTOBER
IRRIGATION WINTERIZATION	1	OCTOBER
SITE INSPECTIONS	7	APRIL - OCTOBER
TOTAL CONTRACT PRICE:		\$26,667
MONTHLY PAYMENT AMOUNT (APRIL - OCTOBER):		\$3,811.00

ADDITIONAL SERVICES (NOT INCLUDED IN BASE CONTRACT PRICE)	FREQUENCY	COST
FALL AERATION	UPON APPROVAL	\$550.00
NATIVE AREA MAINTENANCE (MOWING, TRASH, WEED CONTROL)	UPON APPROVAL	T & M
ANNUAL FLOWER INSTALLATION AND MAINTENANCE	UPON APPROVAL	T & M
IRRIGATION SYSTEM REPAIR	UPON APPROVAL	T & M
INSECT AND DISEASE CONTROL	UPON APPROVAL	T & M
TREE WRAP/UNWRAP	UPON APPROVAL	T & M
WINTER WATERING EACH	UPON APPROVAL	T & M
LARGE DEBRIS REMOVAL	UPON APPROVAL	T & M



ENVIRONMENTAL
LANDWORKS COMPANY, INC.

Environmental Landworks Company, Inc
17173 Mount Vernon Road
Golden CO 80401
Phone: 303-862-9480
www.elciworks.com

Dear Board of Directors of Hawthorn Metro District 2,

Thank you for the opportunity to provide a proposal for your 2020 Landscape Grounds Care.

Environmental Landworks Company Inc. is a full service Landscape Construction and Landscape Maintenance provider. We are a Colorado corporation and have been in business since 2007.

We perform landscape maintenance services for office parks, manufacturing facilities, medical facilities, schools, HOA's and metro districts along the Front Range. A list of our references is available upon your request.

We had the opportunity to walk your property during the preparation of our proposal. We noticed that you have newer plant materials and large native grass areas. We have the experience to provide the services needed to help your landscape thrive.

Items that are not included in your proposal that you may want to consider;
Winter watering for deciduous and evergreen trees, two times per season Add \$ \$9,739
Removal of deciduous tree stakes Add \$240
Cleanup of underbrush in "Woods Area" – pricing available upon request
Broadleaf weed control in Native Grass Areas – pricing available upon request
Program Specific to Tree Care – pricing available upon request

You will find included our proposed contract and schedule of services.

Respectfully,

Fred McAfoos
Maintenance Operations Manager
Environmental Landworks Company, Inc



ENVIRONMENTAL
LANDWORKS COMPANY, INC.

Fred McAfoos
Maintenance Operations
Manager

17173 Mt. Vernon Rd.
Golden, CO 80401

O: 303.862.9480
D: 720.607.1928

fred@elciworks.com
Inspire | Create | Sustain



Landscape Development Irrigation Maintenance Hardscapes Water Elements

2020 LANDSCAPE MANAGEMENT PROPOSAL

Hawthorn Metro District 2

SERVICE DATES: APRIL 1, 2020 – MARCH 31, 2021

SERVICE	FREQUENCY	MONTH
IRRIGATED TURF MOWING – MOW, TRIM AND BLOW	26	APRIL - OCTOBER
EDGING ALONG SIDEWALKS AND CURBS	13	APRIL – OCTOBER
NATIVE SEED MAINTENANCE -	2	APRIL - OCTOBER
LANDSCAPE BED WEED AND DEBRIS REMOVAL	26	APRIL - OCTOBER
IRRIGATED TURF AERATION	1	APRIL
IRRIGATION SYSTEM ACTIVATION	1	APRIL
LANDSCAPE BED PRE-EMERGENT APPLICATION	1	APRIL
SPRING CLEAN UP – INCLUDES CUTTING BACK GRASSES	1	APRIL
IRRIGATION SYSTEM CHECKS	20	APRIL – OCTOBER
TURF FERTILIZATION AND BROADLEAF WEED CONTROL	2	APRIL, JULY, SEPTEMBER
ROUND UP SPRAY –LANDSCAPE BEDS, SIDEWALKS, AND TREE WELLS	4	APRIL, JULY, SEPTEMBER
FALL CLEAN UP – INCLUDES CUTTING BACK PERENNIALS	1	OCTOBER
PRUNING OF SHRUBS	1	MAY/SEPTEMBER
TREE BRANCH CLEARANCE UP TO 10'	AS NEEDED	APRIL-OCTOBER
IRRIGATION SYSTEM WINTERIZATION	1	OCTOBER
BEAUTY BANDS NATIVE AREA	4	APRIL - OCTOBER
WINTER WATER – NEW TREES AND SHRUBS (not included see additional)	NIC	NOVEMBER - MARCH
MANAGER SITE INSPECTIONS AND WINTER LITTER REMOVAL	18	APRIL – MARCH
TOTAL AMOUNT:		\$24,816.00
MONTHLY PAYMENT AMOUNT: (APRIL 2020 – MARCH 2021)		\$2,068.00



Landscape Development Irrigation Maintenance Hardscapes Water Elements

SERVICES NOT INCLUDED IN BASE CONTRACT AVAILABLE UPON REQUEST:

- **SPRING/SUMMER ANNUAL FLOWER INSTALLATION AND MAINTENANCE**
- **FALL ANNUAL FLOWER INSTALLATION**
- **WINTER WATERING (TURF, TREES AND SHRUBS)**
- **DEEP ROOT FEEDING**
- **TREE WRAPPING**
- **BACKFLOW WRAPPING**
- **BACKFLOW TESTING**
- **TREE SPRAYS**
- **INSECT/DISEASE CONTROL**
- **TREE TRIMMING ABOVE 10'**
- **IRRIGATION REPAIRS**
- **ADDITIONAL SITE CLEAN-UP**
- **CERTIFIED LANDSCAPE ARCHITECT AVAILABLE**
- **ENHANCEMENT PROJECTS**
- **CONCRETE FLATWORK/STONE & BRICK MASONRY**
- **SNOW REMOVAL**
- **EROSION CONTROL**
- **LOW-VOLTAGE LANDSCAPE LIGHTING**
- **CLEANUP IN "WOODS" AREA**

ALL SERVICES CAN BE PERFORMED BY BID PRICE OR ON A TIME AND MATERIALS BASIS



Owner/Management: CliftonLarsonAllen
Manager Pat Shannon
Billing Address: 8390 E Crescent Pkwy, #300
City, State, Zip: Greenwood Village CO 80111
Billing Email:

Client/Property: Hawthorn Metro District 2
Contact: Pat Shannon
Address: W 58th Ave & Gilbert St
City, State, Zip: Golden CO
Email: Patrick.shannon@CLAconnect.com

LANDSCAPE MAINTENANCE AGREEMENT

This Landscape Maintenance Agreement (hereinafter referred to as the “Agreement”) is entered the **1st** day of **April 2020** by and between **Hawthorn Metro District 2 c/o CliftonLarsonAllen LLP** (hereinafter referred to as the “Client”) and **Environmental Landworks Company Inc.** (hereinafter referred to as the “Contractor”), for site-specific landscape maintenance services at **Hawthorn Metro District 2 W 58th Ave and Gilbert Street, Golden CO.** (hereinafter referred to as the “Premises”). All Billing will be submitted to **CliftonLarsonAllen, 8390 E Crescent Parkway, Suite 300, Greenwood Village CO 80111.** For and in consideration of the mutual promises contained in this Agreement, the parties agree as follows:

I. DEFINITION

The term, “Client”, where used in this Agreement shall mean the responsible or duly authorized representative of Client for the Premises. “Term” where used in this document is the period during which this Agreement shall remain in effect unless terminated according to the provisions of this Agreement.

II. AGREEMENT TERM

The term of this Agreement shall be for a period commencing **April 1, 2020** and expiring **March 31, 2021** (the “Initial Term”). Upon mutual agreement between Client and Contractor, Client shall have the option to renew this Agreement for an additional one (1) year period (the “Renewal Term”), on the same terms and conditions as the Initial Term. Where used in this Agreement, the word “Term” includes the Initial Term and any Renewal Term.

III. GENERAL REQUIREMENTS

- A. The Contractor shall furnish all labor, materials, and equipment to perform landscape management operations in accordance with the requirements herein specified.
- B. The Contractor will perform its services in a good and workmanlike manner consistent with reasonable industry standards.
- C. Complete cooperation between the Client and Contractor shall be required regarding this Agreement.
- D. The Contractor shall be solely responsible for any damages caused by its workforce while performing the requirements of this specification herein. The Contractor shall provide labor and materials for the repair or replacement of these damages.
- E. The Contractor reserves the right to an arbitration hearing with the Client, and a non-partisan third party on questionable damages.

- F. The Contractor will hold the Client harmless for all costs incurred or associated with liens of whatever type that may attach to the Premises as a result of the Contractor's failure to pay all sums due or claimed for materials, labor, or services associated with this Agreement.
- G. If any party hereto brings suit or action against the other for relief declaratory or otherwise, arising out of this Agreement, the prevailing party shall have and recover against the other party, in addition to all costs and disbursements, such sums as the Court may judge to be a reasonable attorney's fee.

IV. SPECIFICATIONS

A. Site map

1. Areas where services will be performed (property boundary lines) shall be clearly marked on a site map. The site map shall be provided to Contractor by Client before work is to be performed. Client shall inform Contractor of the location and nature of any and all hazards, concealed improvements, impediments, special circumstances or conditions known to Client and ensure that these are marked on the site map. Should no site map be created, Client agrees that Contractor may use its reasonable discretion in defining the area to be serviced. Client shall be under a continuing duty to inform Contractor about the location and nature any and all hazards, concealed improvements, impediments, special circumstances or conditions known to Client so that hazards and improvements may be properly marked. "Woods Area" has not been included in service area.

B. Mowing

1. All sod areas to be mowed on a weekly basis at an approximate height of three (3) to four (4) inches during the active growing season (May through September). All sod areas to be mowed a minimum of one time when the turf is growing at a slower rate (April and October). Additionally "Native" now bands adjacent to mailbox areas along W 60th Ave to receive weekly mow service.
2. Grass clippings will be mulched and excessive clumps will be distributed or gathered and removed from the Premises. Catchers will be used as Contractor deems necessary. Grass clippings will be swept or blown from walks, porches, and curbs.
3. The Contractor reserves the right to postpone service until the next visit any area deemed unsafe due to:
 - Excessive wetness due to improper drainage
 - Areas with large concentrations of pet droppings
 - Areas under construction
 - Areas in use at the time of mowing by groups of residents, children, or special groups
4. All Native Grass Areas are to be mowed two (2) times per season. Beauty bands along paths and side walks in Native Grass Areas to be mowed approximately 4' wide 4 times per season.

C. Trimming

1. All turf areas will be trimmed by mechanical means as necessary so as to present a well-groomed appearance.

D. Edging

1. Concrete walks adjacent to turf areas are to be edged bi-weekly during the growing season with a steel-bladed edger.
2. Concrete curbs, and drain pans adjacent to turf areas are to be edged twice during the growing season with a steel-bladed edger.

E. General Clean-Up

1. All turf, shrub, rock, and garden areas shall be policed for the removal of debris and weeds over three (3) inches in height at the time of mowing.

F. Fertilization

1. All irrigated turf areas will be fertilized three (3) times during the growing season with a slow release, granular product.

G. Aeration

1. All irrigated turf areas will be core aerated one (1) time in the Spring.
2. Additional core aeration in the fall is recommended and will be performed upon Client approval for \$291.00. Initial here for approval .

H. Spring Clean-up

1. The Contractor shall remove leaves and litter from all landscaped areas within the Premises one (1) time. Debris will be removed from Premises.
2. Concrete walks adjacent to turf areas will be edged with a steel-bladed edger.
3. Perennial grasses will be cut back to approximately 1' to promote new growth.

I. Fall Clean-up

1. The Contractor shall remove leaves and litter from all landscaped areas within the Premises one (1) time. The Client understands that this service will be performed after the majority of leaves have fallen and will be completed by November 30th, or as weather conditions permit. Debris will be removed from Premises.
2. In the event the Client requests additional fall clean-up services, the Contractor shall perform approved services at the hourly rates as outlined in Exhibit "A" attached hereto.

J. Chemical Weed Control

1. The Contractor shall provide for a complete chemical program for the control of weeds. The Client understands that “weed free” is not a reasonable expectation. Control of weeds and grasses is not guaranteed. The program shall provide preventative control where required, as well as curative chemical control. The Contractor shall be selective in the chemical controls used as to insure against an improper application that may cause further damage to turf, trees, or shrubs. The Contractor shall provide for the complete safety of the user public, residents, and their properties. The Contractor shall be responsible for meeting all Colorado State and Environmental Protection Agency (EPA) licensing requirements.
 - a. One (1) pre-emergent application(s) to mulch bed and problem turf areas is included in this Agreement.
 - b. Three (3) post-emergent herbicide applications to irrigated turf areas are included in this Agreement
2. Non-selective herbicides will be applied as necessary to sidewalk cracks, curb lines, and mulch beds. Paved area weed control will be coordinated and approved with the Client, and billed at the hourly rates as outlined in Exhibit “A” attached hereto.
3. Consistent with industry standards, a buffer area will be established by chemical application around all trees and wooden fence-lines in irrigated turf two (2) times during the growing season. The Client must notify the Contractor if a buffer area is to be established by other means.
4. Turf insect, pests, and disease control is not included in this Agreement.

K. Tree and Shrub Care

1. Pruning shall be performed consistent with reasonable industry standards to provide a well-groomed appearance. Trees and Shrubs under 10’ in height are included as a part of this Agreement.
2. The Contractor shall perform esthetic pruning of all deciduous and evergreen shrubs within the Premises. Flowering shrubs will be pruned once in fall after blooming. Evergreen and non-flowering shrubs will be pruned one (1) time during the growing season. Pruning will be scheduled and performed pursuant to environmental conditions as the Contractor deems necessary in order to provide a well-groomed appearance. The Contractor will provide recommendations to the Client if environmental conditions warrant additional pruning cycles. Additional pruning cycles will be performed upon approval from the Client at the hourly rates as outlined in Exhibit “A” attached hereto.
3. Nuisance growth, including suckers, from shrubs and trees will be pruned as needed during the growing season to maintain reasonable access on walkways and parking areas.
4. Trees less than 10’ will be pruned as needed to maintain sidewalk and roadway clearance.
5. Debris resulting from pruning operations shall be collected and removed by Contractor at the time of pruning.

6. Structural, renewal, or corrective pruning is not included in this Agreement. These services are available at the hourly rates as outlined in Exhibit "A" attached hereto.
7. Chemical insect control by spraying, injection, or granular applications are not included in this Agreement. Fertilization by spraying, injection or granular applications are not included in this Agreement. These services are available at the hourly rates as outlined in Exhibit "A" attached hereto.
8. Dead trees and shrubs will be removed after notification from the Client and will be billed at the hourly rates as outlined in Exhibit "A" attached hereto.

L. Irrigation Management and Operation

1. Contractor shall activate the irrigation system in the spring, in accordance with any governmental restrictions and regulations when the environmental conditions allow or when agreed upon by the Client and Contractor.
2. Contractor shall inspect the irrigation system to ensure proper operation. Pattern adjustments and controller programming will be performed as the Contractor deems necessary. Watering schedules shall be set in accordance with governmental restrictions and regulations, irrigation system capabilities, and reasonable industry standards.
3. Irrigation system repairs are not included as a part of this Agreement. This includes raising or lowering heads, clearing of plugged lines, and replacement of broken or missing heads due to circumstances other than those related to the services of the Contractor in this Agreement. Other services that are not included: backflow certification, design, irrigation system evaluation, valve location, electrical work, and anything that requires digging or excavation.

Irrigation system repairs shall be performed as agreed upon by the Client and Contractor at the hourly rates as outlined in Exhibit "A" attached hereto plus materials and additional equipment, if required. Client agrees the Contractor shall immediately perform irrigation repairs that do not exceed \$ [REDACTED] per occurrence. In the event that an irrigation system repair is estimated to exceed \$ [REDACTED], the Contractor will contact the Client for approval.

All repairs made to the irrigation system will be billed to the Client and not to any third parties. The Client is responsible for collecting on third party claims.

4. Contractor shall winterize the irrigation system in the fall, in accordance with any governmental restrictions and regulations, prior to November 1st or when agreed upon by the Client and Contractor.
5. Wrapping the above ground backflow prevention devices prior to winterization is not included in the Agreement. The Contractor will wrap above ground backflow prevention devices upon Client approval at **\$65.00** per device. Initial here for approval [REDACTED].
6. Testing backflow prevention devices is not included in the Agreement. The Contractor will test backflow prevention devices upon Client approval at **\$95.00** per device. Initial here for approval [REDACTED].

M. Winter Season Services

1. Weekly policing of landscaped areas November through March is included as a part of this Agreement.
2. Monthly site inspections of the Premises December through March is included as a part of this Agreement.

N. Miscellaneous Services

1. Flower design, installation and maintenance are not included as a part of this Agreement. This service is available through a separate Color Management Agreement upon request of the Client.
2. Snow Management is not included as a part of this Agreement. This service is available to existing landscape management Clients through a separate Snow Management Agreement upon request of the Client.
3. Any work not covered in this Agreement shall be done at the hourly rates as outlined in Exhibit "A" attached hereto. If requested by the Client, the Contractor will provide a proposal for services not included in this Agreement.

V. MODIFICATION OR AMMENDMENT

This Agreement constitutes the entire understanding between Client and Contractor and no modification, amendment, renegotiation, or other alteration to the terms of the Agreement shall be of any force or effect unless mutually agreed upon by the parties and embodied in writing.

VI. INSURANCE

Contractor agrees to maintain insurance current and in force during the term of this Agreement. Contractor will obtain a Certificate of Insurance prior to the start of the work stated in this Agreement and deliver it to the Client.

Contractor shall also have its employees covered by a Worker's Compensation and Employer's Liability Policy:

The minimum limits of insurance are as follows:

- | | |
|---------------------------|--|
| A. General Liability: | Minimum requirements are \$1,000,000 per occurrence/\$1,000,000 general aggregate. |
| B. Automobile Liability: | Minimum requirements are \$1,000,000 combined single limit. |
| C. Worker's compensation: | Statutory amount. |
| D. Employer's Liability: | \$1,000,000 each employee/accident/disease |

VII. TERMINATION

Either party may terminate this Agreement by giving notice in writing by certified mail to the other party at the respective addresses stated below. Notice shall be given at least thirty (30) days prior to the effective date of such termination.

If notice to Client: **The
Attn:
Address
City, State and Zip Code**

If to Contractor: Environmental Landworks Company, Inc.
Attention: Marc Goldsboro
17173 Mount Vernon Road
Golden, CO 80401

Client and Contractor agree that the work performed is proportionally greater during the growing season rather than the winter months. In the event of termination by either party, full payment for actual services performed and materials provided become due and payable to the Contractor on or before date of termination. In the event of pre-payment of services and materials not provided, a refund will be due and payable to the Client on the termination date.

VIII. FORCE MAJEURE AND DELAYS

Contractor's obligations under this Agreement are accepted subject to strikes, labor troubles (including strikes or labor troubles affecting any suppliers of Contractor), floods, fires, acts of God, accidents, delays, shortages of equipment, contingencies of transportation, and other causes of like or different character beyond the control of Contractor. Impossibility of performance by reason of any legislative, executive, or judicial act of any governmental authority shall excuse performance of or delay in performance of this Agreement.

IX. SEVERABILITY

If any provision of this Agreement shall be held to be invalid or unenforceable, but a court or Trier of fact determines, that by limiting such provision it would become valid or enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited. All other provisions of this Agreement shall remain in full force and effect.

X. PAYMENT TERMS

Payments for invoiced services are expected within thirty (30) days of invoice date. The client agrees to pay two percent (2%) interest per month on all invoices that are not paid within thirty (30) days. Payments shall be made payable to Environmental Landworks Company Inc.

The Client will inform the Contractor of any billing discrepancies within thirty (30) days of the invoice date or all rights to a resolution will be waived. Communication resulting from discrepancies in billing will be substantiated in writing.

If payment for services rendered is delinquent by sixty (60) days or more, the Contractor shall provide three (3) days' notice, in writing, to the Client and will suspend services until the account is made current.

Any services provided outside of the Agreement specifications shall be billed at the rates as outlined in the Agreement. A brief description including, but not limited to date, labor hours, materials, and equipment will be submitted on a separate invoice.

Pricing is based on the current market for materials and consumables. Increases in costs of materials or consumables that exceed 10% may result in surcharges applying to work.

XI. PAYMENT SCHEDULE

This payment schedule is for the convenience of both parties and does not reflect the actual work done during a particular month.

The Client agrees to pay to the Contractor the amount of **Twenty Four Thousand Eight Hundred Sixteen and 00/100 Dollars (\$24,816.00)** for the Term in **Twelve (12)** installments of **Two Thousand Sixty Eight and 00/100 Dollars (\$2,068.00)** per month **April 2020** through **March 2021**.

Billing will be submitted on approximately the first (1st) of each month for services rendered.

IN WITNESS WHEREOF, THE CLIENT AND CONTRACTOR HAVE CAUSED THIS AGREEMENT TO BE DULY EXECUTED ON THE DATE FIRST HEREIN WRITTEN, ALL COPIES OF WHICH, FOR ALL INTENTS AND PURPOSES, SHALL BE CONSIDERED THE ORIGINAL.

CLIENT: **Hawthorn Metro District 2 c/o CliftonLarsonAllen**

CONTRACTOR:
Environmental Landworks Co. Inc.

By: _____

By: _____

Printed: _____

Printed: _____

Title: _____

Title: _____

Date: _____

Date: _____

Exhibit “A”

2020 Extra Work Rates

\$60.00	Per hour, Foreman
\$45.00	Per hour, Laborer, General Labor.
\$60.00	Per hour, Native Area Mowing.
\$60.00	Per hour, Irrigation Technician.
\$95.00	Per backflow – Backflow Testing.
\$45.00	Per hour, Irrigation Helper.
\$60.00	Per hour, Hand Watering + Water Truck.
\$90.00	Per hour, chemical application + materials x 20%
\$120.00	Per hour, Landscape Architect
\$105.00	Per hour, Landscape Consultation.

- Billable time will be rounded to nearest ½ hour.
 - Mobilization costs, portal to portal, will be included in the hourly services for each visit.
 - Dump fees, material costs, subcontractor fees and equipment fees will be added to invoices as applicable.
 - A proposal for landscape projects is available upon request.
 - Landscape consultation/design charges may be removed upon approved proposal.
 - Emergency Calls should only be made to prevent damage to persons or property (including but not limited to continuously running water). An Emergency Call is defined as a call for service outside of normal business hours, Monday through Friday 8:00 am to 5:00 pm, and holidays. Please contact the office at (303) 862-9480.
-

**RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
HAWTHORN METROPOLITAN DISTRICT NO. 2**

ADOPTING A DISTRICT PARK AND OPEN SPACE USE POLICY

WHEREAS, Hawthorn Metropolitan District No. 2 (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized pursuant to Article 1, Title 32, Colorado Revised Statutes; and

WHEREAS, the District was organized for the purpose of providing certain improvements, facilities, and services to and for the use and benefit of the District, its residents, users, property owners and the public; and

WHEREAS, pursuant to § 32-1-1001(1)(m), C.R.S. the District has the power to adopt, amend, and enforce bylaws and rules and regulations for the purpose of carrying on the business, objects, and affairs of the Board of Directors and the District; and

WHEREAS, pursuant to § 18-9-117(1), C.R.S., the District has the power to adopt orders, rules, or regulations, for the administration, protections, and maintenance of public buildings and property, including but not limited to the prohibition of activities or conduct within public buildings or on public property which may be reasonably expected to substantially interfere with the use and enjoyment of such places by others or which may constitute a general nuisance; and

WHEREAS, the District currently or in the future will own and maintain park(s) and park and recreation amenities within the boundaries of the District (the “**District Parks**”); and

WHEREAS, the District currently or in the future will own and maintain certain open space within the boundaries of the District (the “**District Open Space**”); and

WHEREAS, the District desires to set forth and enforce certain policies regarding the use of the District Parks and District Open Space.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the District as follows:

1. The District hereby adopts a District Park and Open Space Use Policy, attached hereto as **Exhibit A** and incorporated herein, as may be amended from time to time.
2. The District hereby adopts a Park and Open Space Facilities Reservation Policy, attached hereto as **Exhibit B** and incorporated herein, as may be amended from time to time.
3. The provisions of this Resolution shall take effect on December 2, 2019.

(Remainder of page intentionally left blank)

DRAFT

ADOPTED THIS 2nd DAY OF DECEMBER, 2019.

HAWTHORN METROPOLITAN DISTRICT NO. 2

Officer of the District

ATTEST:

APPROVED AS TO FORM:
WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

DRAFT

General Counsel to the District

EXHIBIT A
DISTRICT PARK AND OPEN SPACE USE RULES

DRAFT

HAWTHORN METROPOLITAN DISTRICT NO. 2

PARK AND OPEN SPACE RULES

Unless specifically authorized in writing by the District, the following activities are prohibited within District Parks and District Open Space:

1. Place or post signs.
2. Camp overnight.
3. Enter or remain in or refuse to leave during those times when the District Open Space is not open for public use as posted.
4. No garbage, refuse, abandoned junk, solid waste, litter or other offensive material shall be dumped, thrown onto, deposited onto, or otherwise allowed to remain on any District Park or District Open Space, except in designated trash receptacles.
5. Install any structure, including but not limited to, tents, booths, stands, awnings, tree houses, rope swings, inflatable amusements or canopies, except that temporary awnings and umbrellas for shade are permitted as long as such structures are not left unattended and are removed when user leaves.
6. Operate remote control or control-line devices in the air, on or in the water, or on the ground.
7. Use any amplified sound system that produces audible sound beyond 25 feet.
8. Stick or place any handbill, poster, placard, sticker, or painted or printed matter on any public building, fence, power or light or telephone pole, or any other public structure.
9. Smoke, except in designated smoking areas if provided.
10. Play or practice golf or archery.
11. Bring into, possess, or have any glass bottle or container.
12. Discharge explosives or fireworks or operate launch model rockets or other devices which may have an explosive charge.
13. Conduct any private enterprise without prior written approval of the District.
14. Park motor vehicles overnight.
15. Sell, serve, dispense, possess or consume any alcoholic beverages or 3.2% beer.
16. Block, close off, or impair access to any trails or facilities.
17. Hunt, shoot, kill, injure, trap or maim any animal.
18. Permit any livestock to graze.
19. Destroy, vandalize, deface or damage any buildings, structures, signs, equipment, fences, gates or locks regulating access.
20. Enter, without authorization, those areas and facilities posted or otherwise designated as closed to the general public.
21. Dispose of trash.
22. Remove, cut down, disfigure rocks, trees, shrubs or other features of the natural environment.
23. Build a fire.
24. Operate unauthorized motor vehicles, including all off-road vehicles such as ATVs, dirt bikes, and other recreational vehicles.
25. Possess a weapon, unless authorized pursuant to C.R.S. 18-12-214, or any air rifle, spring-gun, bow and arrow, sling, paintball gun, air soft gun or any other weapon.

Pursuant to § 18-9-117, C.R.S., these Park and Open Space Rules shall be prominently posted at all public entrances to the District's Park and Open Space and are enforceable by any law enforcement officer having jurisdiction or authority over the District's Park and Open Space.

FOR MORE INFORMATION, PLEASE VISIT THE DISTRICT WEBSITE:

www.hawthornmetrodistrict.org

EXHIBIT B

DISTRICT PARK AND OPEN SPACE FACILITIES RESERVATION POLICY

Permit Requirements:

The Hawthorn Metropolitan District No. 2 (“District”) park shelters and turf fields are available for the general, informal use of the general public on a first come, first served basis unless they are reserved. *Any organized event within the parks consisting of more than 10 persons will require a permit.* Commercial use of the parks is prohibited without the prior written approval of the District.

- Groups of 10 or more using a sports field must have a Permit.
- Shelter reservations do not include adjacent fields or playgrounds.
- Permits will only be issued to applicants 18 years of age or older.
- Permits are not assignable.
- A copy of the Permit must be in the possession of the applicant and shown to District personnel upon request.

Payment and Deposit Requirements:

- Reservations are based on a first-come first-served basis.
- The fees and charges as shown on the rental application must be paid prior to your reservation being confirmed. The deposit check, less any amounts retained for cleaning or damage, will be returned to you within 1-2 weeks following your rental.
- All fees and deposits must be received by the District 14 days prior to the reservation.
- Refunds will only be granted if the District is notified of the cancellation no less than 14 days prior to the reservation date. Refunds are subject to a \$5 processing fee and require 1-2 weeks to be processed.
- If the Deposit is insufficient to pay for any damages and/or clean up, the applicant agrees to pay for any and all additional costs. The applicant further agrees that the District may invoice the applicant for any charges in excess of the deposit. The Applicant agrees to pay any such invoice charges within thirty (30) days, and if any such invoice charges are not paid within thirty (30) days, interest shall accrue at a rate of eighteen percent (18%) per annum from the thirtieth day following the date of the invoice.

General Conditions:

- Rental includes only those facilities or areas as indicated on the application and permit.
- The applicant is responsible for the use of the facilities and those attending.
- Motorized vehicles are prohibited on the fields and turf areas (this includes vehicles for purposes of unloading or loading equipment) unless a prior written approval of the District is granted.

- The District may post signs notifying users of restrictions or other rules and regulations and the applicant agrees to abide by and comply with any such postings.
- No commercial concessions may be operated, nor charge or donation requested of the public on the premises without the prior written approval of the District.
- Upon completion of the event, the area shall be restored to a litter free condition. The applicant agrees to be responsible for costs incurred by the District for repairs or cleanup by the District.
- Tents, booths, stands, awnings, canopies, or other structures are prohibited without the prior written approval of the District, with the exception that temporary awnings and/or umbrellas for shade are permitted as long as such temporary structures do not exceed 25 square feet, are not left unattended, and are removed when the visitor leaves.
- Destruction, damage, or removal of any vegetation or defacement of property is prohibited. The applicant agrees to be responsible for all such damage.
- Disorderly conduct and/or abusive language are prohibited and shall be cause for revocation of the right to use the premises. The activity may not unreasonably interfere with or detract from the general public's enjoyment of surrounding areas.
- Any machine or device for the purpose of amplification of human voice, music or any other sound is prohibited without the prior written approval of the District.
- No alcoholic beverages are permitted. Consumption of alcoholic beverages on the premises shall be cause for revocation of the right to use the premises and immediate expulsion.
- District Open Space and District Parks are patrolled by local law enforcement agencies. Use of the facilities is subject to all applicable state and local laws and regulations.
- All reservations will be subject to time limitations and use limitations, and may be subject to other conditions or restrictions, as set forth in the application. Users must vacate the area at the time designated on the permit. Failure to comply with the time restraints may be considered a forfeiture of the security deposit.
- Due to concerns about the turf conditions, the District reserves the right to cancel an event if it is deemed that the turf conditions are poor or the activity will cause damage. It is the responsibility of the applicant to know the status of any given field to maintain safe and playable field conditions. The fields may not be used when any of the following conditions exists:
 - Water standing on the infields of multipurpose fields
 - 1/2 inch or more of moisture has fallen within the previous 24 hours, causing ground saturation
 - Snow covers the field (Snow removal by user groups will not be permitted.)
 - Where grass is sparse or field is worn badly and ground is saturated
 - Frost is visible on the turf

- Turf can be displaced or dislodged from the ground
 - Mud cakes or clings to shoes
 - Steady rain is falling
 - Dirt (infields) areas are muddy
- The District reserves the right to cancel any activity and disperse its participants, if any rules, policies, procedures, and park regulations are not complied with during any portion of the rental.
 - **APPLICANT ACCEPTS FULL RESPONSIBILITY FOR ALL GUESTS AND AGREES TO BE FINANCIALLY RESPONSIBLE FOR ANY DAMAGE CAUSED BY THEM, EVEN IF SUCH COSTS EXCEED THE AMOUNT OF THE DEPOSIT. APPLICANT RELEASES AND AGREES TO FULLY INDEMNIFY AND DEFEND THE DISTRICT AND ITS REPRESENTATIVES FROM ALL LIABILITY RESULTING FROM APPLICANT'S USE OF THE DISTRICT'S FACILITIES. APPLICANT AGREES TO SAVE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE DISTRICT AND ITS OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, CONTRACTORS AND SUBCONTRACTORS AGAINST ANY AND ALL DAMAGES, LOSSES, LIABILITIES, CLAIMS, COSTS AND EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES INCURRED BY THE DISTRICT ARISING OUT OF ANY CLAIM ASSERTED BY THE APPLICANT, HIS OR HER FAMILY, GUESTS, EMPLOYEES, INVITEES OR THIRD-PARTIES IN CONJUNCTION WITH OR ARISING IN ANY WAY OUT OF THE USE, OPERATION OR MAINTENANCE OF THE FACILITIES. APPLICANT HEREBY RELEASES, WAIVES, DISCHARGES AND COVENANTS NOT TO SUE THE DISTRICT, ITS OFFICERS, OFFICIALS, REPRESENTATIVES AND ASSIGNS FROM ALL CLAIMS, DEMANDS AND ANY AND ALL MANNER OF ACTIONS, CAUSES OF ACTION, SUITS, DAMAGES, CLAIMS AND DEMANDS WHATSOEVER IN LAW, OR IN EQUITY, WHICH THE APPLICANT NOW HAS, OR WHICH ITS SUCCESSORS, EXECUTORS OR ADMINISTRATORS HEREAFTER CAN, SHALL OR MAY HAVE, FOR, UPON OR BY REASON OF ANY MANNER, CAUSE CREATED BY OR EXISTING OUT OF THE PERMITTED USE OF THE FACILITIES BY THE APPLICANT, OR ANY PERSON USING THE RESERVED FACILITIES. APPLICANT EXPRESSLY AGREES THAT THIS RESERVATION, RELEASE AND INDEMNIFICATION IS INTENDED TO BE AS BROAD AND INCLUSIVE AS IS PERMITTED BY THE LAW OF THE STATE OF COLORADO, AND FURTHER THAT IF ANY PART HEREOF IS HELD INVALID, THE REMAINDER OF SHALL CONTINUE IN LEGAL FORCE AND EFFECT.**

VIOLATION OF ANY OF THE PERMIT CONDITIONS OR ANY OF THE DISTRICT'S POLICIES MAY RESULT IN IMMEDIATE REVOCATION OF THE PERMIT.

I have read, understand, fully agree with and accept all responsibility for the terms and conditions of this Park Facilities Reservation and Permit Policy.

Request Day(s) and Time(s) of Use: _____

Name of Organization: _____

Signature of applicant: _____

Date: _____

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HAWTHORN METROPOLITAN DISTRICT NO. 2 FIELD RESERVATION POLICY

The Hawthorn MD No. 2 Sports Field is available for use by the public unless previously reserved with written authorization by the District.

Any teams, organizations or persons that would like to reserve the field may do so by sending the Park Reservation Permit Application, found at www.hawthornmetrodistrict.org/documents, with the required reservation fee and deposit to the District Manager.

**FOR MORE INFORMATION, PLEASE VISIT THE DISTRICT WEBSITE:
www.hawthornmetrodistrict.org**

**AMENDED AND RESTATED
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
HAWTHORN METROPOLITAN DISTRICT NO. 2**

Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges

WHEREAS, Hawthorn Metropolitan District No. 2 (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado; and

WHEREAS, pursuant to § 32-1-1001(1)(j)(I), C.R.S., the Board of Directors of the District (the “**Board**”) is authorized to fix and from time to time increase or decrease, fees, rates, tolls, penalties, or charges for services, programs, or facilities furnished by the District (collectively, the “**Fees**”) to properties within and without (each property individually referred to herein as the “**Property**”) the District’s boundaries; and

WHEREAS, pursuant to § 32-1-1001(1)(j)(I), C.R.S., until paid, the Fees shall constitute a perpetual lien on and against the property served, and any such lien may be foreclosed in the same manner as provided by the laws of the State of Colorado for the foreclosure of mechanics’ liens; and

WHEREAS, by this Resolution (the “**Resolution**”), the District desires to amend the guidelines for the processing and collection of unpaid and/or delinquent Fees imposed by the District, together with any and all Late Fees, Interest, Penalties and Costs of Collections (each defined separately in this Resolution), (collectively, the “**Delinquent Fees and Charges**”); and

WHEREAS, notwithstanding anything in this Resolution to the contrary, the guidelines set forth in this Resolution are intended to create orderly and fair procedures for the processing and collection of Delinquent Fees and Charges and any deviation from the guidelines shall not affect the status of the Lien (as defined below) in any way; and

WHEREAS, on December 5, 2016, the Board adopted the Resolution of the Board of Directors of the Hawthorn Metropolitan District No. 2 Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges (the “**Prior Policy**”), and the Board desires to adopt this Resolution to amend and restate the Prior Policy in its entirety.

NOW, THEREFORE, the Board hereby RESOLVES:

1. **Statement of Lien Guidelines:**

a. **Perpetual Lien.** Pursuant to § 32-1-1001(1)(j)(I), C.R.S., all Delinquent Fees and Charges shall constitute a perpetual lien on and against the Property served by the District (the “**Lien**”). All such Liens shall, to the fullest extent permitted by law, have priority over all other liens of record affecting the Property and shall run with the Property and remain in effect

until paid in full. All Liens contemplated herein may be foreclosed as authorized by law at such time as the District, in its sole discretion, may determine.

i. Notwithstanding the foregoing, the guidelines set forth in this Resolution are intended to create orderly and fair procedures for the processing and collection of Delinquent Fees and Charges and to provide additional notice to interested parties, including, but not limited to, title companies and the Property owner. In the event any or all of the guidelines set forth in this Resolution are not followed, such deviation shall not affect the status of the Lien in any way. Further, the Board may waive any guidelines set forth in this Resolution and may amend them from time to time as it deems necessary.

b. ***District's Manager Procedures.*** The District's Manager, Accountant or Billing Agent (any of which are referred to herein as the "**Manager**") is responsible for collecting Fees imposed by the District against the Property. In the event payment of Fees is delinquent, the Manager may perform the procedures listed below. The Fees are considered delinquent when they have not been paid by their corresponding due date (the "**Delinquent Account**"):

i. *Fifteen (15) Calendar Days Past Due:* A delinquent payment "Reminder Letter" may be sent to the address of the last known owner or occupant of the Property according to the Manager's records. In the event the above mailing is returned as undeliverable, the Manager may send a second copy of the Reminder Letter to: (1) the Property; and (2) the address of the last known owner of the Property as found in the real property records of the County Assessor's Office (the "**Assessor**") for the County in which the District is located (collectively, the "**Property Address**"). Said Reminder Letter may: (1) request prompt payment; (2) notify the Property owner that a Reminder Letter Fee, and a Late Fee in the amounts set forth in this Resolution have been assessed; and (3) reference the url address of the District's webpage where this Resolution is displayed, if available and requested by the Board.

ii. *Fifteen (15) Calendar Days From the Postmark Date of the Reminder Letter:* A "Warning Letter" may be sent to the Property Address: (1) requesting prompt payment; (2) warning of further legal action should the Property owner fail to pay the total amount due and owing; and (3) referencing the url address of the District's webpage where this Resolution is displayed, if available. Along with the Warning Letter, a copy of the most recent account ledger reflecting the total amount due and owing to the District according to the records of the Manager may also be sent.

iii. *Ten (10) Calendar Days from the Postmark Date of the Warning Letter:* Once the total amount of Delinquent Fees and Charges owing on the Property has exceeded Four Hundred Dollars (\$400.00), regardless of whether the Manager has performed the tasks outlined in Section 1(b) of this Resolution, the Manager may refer the Delinquent Account to the District's General Counsel (the "**General Counsel**"). At the time of such referral, the Manager may be requested to provide General Counsel with copies of all notices and letters sent pursuant to Section 1(b), if any, as well as a copy of the most recent ledger for the Delinquent Account.

c. ***General Counsel Procedures.*** Upon referral of a Delinquent Account from the Manager, General Counsel may perform the following:

i. *Upon Referral of the Delinquent Account From the Manager:* A “Demand Letter” may be sent to the Property Address, notifying the Property owner that the Property has been referred to General Counsel for further collections enforcement, including the filing of a statement of lien against the Property. Along with the Demand Letter, a copy of the most recent account ledger reflecting the total amount due and owing the District according to the records of the Manager may also be sent.

ii. *No Sooner than Thirty (30) Calendar Days from the Postmark Date of the Demand Letter:* A Notice of Intent to File a Statement of Lien, along with a copy of the statement of lien to be filed, may be sent to the Property Address of the Delinquent Account notifying the Property owner that a statement of lien will be recorded with the clerk and recorder of the County where the Property is located (the “**Clerk and Recorder**”) within no sooner than ten (10) days from the postmark date of the Notice of Intent to File a Statement of Lien.

iii. *No Sooner than Ten (10) Calendar Days from the Postmark Date of the Notice of Intent to File a Statement of Lien:* A Statement of Lien for the total amount due and owing as of the date of the Statement of Lien may be recorded against the Property with the Clerk and Recorder no sooner than ten (10) days from the postmark date of the Notice of Intent to File a Statement of Lien is sent to the Property. Notwithstanding the amount due and owing reflected on the Statement of Lien, all Delinquent Fees and Charges will continue to accrue on the Delinquent Account and will run with the Property until the total amount due and owing the District is paid in full.

d. *Foreclosure or Bankruptcy.* In circumstances where the Property is being foreclosed upon or where the owner of the Property has declared or is declaring bankruptcy and notice of such bankruptcy action has been provided to the District, the Manager may be permitted, in his or her discretion, to refer the Delinquent Account directly to General Counsel in order to avoid unnecessary, costly and time consuming procedures. Upon referral of the Delinquent Account to General Counsel, General Counsel may, in his or her discretion, immediately file a Statement of Lien on the Property. Further, when a Delinquent Account has a balance of One Thousand Five Hundred Dollars (\$1,500.00) or greater, General Counsel is authorized to commence foreclosure action against the Property.

2. **Late Fees:**

a. Late Fees are assessed on the Property for failure to make timely payments of Fees. Late Fees are applied, regardless of whether the Fees are assessed on a one-time, monthly, quarterly, semi-annual, annual, or any other basis.

b. Late Fees are assessed on the Property **Fifteen (15) calendar days from the payment due date.** Pursuant to § 29-1-1102, C.R.S., such Late Fee may be charged by either of the following two methods, whichever is greater:

i. One Late Fee of Fifteen Dollars (\$15.00) may be assessed on the Property per each assessment or installment of Fees not fully paid prior to the Fifteenth (15) calendar day following the payment due date; or

ii. In lieu of Section 2(b)(i) above, a Late Fee of Five Percent (5%) per month, commencing on the Fifteenth (15) calendar day following the payment due date, and each month thereafter, may be charged on unpaid Fees until the Late Fee equals Twenty Five Percent (25%) of all outstanding Fees.

c. Partial payment of any outstanding Delinquent Fees and Charges will not prevent the imposition of Late Fees pursuant to this Section 2.

d. Payments received will be applied to the balance due in the following order of priority: (1) Late Fees; (2) Interest; (3) Costs of Collections; (4) Legal Fees and Costs; (5) the earliest imposed and unpaid Fees; (6) any successive unpaid Fees in chronological order from the earliest unpaid Fees to the most recently imposed Fees.

e. No penalty will be assessed on the Property for a credit balance resulting from the prepayment and/or overpayment of Fees. Such credit balances will be carried forward on the account with all subsequent Fees and Delinquent Fees and Charges being deducted until such time as the credit balance is depleted. A Property carrying a credit balance may be assessed Late Fees as provided herein at such time as the credit balance is insufficient to pay the entire amount of Fees due and owing the District.

3. **Interest:** Interest charges accrue on all delinquent Fees at the maximum statutory rate of Eighteen Percent (18%) per annum. Interest shall not accrue and be charged on Late Fees, Interest or Costs of Collections. § 29-1-1102, C.R.S.

4. **Penalties:** May be charged on Delinquent Accounts at a rate determined by the Board and may include, but are not limited to, pro-rated costs associated with collection efforts on behalf of the District for all Delinquent Accounts combined.

5. **Costs of Collections:**

a. Include, but are not limited to, attorneys' fees and all costs, fees and charges associated with the processing and/or collection of Delinquent Fees and Charges, including the following fixed rates and hourly fees and costs:

i. *Action Fees.* The following fixed rate fees are charged to a Delinquent Account once the corresponding action has been taken by either the Manager or General Counsel:

- ◆ *Reminder Letter Fee:* Ten Dollars (\$10.00) per Reminder Letter. This action is typically performed by the Manager.
- ◆ *Warning Letter Fee:* Ten Dollars (\$10.00) per Warning Letter sent. This action is typically performed by the Manager.
- ◆ *Return Check Fee:* Twenty Dollars (\$20.00) per returned payment.

- ◆ *Attorney Transfer Fee:* Thirty Dollars (\$30.00) per Delinquent Account transferred from the Manager to General Counsel. This action is performed by the Manager.
- ◆ *Demand Letter Fee:* One Hundred Fifty Dollars (\$150.00) per Demand Letter sent. This action is performed by General Counsel.
- ◆ *Follow up Demand Letter Fee:* Fifty Dollars (\$50.00) per Follow up Demand Letter sent. This action is performed by General Counsel.
- ◆ *Notice of Intent to File a Statement of Lien Fee:* One Hundred Twenty Dollars (\$120.00) per Notice of Intent to File a Statement of Lien sent. This action is performed by General Counsel.
- ◆ *Lien Recording Fee:* One Hundred Fifty Dollars (\$150.00) per each lien recorded on the Property. This action is performed by General Counsel.
- ◆ *Payment Plan Fee:* Two Hundred Fifty Dollars (\$250.00) per Payment Plan prepared. This action is performed by General Counsel.
- ◆ *Default Letter Fee:* Seventy Dollars (\$70.00) per Default Letter prepared. This action is performed by General Counsel.
- ◆ *Monitoring Bankruptcy Fee:* One Hundred Dollars (\$100.00) for monitoring Chapter 7 bankruptcies. Three Hundred and Fifty Dollars (\$350.00) for monitoring Chapter 13 or Chapter 11 bankruptcies. These actions are performed by General Counsel.
- ◆ *Monitoring Public Trustee Foreclosure Fee:* Two Hundred Dollars (\$200.00) per Public Trustee Foreclosure action monitored. This action is performed by General Counsel.
- ◆ *Reminder Letter Fee:* One Hundred Dollars (\$100.00) per Reminder Letter. This action is performed by General Counsel.
- ◆ *Certificate of Status Fee:* One Hundred Dollars (\$100.00) per Status Letter prepared. This action is performed by General Counsel.
- ◆ *Foreclosure Warning Letter Fee:* One Hundred Dollars (\$100.00) per Foreclosure Warning Letter prepared. This action is performed by General Counsel.
- ◆ *Lien Release Fee:* One Hundred Fifty Dollars (\$150.00) per lien that is released. This action is performed by General Counsel. It is

recommended that the Lien Release Fee be charged to the Delinquent Account at the same time as the Lien Recording Fee.

ii. *Attorney Hourly Fees and Costs.* Upon transfer of a Delinquent Account to General Counsel, all hourly attorneys' fees and costs, including, but not limited to, litigation and expert witness fees and costs, litigation guarantees, service of process and/or publications incurred by the District to collect or defend the Delinquent Fees and Charges are assessed to the Delinquent Account and become part of the perpetual Lien on the Property. All such hourly attorneys' fees and costs shall be reasonable.

iii. *Recovery of Costs of Collections.* In accordance with § 29-1-1102(8), C.R.S., nothing in this Resolution shall be construed to prohibit the District from recovering all Costs of Collections whether or not outlined above.

6. Waiver of Late Fees, Interest and Costs of Collections:

a. The Manager and General Counsel each have authority and discretion to waive or reduce portions of the Delinquent Account attributable to Late Fees and Interest. Such action is permitted if either the Manager or General Counsel, in its discretion, determines that such waiver or reduction will facilitate the payment of Delinquent Fees and Charges. Notwithstanding the foregoing, neither the Manager nor General Counsel shall have the authority to waive Late Fees and Interest which, in the aggregate, exceeds One Thousand Dollars (\$1,000.00). In such case, the person or entity owing in excess of One Thousand Dollars (\$1,000.00) in Late Fees and Interest combined and requesting such a waiver shall first submit a request, in writing, to the Board, and the Board may make the determination in its sole discretion.

b. Neither the Manager nor General Counsel is authorized to waive any portion of the Fees or Costs of Collections. Should the Property owner desire a waiver of such Fees and/or Costs of Collections, s/he may submit a written request to the Board and the Board may make the determination in its sole discretion.

c. Any waiver or reduction of Late Fees or Interest granted pursuant to Sections 6(a) or (b) hereof shall not be construed as a waiver or reduction of future Late Fees and Interest, or as the promise to waive or reduce future Late Fees or Interest. Nor shall any such waiver or reduction be deemed to bind, limit, or direct the future decision making power of the Board, Manager, or General Counsel, whether related to the Property in question or other properties within the District.

7. Payment Plans: The Manager and General Counsel each have the authority to enter into or establish payment plans for the repayment of a Delinquent Account. Should the Manager or General Counsel elect not to enter into a payment plan with the Property owner, the Property owner may submit a written request to the Board and the Board may make the determination in its sole discretion.

8. Acceleration and Decelerations of Fees: The District reserves the right to accelerate and call due an entire unpaid annual Fee on any delinquent account. Such acceleration shall result in the entire unpaid annual Fee being due to the District immediately. The District also reserves the right to decelerate any accelerated Fee.

9. **Ratification of Past Actions:** All acts, omissions, waivers and/or payment plans heretofor undertaken by the Manager or General Counsel that would otherwise have been authorized by or not required by this Resolution are hereby affirmed, ratified and made effective as of the date said acts, omissions, waivers and/or payment plans occurred.

10. **Additional Actions:** The Board directs its officers, staff and consultants to take such additional actions and execute such additional documents as are necessary to give full effect to the intention of this Resolution.

11. **Deviations:** The District may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

12. **Supersedes Prior Resolutions:** This Resolution shall supersede and replace in their entirety all prior resolutions addressing the processing and/or collection of Delinquent Fees and Charges, including the Prior Policy. To the extent that any term or provision in this Resolution conflicts with any term or provision in a previously enacted and valid resolution of the District, the term or provision in this Resolution shall prevail.

13. **Severability:** If any term, condition or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such term, condition or provision shall not affect any other provision contained in this Resolution, the intention being that such provisions are severable. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Resolution a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

14. **Savings Provision:** The failure to comply with the procedures set forth herein shall not affect the status of the Delinquent Fees and Charges as a perpetual Lien subject to foreclosure in accordance with law. Failure by the Manager, General Counsel or other authorized representative to take any action in accordance with the guidelines provided herein shall not invalidate subsequent efforts to collect the Delinquent Fees and Charges.

[Remainder of page intentionally left blank, signature page follows.]

ADOPTED this 2nd day of December, 2019.

HAWTHORN METROPOLITAN DISTRICT
NO. 2

Officer of the District

ATTEST:

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

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HAWTHORN METROPOLITAN DISTRICT NO. 2
JOINT ANNUAL ADMINISTRATIVE RESOLUTION
(2020)

At the regular meeting of the Boards of Directors (the “**Board**”) of the Hawthorn Metropolitan District No. 2 (the “**District**”), held at 2:00 p.m., on December 2, 2019, at 17685 W 83rd Drive, Arvada, Colorado, it was moved to adopt the following Resolution:

WHEREAS, the District was organized as a special district pursuant to an Order and Decree of the District Court in and for the County of Jefferson, Colorado (the “**County**”); and

WHEREAS, the Board has a duty to perform certain obligations in order to assure the efficient operation of the District and hereby directs its consultants to take the following actions.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

1. The Board directs legal counsel to cause an accurate map of the District’s boundaries to be prepared in accordance with the standards specified by the Division of Local Government (“**Division**”) and to be filed in accordance with § 32-1-306, C.R.S.
2. The Board directs legal counsel to notify the Board of County Commissioners, the County Assessor, the County Treasurer, the County Clerk and Recorder, the governing body of any municipality in which the District is located, and the Division of the name of the chairman of the Board, the contact person, telephone number and business address of the District, as required by § 32-1-104(2), C.R.S.
3. The Board directs legal counsel to prepare and file with the Division, within thirty (30) days of a written request from the Division, an informational listing of all contracts in effect with other political subdivisions, in accordance with § 29-1-205, C.R.S.
4. The Board directs the District’s accountant to cause the preparation of and to file with the Department of Local Affairs the annual public securities report for nonrated public securities issued by the District within sixty (60) days of the close of the fiscal year, as required by §§ 11-58-101, *et seq.*, C.R.S.
5. The Board directs the District’s accountant to: 1) obtain proposals for auditors to be presented to the Board; 2) to cause an audit of the annual financial statements of the District to be prepared and submitted to the Board on or before June 30; and 3) to cause the audit to be filed with the State Auditor by July 31st, or by the filing deadline permitted under any extension thereof, all in accordance with §§ 29-1-603(1) and 29-1-606, C.R.S. Alternatively, if warranted by § 29-1-604, C.R.S., the Board directs the District’s accountant to apply for and obtain an audit exemption from the State Auditor on or before March 31st in accordance with § 29-1-604, C.R.S.
6. The Board directs legal counsel, if the District has authorized but unissued general obligation debt as of the end of the fiscal year, to cause to be submitted to the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval

of the District, the District's audit report or a copy of its application for exemption from audit in accordance with § 29-1-606(7), C.R.S.

7. The Board directs the District's accountant to submit a proposed budget to the Board by October 15th, to prepare the final budget and budget message, including any amendments thereto, if necessary, and directs legal counsel to schedule a public hearing on the proposed budget and/or amendments, and to post or publish notices thereof, to prepare all budget resolutions and to file the budget, budget resolution and budget message with the Division on or before January 30th, all in accordance with §§ 29-1-101, *et seq.*, C.R.S.

8. The Board directs the District's accountant to monitor expenditures and contracted expenditures and, if necessary, to notify legal counsel and the Board when expenditures or contracted expenditures are expected to exceed appropriated amounts, and directs legal counsel to prepare all budget amendment resolutions and to schedule a public hearing on a proposed budget amendment and to post or publish notices thereof and to file the amended budget with the Division on or before the date of making such expenditure or contracting for such expenditure, all in accordance with §§ 29-1-101, *et seq.*, C.R.S.

9. The Board directs legal counsel to cause the preparation of the Unclaimed Property Act report and submission of the same to the State Treasurer by November 1st if there is property presumed abandoned and subject to custody as unclaimed property, in accordance with § 38-13-110, C.R.S.

10. The Board directs the District's accountant to prepare the mill levy certification form and directs the District's accountant to file the mill levy certification forms with the Board of County Commissioners on or before December 15th, in accordance with § 39-5-128, C.R.S.

11. The Board designates *The Golden Transcript* as a newspaper of general circulation within the boundaries of the District and directs that all legal notices shall be published in accordance with § 32-1-103(15), C.R.S., in *The Golden Transcript*, unless otherwise designated by the Board or legal counsel.

12. The Board determines that each director shall not receive compensation for their services as directors subject to the limitations set forth in §§ 32-1-902(3)(a)(I) & (II), C.R.S.

13. The District hereby acknowledges, in accordance with § 32-1-902, C.R.S., the following officers for the District:

Chairman/President:	Krystal Bigley
Treasurer:	Carly Fenton
Secretary:	Matthew Cavanaugh
Assistant Secretary:	Andrea Stewart
Assistant Secretary:	Brittany Lutz
Recording Secretary:	Legal Counsel

14. The Board hereby determines that each member of the Board shall, for any potential or actual conflicts of interest, complete conflicts of interest disclosures and directs legal counsel to file the conflicts of interest disclosures with the Board and with the Colorado Secretary of State at least seventy-two (72) hours prior to every regular and special meeting of the Board, in accordance with §§ 32-1-902(3)(b) and 18-8-308, C.R.S. Written disclosures provided by Board members required to be filed with the governing body in accordance with § 18-8-308, C.R.S. shall be deemed filed with the Board when filed with the Secretary of State. Additionally, at the beginning of each year, each Board member shall submit information to legal counsel regarding any actual or potential conflicts of interest and, throughout the year, each Board member shall provide legal counsel with any revisions, additions, corrections or deletions to said conflicts of interest disclosures.

15. The Board confirms its obligations under § 24-10-110(1), C.R.S., with regards to the defense and indemnification of its public employees, which, by definition, includes elected and appointed officers.

16. The Board hereby appoints the District's legal counsel as the official custodian for the maintenance, care and keeping of all public records of the District, in accordance with §§ 24-72-202, *et seq.*, C.R.S. The Board hereby directs its legal counsel, accountant, manager, and all other consultants, to adhere to the Colorado Special district Records Retention Schedule as adopted by the District.

17. Pursuant to § 32-1-903(2) and 24-6-402(2)(c), C.R.S., the Board hereby designates www.hawthornmetrodistrict.org as the District's website for the posting of its regular and special meeting notices at least twenty-four (24) hours in advance of the meeting, and hereby directs legal counsel, to the extent feasible, to make the notices accessible at no charge to the public, searchable by the type of meeting, date of meeting, time of meeting, agenda contents, and any other categories deemed appropriate by the Board and legal counsel and to consider linking the notice to any appropriate social media accounts of the District. The Board also designates Highway 93 RTD Bus Stop as the location the District will post notices of meetings at least twenty-four (24) hours prior to the meeting in the event of exigent or emergency circumstances which prevent the District from posting notice of the meeting on the District's website. The Board directs legal counsel to provide the website address set forth above to the Department of Local Affairs for inclusion in the inventory maintained pursuant to § 24-32-116, C.R.S.

18. The Board determines to hold regular meetings on the first Monday of March, June, September and December, 2020, at 2:00 p.m. at 17685 W. 83rd Drive, Arvada, Colorado. Notice of the time and place for all regular meetings shall be posted in accordance with § 24-6-402, C.R.S.

19. In the event of an emergency, the Board may conduct a meeting outside of the limitations prescribed in § 24-6-402(2)(c), C.R.S., provided that any actions taken at such emergency meeting are ratified at the next regular meeting of the Board or at a special meeting conducted after proper notice has been given to the public.

20. For the convenience of the electors of the District, and pursuant to its authority set forth in § 1-13.5-1101, C.R.S., the Board hereby deems that all regular and special elections of

the District shall be conducted as independent mail ballot elections in accordance with §§ 1-13.5-1101, *et seq.*, C.R.S., unless otherwise deemed necessary and expressed in a separate election resolution adopted by the Board.

21. Pursuant to the authority set forth in § 1-1-111, C.R.S., the Board hereby appoints Ashley B. Frisbie, of the law firm of WHITE BEAR ANKELE TANAKA & WALDRON, Attorneys at Law, as the Designated Election Official (the “DEO”) of the District for any elections called by the Board, or called on behalf of the Board by the DEO, and hereby authorizes and directs the DEO to take all actions necessary for the proper conduct of the election, including, if applicable, cancellation of the election in accordance with § 1-13.5-513, C.R.S.

22. In accordance with § 1-11-103(3), C.R.S., the Board hereby directs the DEO to certify to the Division the results of any elections held by the District and, pursuant to § 32-1-1101.5(1), C.R.S., to certify results of any ballot issue election to incur general obligation indebtedness to the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the district and file a copy of such certification with the Division of Securities.

23. The Board directs legal counsel to cause a notice of authorization of or notice to incur general obligation debt to be recorded with the County Clerk and Recorder within thirty (30) days of authorizing or incurring any indebtedness, in accordance with § 32-1-1604, C.R.S.

24. The Board directs legal counsel to cause the preparation of and filing with the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the District, if requested, the application for quinquennial finding of reasonable diligence in accordance with §§ 32-1-1101.5(1.5) and (2), C.R.S.

25. The Board directs legal counsel to cause the preparation of and the filing with the Board of County Commissioners or the governing body of any municipality in which the District is located, the Division, the State Auditor, the County Clerk and Recorder and any interested parties entitled to notice pursuant to § 32-1-204(1), C.R.S., an annual report, if requested, in accordance with § 32-1-207(3)(c), C.R.S.

26. The Board directs legal counsel to obtain proposals and/or renewals for insurance, as applicable, to insure the District against all or any part of the District’s liability, in accordance with §§ 24-10-115, *et seq.*, C.R.S. The Board directs the District’s accountant to pay the annual SDA membership dues, agency fees and insurance premiums, as applicable, in a timely manner. The Board appoints legal counsel as its proxy for the SDA Annual meeting for voting and quorum purposes.

27. The Board hereby opts to include elected or appointed officials as employees within the meaning of § 8-40-202(1)(a)(I)(A), C.R.S., and hereby directs legal counsel to obtain workers’ compensation coverage for the District.

28. The Board hereby directs legal counsel to prepare the disclosure notice required by § 32-1-809, C.R.S., and to disseminate the information to the electors of the District accordingly. Further, the Board hereby designates the following website as the District’s official website for the purposes thereof: www.sdaco.org.

29. The Board hereby directs legal counsel to prepare and record with the County Clerk and Recorder updates to the disclosure statement notice and map required by § 32-1-104.8, C.R.S., if additional property is included within the District's boundaries.

30. The Board directs the District's accountant to prepare and submit the documentation required by any continuing disclosure obligation signed in conjunction with the issuance of debt by the District.

31. The Board directs legal counsel to monitor and inform the Board of any legislative changes that may occur throughout the year.

[Remainder of page intentionally left blank, signature page follows.]

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ADOPTED this 2nd day of December, 2019.

**HAWTHORN METROPOLITAN
DISTRICT NO. 2**

By: _____
Officer of the District

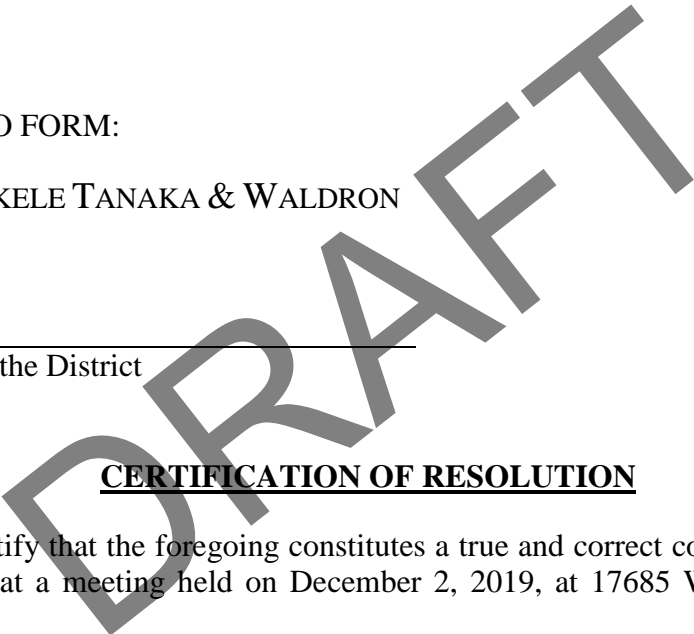
Attest:

By: _____

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District



CERTIFICATION OF RESOLUTION

I hereby certify that the foregoing constitutes a true and correct copy of the resolution of the Board adopted at a meeting held on December 2, 2019, at 17685 W. 83rd Drive, Arvada, Colorado.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 2nd day of December, 2019.

Signature

Printed Name

HAWTHORN METROPOLITAN DISTRICT NO. 2

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

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HAWTHORN METROPOLITAN DISTRICT NO. 2
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

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	General	Operations	Debt Service	Total
ASSETS				
Cash - Checking	\$ 52,660	\$ 38,857	\$ 3,308	\$ 94,825
Series 2017A Bond Fund	-	-	423,872	423,872
Accounts Receivable	-	5,026	-	5,026
Receivable from County Treasurer	1,066	-	2,912	3,978
TOTAL ASSETS	\$ 53,726	\$ 43,883	\$ 430,092	\$ 527,701
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts Payable	\$ 15,142	\$ 19,219	\$ -	\$ 34,361
Payroll taxes payable	31	-	-	31
Directors' Fees Payable	400	-	-	400
Total Liabilities	15,573	19,219	-	34,792
 DEFERRED INFLOWS OF RESOURCES				
Prepaid Operations Fees	-	1,381	-	1,381
Deferred Revenue	-	23,283	-	23,283
Total Deferred Inflows of Resources	-	24,664	-	24,664
 FUND BALANCES				
Total Fund Balances	38,153	-	430,092	468,245
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 53,726	\$ 43,883	\$ 430,092	\$ 527,701

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No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

HAWTHORN METROPOLITAN DISTRICT NO. 2
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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GENERAL FUND

	Annual Budget	Year to Date Actual	Variance
REVENUES			
Interest Income	\$ 10	\$ 14	\$ 4
Property Taxes	159,023	158,233	(790)
Specific Ownership Taxes	9,541	9,992	451
TOTAL REVENUES	<u>168,574</u>	<u>168,239</u>	<u>(335)</u>
EXPENDITURES			
Accounting	23,000	21,182	1,818
Audit	4,900	4,700	200
County Treasurer's Fee	2,385	2,374	11
Directors' Fees	800	600	200
Dissolution of District No. 1	7,000	-	7,000
Dues	470	479	(9)
Insurance	11,424	11,035	389
Legal	35,000	24,198	10,802
Miscellaneous	-	650	(650)
TOTAL EXPENDITURES	<u>84,979</u>	<u>65,218</u>	<u>19,761</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	83,595	103,021	19,426
OTHER FINANCING SOURCES (USES)			
Transfer from Other Fund	-	1,362	1,362
Transfers to Other Fund	(83,500)	(63,964)	19,536
TOTAL OTHER FINANCING SOURCES (USES)	<u>(83,500)</u>	<u>(62,602)</u>	<u>20,898</u>
NET CHANGE IN FUND BALANCES	95	40,419	40,324
FUND BALANCES - BEGINNING	<u>5,188</u>	<u>(2,266)</u>	<u>(7,454)</u>
FUND BALANCES - ENDING	<u>\$ 5,283</u>	<u>\$ 38,153</u>	<u>\$ 32,870</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

HAWTHORN METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

OPERATIONS FUND

	Annual Budget	Year to Date Actual	Variance
REVENUES			
2018 Operations Fees	\$ -	\$ 6,777	\$ 6,777
2019 Operations Fees	93,132	69,849	(23,283)
Other Revenue	-	117	117
Penalties & Late Fees	-	3,593	3,593
Transfer Fees	-	3,000	3,000
TOTAL REVENUES	<u>93,132</u>	<u>83,336</u>	<u>(9,796)</u>
EXPENDITURES			
Covenant Enforcement	1,920	840	1,080
Design Review	1,920	1,331	589
District Management	18,000	11,145	6,855
Electricity	800	116	684
Fence Repair	1,000	-	1,000
Grounds Cleanup	3,500	1,674	1,826
Irrigation Repairs	4,000	2,445	1,555
Landscape Improvements	30,000	26,744	3,256
Landscape Maintenance Contract	25,000	22,200	2,800
Legal	2,400	4,035	(1,635)
Lighting Repair	50	-	50
North Table Mtn IGA	15,330	14,451	879
Postage & Copies	300	394	(94)
Snow Removal	5,000	6,758	(1,758)
Social Activities	3,000	1,008	1,992
Trash Removal	37,000	31,415	5,585
Water	7,000	2,596	4,404
Website	-	315	(315)
TOTAL EXPENDITURES	<u>156,220</u>	<u>127,467</u>	<u>28,753</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(63,088)</u>	<u>(44,131)</u>	<u>18,957</u>
OTHER FINANCING SOURCES (USES)			
Transfer from Other Fund	83,500	63,964	(19,536)
Transfers to Other Fund	-	(1,362)	(1,362)
TOTAL OTHER FINANCING SOURCES (USES)	<u>83,500</u>	<u>62,602</u>	<u>(20,898)</u>
NET CHANGE IN FUND BALANCES	<u>20,412</u>	<u>18,471</u>	<u>(1,941)</u>
FUND BALANCES - BEGINNING	<u>(5,318)</u>	<u>(18,471)</u>	<u>(13,153)</u>
FUND BALANCES - ENDING	<u>\$ 15,094</u>	<u>\$ -</u>	<u>\$ (15,094)</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances – governmental funds have been omitted.

SUPPLEMENTARY INFORMATION

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HAWTHORN METROPOLITAN DISTRICT NO. 2
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

DEBT SERVICE FUND

	Annual Budget	Year to Date Actual	Variance
REVENUES			
Interest Income	\$ 1,000	\$ 2,903	\$ 1,903
Property Taxes	434,282	432,123	(2,159)
Specific Ownership Taxes	26,057	27,288	1,231
TOTAL REVENUES	<u>461,339</u>	<u>462,314</u>	<u>975</u>
EXPENDITURES			
Bond Interest - Series 2017A	299,625	149,813	149,812
Bond Principal - Series 2017A	60,000	-	60,000
Contingency	5,861	-	5,861
County Treasurer's Fee	6,514	6,482	32
Paying Agent Fees	3,000	8,000	(5,000)
TOTAL EXPENDITURES	<u>375,000</u>	<u>164,295</u>	<u>210,705</u>
NET CHANGE IN FUND BALANCES	86,339	298,019	211,680
FUND BALANCES - BEGINNING	<u>121,439</u>	<u>132,073</u>	<u>10,634</u>
FUND BALANCES - ENDING	<u>\$ 207,778</u>	<u>\$ 430,092</u>	<u>\$ 222,314</u>

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HAWTHORN METROPOLITAN DISTRICT NO. 2
Schedule of Cash Position
September 30, 2019
Updated as of November 13, 2019

	<u>General Fund</u>	<u>Operation Fees Fund</u>	<u>Debt Service Fund</u>	<u>Total Funds</u>
<u>FirstBank - Checking Account</u>				
Balance as of 09/30/19	\$ 52,659.65	\$ 38,857.09	\$ 3,308.03	\$ 94,824.77
Subsequent activities:				-
10/08/19 Jefferson County taxes	1,066.40	-	2,912.38	3,978.78
10/08/19 Bill.com payments	(5,672.60)	(8,143.22)		(13,815.82)
10/15/19 Xcel	-	(14.38)		(14.38)
10/16/19 Waste Management	-	(3,524.58)		(3,524.58)
10/16/19 Waste Management	-	(3,521.86)		(3,521.86)
10/11/19 Operations Fees deposit	-	2,020.80		2,020.80
10/22/19 Bill.com payments	-	(5,880.22)		(5,880.22)
10/29/19 North table	-	(962.53)		(962.53)
11/10/19 Jefferson County taxes	1,754.68	-	4,792.07	6,546.75
11/13/19 Bill.com payments	(4.26)	(9,553.51)		(9,557.77)
Anticipated activities:				
Anticipated transfer to UMB	-	-	(11,012.48)	(11,012.48)
Anticipated Balance	<u>\$ 49,803.87</u>	<u>\$ 9,277.59</u>	<u>\$ -</u>	<u>\$ 59,081.46</u>
<u>UMB 2017A Bond Fund</u>				
Balance as of 09/30/19	\$ -	\$ -	\$ 423,871.67	\$ 423,871.67
Subsequent activities:				
10/31/19 Interest income	-	-	635.85	635.85
Anticipated activities:				
Anticipated transfer from Checking	-	-	11,012.48	11,012.48
Anticipated Debt Service Payment	-	-	(209,812.50)	(209,812.50)
Anticipated Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435,520.00</u>	<u>\$ 435,520.00</u>
Anticipated Balances	<u>\$ 49,803.87</u>	<u>\$ 9,277.59</u>	<u>\$ 435,520.00</u>	<u>\$ 494,601.46</u>
<u>Yield</u>				
UMB 10/31/19: 1.87%				

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances – governmental funds have been omitted.

**HAWTHORN METROPOLITAN DISTRICT NO. 2
PROPERTY TAX RECONCILIATION
2019**

	Current Year							Prior Year				
	Property Taxes	Delinquent Taxes, Rebates & Abatements	Specific Ownership Taxes	Interest	Treasurer's Fees	Due to County	Net Amount Received	% of Total Property Taxes Received		Total Cash Received	% of Total Property Taxes Received	
								Monthly	Y-T-D		Monthly	Y-T-D
January	\$ 5,756.60	\$ -	\$ 4,686.29	\$ -	\$ (86.35)	\$ -	\$ 10,356.54	0.97%	0.97%	\$ 21,381.04	2.97%	2.97%
February	276,274.67	-	3,706.46	-	(4,144.12)	-	275,837.01	46.57%	47.54%	265,176.75	45.73%	48.71%
March	22,156.97	-	3,508.95	-	(332.35)	-	25,333.57	3.73%	51.27%	20,322.47	2.82%	51.52%
April	31,726.74	1,631.19	3,868.06	-	(500.37)	-	36,725.62	5.62%	56.89%	41,438.00	6.58%	58.10%
May	14,723.21	(1,167.43)	4,330.42	49.29	(204.08)	-	17,731.41	2.28%	59.18%	29,080.51	4.29%	62.40%
June	239,253.76	-	3,968.01	-	(3,588.81)	-	239,632.96	40.33%	99.50%	213,318.06	36.60%	98.99%
July	-	-	4,713.85	-	-	-	4,713.85	0.00%	99.50%	4,808.24	0.00%	98.99%
August	-	-	4,519.30	-	-	-	4,519.30	0.00%	99.50%	7,095.90	0.48%	99.47%
September	-	-	3,978.78	-	-	-	3,978.78	0.00%	99.50%	7,044.28	0.53%	100.00%
October	-	-	-	-	-	-	-	0.00%	99.50%	5,847.82	0.53%	100.53%
November	-	-	-	-	-	-	-	0.00%	99.50%	4,516.90	0.00%	100.53%
December	-	-	-	-	-	-	-	0.00%	99.50%	4,955.46	0.00%	100.53%
Total	\$ 589,891.95	\$ 463.76	\$ 37,280.12	\$ 49.29	\$ (8,856.08)	\$ -	\$ 618,829.04	99.50%	99.50%	\$ 624,985.43	100.53%	100.53%

	Taxes Levied	% of Levied	Property Taxes Collected	% Collected to Amount Levied
Property Tax				
General Fund	\$ 159,023	26.80%	\$ 158,232.50	99.50%
Debt Service Fund	434,282	73.20%	432,123.21	99.50%
Total	\$ 593,305	100.00%	\$ 590,355.71	99.50%
Specific Ownership Tax				
General Fund	\$ 9,541	26.80%	\$ 9,991.84	104.73%
Debt Service Fund	26,057	73.20%	27,288.28	104.73%
Total	\$ 35,598	100.00%	\$ 37,280.12	104.73%
Treasurer's Fees				
General Fund	\$ 2,385	26.80%	\$ 2,373.69	99.53%
Debt Service Fund	6,514	73.20%	6,482.39	99.51%
Total	\$ 8,899	100.00%	\$ 8,856.08	99.52%

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

Hawthorn Metropolitan District No. 2

Check List

All Bank Accounts

September 6, 2019 - November 25, 2019

Check Number	Check Date	Payee	Amount
Vendor Checks			
Bill.com Check	10/08/19	CPS, Inc.	120.00
Bill.com Check	10/08/19	CPS, Inc.	120.00
Bill.com Check	10/08/19	CPS, Inc.	120.00
Bill.com Check	10/08/19	Special Courier LLC	140.00
Bill.com Check	10/08/19	White Bear Ankele Tanaka & Waldron	3,611.97
Bill.com Check	10/08/19	White Bear Ankele Tanaka & Waldron	2,756.00
Bill.com Check	10/08/19	Metco Landscape, Inc.	528.99
Bill.com Check	10/08/19	Metco Landscape, Inc.	164.24
Bill.com Check	10/08/19	Metco Landscape, Inc.	528.99
Bill.com Check	10/22/19	Metco Landscape, Inc.	556.78
Bill.com Check	10/22/19	Metco Landscape, Inc.	622.39
Bill.com Check	10/08/19	CliftonLarsonAllen LLP	1,920.63
Bill.com Check	10/22/19	CliftonLarsonAllen LLP	4,631.05
Bill.com Check	10/08/19	POOP 911	35.00
Bill.com Check	10/08/19	POOP 911	35.00
Bill.com Check	10/08/19	POOP 911	35.00
Bill.com Check	10/22/19	POOP 911	35.00
Bill.com Check	10/22/19	POOP 911	35.00
Bill.com Check	10/16/19	Waste Management	3,524.58
Bill.com Check	10/16/19	Waste Management	3,521.86
ACH	10/15/19	Xcel Energy	14.38
ACH	10/29/19	North Table Mountain W & S District	962.53
Bill.com Check	09/06/19	POOP 911	35.00
Bill.com Check	09/12/19	Xcel Energy	14.13
Bill.com Check	11/13/19	CPS, Inc.	120.00
Bill.com Check	11/13/19	CPS, Inc.	120.00
Bill.com Check	11/13/19	CPS, Inc.	120.00
Bill.com Check	11/13/19	White Bear Ankele Tanaka & Waldron	31.00
Bill.com Check	11/13/19	White Bear Ankele Tanaka & Waldron	1,835.92
Bill.com Check	11/13/19	White Bear Ankele Tanaka & Waldron	1,371.50
Bill.com Check	11/13/19	Metco Landscape, Inc.	420.00
Bill.com Check	11/13/19	CliftonLarsonAllen LLP	651.68
Bill.com Check	11/13/19	POOP 911	35.00
Bill.com Check	11/13/19	POOP 911	35.00
Bill.com Check	11/13/19	POOP 911	35.00
Bill.com Check	11/13/19	POOP 911	35.00
Bill.com Check	11/13/19	POOP 911	35.00
Bill.com Check	11/13/19	POOP 911	35.00
Bill.com Check	11/13/19	UNCC	4.26
Bill.com Check	11/13/19	Xcel Energy	13.23
Bill.com Check	11/13/19	North Table Mountain W & S District	960.18
Bill.com Check	11/13/19	Metco Landscape, Inc.	3,700.00
Bill.com Check	10/08/19	Metco Landscape, Inc.	3,700.00
Vendor Check Total			37,326.29
Check List Total			37,326.29

Check count = 43

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**HAWTHORN METROPOLITAN DISTRICT NO. 2
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by court order and decree of the District Court for the County of Jefferson on December 5, 2012, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was established to provide financing for the operations and maintenance and design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation/storm sewer, streets, park and recreation, transportation, mosquito control, safety protection, fire protection, television relay and translation, and security. The District was organized in conjunction with Hawthorn Metropolitan District No. 1 which is now inactive.

The District is not authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided as part of an intergovernmental agreement with the County.

On November 6, 2012, the District's voters authorized total indebtedness of \$300,000,000 for the above listed facilities and \$30,000,000 for operations and maintenance, \$30,000,000 for both intergovernmental and private agreements, and \$30,000,000 for refunding. The election also approved an annual increase in property taxes of \$5,000,000 without limitation of rate, to pay the District's operation and maintenance costs. Per the District's service plan, the maximum debt mill levy is 50.000 mills, as adjusted. The maximum mill levy is 55.277 mills. Additionally the service plan limits the total amount of debt issued between both Districts to \$10,000,000.

The District has no employees and all administrative functions are contracted.

The District prepares its budget on the modified accrual basis of accounting and in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Property Taxes

Property Taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the county Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

**HAWTHORN METROPOLITAN DISTRICT NO. 2
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

The calculation of the taxes levied is displayed on the Property Tax Summary Information page of the budget using the adopted mill levy imposed by the District.

Specific Ownership

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 6% of the property taxes collected for General Fund and 8% for Debt Service Fund.

Operations Fee

The District collects a fee of \$468 per year from homeowners. The fees are used to cover the costs of landscaping, maintenance and trash removal for the District.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.5%.

Expenditures

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of property taxes.

Administrative Expenditures

Administration expenses include the services necessary to maintain the District's administrative viability such as legal, accounting, insurance, dues and membership, and other administrative expenses.

Maintenance Expenditures

Anticipated maintenance expenditures are shown on the Operations Fee Fund page of the budget.

Debt and Leases

On December 14, 2017, the District issued its \$6,210,000 General Obligation Refunding Bonds, Series 2017A (2017A Bonds), its \$820,000 Subordinate Limited Tax General Obligation Refunding and Improvement Bonds, Series 2017B (2017B Bonds) and its \$928,000 Limited Tax Junior Lien Subordinate General Obligation Bonds (2017C Bonds). The proceeds from the sale of the 2017A Bonds were applied to refunding the 2014 and 2015 Bonds of the District, reimbursing Developer advances related to public improvements for the District, paying the costs of issuing the 2017 Bonds. The proceeds from the sale of the 2017B Bonds will be applied to reimbursing Developer advances related to public improvements for the District and paying the costs of issuing the 2017B Bonds.

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**HAWTHORN METROPOLITAN DISTRICT NO. 2
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

The proceeds from the sale of the 2017C Bonds were used to reimburse Developer advances related to public improvements for the District and paying certain costs of issuing the 2017C Bonds.

The 2017A Bonds bear interest at 4.5% and 5.0%, payable semi-annually on June 1 and December 1, beginning on June 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2018. The 2017A Bonds mature on December 1, 2047.

The Senior Bonds are also secured by the amounts on deposit in the Surplus Fund. Prior to the date upon which the Debt to Assessed Ratio is equal to 50% or less, Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$621,000. Pursuant to the Senior Indenture, the Surplus Fund will be terminated when the Debt to Assessed Ratio is equal to or less than 50% (if ever) and, any monies therein applied to any legal purpose of the District. Under the Subordinate Indenture, any amounts in the Surplus Fund upon termination of such funds are pledged to the payment of the Subordinate Bonds.

The 2017B Bonds bear interest at 7.25% per annum, are payable annually from Subordinate Pledged Revenue, if any, on December 15, beginning on December 15, 2018, and mature on December 15, 2047. The 2017B Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal prior to the final maturity date. Unpaid interest on the 2017B Bonds compounds annually on each December 15. All of the 2017B Bonds and interest thereon will be deemed to be paid, satisfied and discharged on December 15, 2057, regardless of the amount of principal and interest paid on the 2017B Bonds prior to such Subordinate Termination Date.

The 2017C Bonds bear interest at the rate of 10.00% per annum, and are payable annually from Junior Subordinate Pledged Revenue, if any available, on each December 15, commencing on the first December 15 occurring after the 2017B Bonds have been paid in full or are no longer outstanding, and mature on December 15, 2057. The 2017C Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal prior to the final maturity date. Unpaid interest on the 2017C Bonds compounds annually on each December 15. All of the 2017C Bonds and interest thereon will be deemed to be paid, satisfied and discharged on December 15, 2057, regardless of the amount of principal and interest paid on the 2017C Bonds prior to such Termination Date.

The District has no operating or capital leases.

Reserve Funds

Emergency Reserve

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending.

HAWTHORN METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

Bonds and Interest Maturing in the Year Ending December 31,	\$6,210,000 General Obligation Refunding Bonds Series 2017A, Dated December 14, 2017 Interest Rate 4.5% to 5.0% Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total
2019	\$ 60,000	\$ 299,625	\$ 359,625
2020	70,000	296,925	366,925
2021	70,000	293,775	363,775
2022	85,000	290,625	375,625
2023	85,000	286,800	371,800
2024	100,000	282,975	382,975
2025	105,000	278,475	383,475
2026	115,000	273,750	388,750
2027	120,000	268,575	388,575
2028	135,000	263,175	398,175
2029	140,000	257,100	397,100
2030	155,000	250,800	405,800
2031	160,000	243,825	403,825
2032	175,000	236,625	411,625
2033	185,000	228,750	413,750
2034	200,000	219,500	419,500
2035	210,000	209,500	419,500
2036	230,000	199,000	429,000
2037	240,000	187,500	427,500
2038	265,000	175,500	440,500
2039	275,000	162,250	437,250
2040	300,000	148,500	448,500
2041	315,000	133,500	448,500
2042	340,000	117,750	457,750
2043	355,000	100,750	455,750
2044	380,000	83,000	463,000
2045	400,000	64,000	464,000
2046	430,000	44,000	474,000
2047	450,000	22,500	472,500
	\$ 6,150,000	\$ 5,919,050	\$ 12,069,050

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

Hawthorn Metro District No. 2
2018 Operations Fee Refund
September 30, 2019

	CLA-Accounting			CLA-Management				
			Paid			Paid		
January	2014069	\$	2,739.55	3/27/2019	2062759	\$	440.00	Not paid/Credited to District
February	2043507		2,112.71	3/27/2019	2062760		440.00	Not paid/Credited to District
March	2083026		1,171.75	Not paid/Credited to District	2080774		3,455.00	Not paid/Credited to District
April	2143488		189.87	Not paid/Credited to District	2153092		1,079.70	Not paid/Credited to District
Total		\$	6,213.88			\$	5,414.70	
Total Invoices Credited to District						\$	6,776.32	

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Dazzio & Associates, PC
Certified Public Accountants

November 5, 2019

To the Board of Directors and Management
Hawthorn Metropolitan District No. 2
c/o CliftonLarsenAllen, LLP
8390 E Crescent Pkwy Suite 300
Greenwood Village, Colorado 80111

We are pleased to confirm our understanding of the services we are to provide Hawthorn Metropolitan District No. 2 (the District) for the year ended December 31, 2019. We will audit the financial statements of the governmental activities and each major fund including the related notes to the financial statements, which collectively comprise the basic financial statements of the District as of and for the year ended December 31, 2019.

We have also been engaged to report on supplementary information that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Schedule of Revenues, Expenditures and Changes in Fund Balance –Budget and Actual – Debt Service Fund
- 2) Schedule of Revenues, Expenditures and Changes in Fund Balance –Budget and Actual – Capital Projects Fund

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information:

- 1) Schedule of Debt Services Requirements to Maturity
- 2) Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected

Audit Objective

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the Board of Directors of the District. We cannot provide assurance that unmodified opinions will be expressed.

Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables and certain other assets and

liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees,

regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

Stephen Dazzio is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses will not exceed \$4,700. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Dazzio & Associates, P.C.

RESPONSE:

This letter correctly sets forth the understanding of Hawthorn Metropolitan District No. 2.

Management signature: _____

Title: _____

Date: _____

Board signature: _____

Title: _____

Date: _____

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CliftonLarsonAllen

Accountant's Compilation Report

CliftonLarsonAllen LLP
CLAconnect.com

Board of Directors
Hawthorn Metropolitan District No. 2

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Hawthorn Metropolitan District No. 2 for the year ending December 31, 2020, including the estimate of comparative information for the year ending December 31, 2019, and the actual comparative information for the year ended December 31, 2018, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions, which describe that the budget is presented in accordance with the requirements of C.R.S 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Hawthorn Metropolitan District No. 2.

Greenwood Village, Colorado
_____, 2019



An independent member of Nexia International

HAWTHORN METROPOLITAN DISTRICT NO. 2
SUMMARY
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

11/26/19

	ACTUAL 2018	BUDGET 2019	ACTUAL 9/30/2019	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ (49,772)	\$ 121,309	\$ 111,336	\$ 111,336	\$ 250,062
REVENUES					
2018 Operations Fees	-	-	6,777	6,777	-
Interest Income	2,897	1,010	2,917	3,770	4,440
Operations Fees	93,729	93,132	69,849	93,132	93,132
Other Revenue	-	-	117	120	-
Penalties & Late Fees	2,678	-	3,593	3,593	-
Property Taxes	579,706	593,305	590,356	593,769	683,440
Specific Ownership Tax	53,685	35,598	37,280	49,700	54,675
Transfer Fees	-	-	3,000	3,000	-
Total revenues	<u>732,695</u>	<u>723,045</u>	<u>713,889</u>	<u>753,861</u>	<u>835,687</u>
TRANSFERS IN	<u>41,374</u>	<u>83,500</u>	<u>65,326</u>	<u>79,362</u>	<u>75,000</u>
Total funds available	<u>724,297</u>	<u>927,854</u>	<u>890,551</u>	<u>944,559</u>	<u>1,160,749</u>
EXPENDITURES					
General Fund	83,626	84,979	65,218	80,000	91,000
Operations Fund	130,157	156,220	127,467	160,991	168,725
Debt Service Fund	357,804	375,000	164,295	374,144	390,000
Total expenditures	<u>571,587</u>	<u>616,199</u>	<u>356,980</u>	<u>615,135</u>	<u>649,725</u>
TRANSFERS OUT	<u>41,374</u>	<u>83,500</u>	<u>65,326</u>	<u>79,362</u>	<u>75,000</u>
Total expenditures and transfers out requiring appropriation	<u>612,961</u>	<u>699,699</u>	<u>422,306</u>	<u>694,497</u>	<u>724,725</u>
ENDING FUND BALANCES	<u>\$ 111,336</u>	<u>\$ 228,155</u>	<u>\$ 468,245</u>	<u>\$ 250,062</u>	<u>\$ 436,024</u>
Emergency Reserve	\$ 5,100	\$ 5,100	\$ 5,000	\$ 5,100	\$ 5,800
Available for Operations	(7,366)	183	33,153	8,463	40,036
Special Revenue Reserve	2,900	2,800	1,800	3,200	2,800
Surplus Fund	132,073	207,778	430,092	232,701	386,983
TOTAL RESERVE	<u>\$ 132,707</u>	<u>\$ 215,861</u>	<u>\$ 470,045</u>	<u>\$ 249,464</u>	<u>\$ 435,619</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

HAWTHORN METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

11/26/19

	ACTUAL 2018	BUDGET 2019	ACTUAL 9/30/2019	ESTIMATED 2019	BUDGET 2020
ASSESSED VALUATION					
Residential	\$ 7,676,087	\$ 7,856,213	\$ 7,856,213	\$ 7,856,213	\$ 8,987,083
Vacant land	203	203	203	203	203
Personal property	95	56	56	56	30
Certified Assessed Value	<u>\$ 7,676,385</u>	<u>\$ 7,856,472</u>	<u>\$ 7,856,472</u>	<u>\$ 7,856,472</u>	<u>\$ 8,987,316</u>
MILL LEVY					
General	20.241	20.241	20.241	20.241	20.382
Debt Service	55.277	55.277	55.277	55.277	55.663
Total mill levy	<u>75.518</u>	<u>75.518</u>	<u>75.518</u>	<u>75.518</u>	<u>76.045</u>
PROPERTY TAXES					
General	\$ 155,378	\$ 159,023	\$ 159,023	\$ 159,023	\$ 183,179
Debt Service	424,328	434,282	434,282	434,282	500,261
Levied property taxes	579,706	593,305	593,305	593,305	683,440
Adjustments to actual/rounding	-	-	(3,413)	-	-
Refunds and abatements	-	-	464	464	-
Budgeted property taxes	<u>\$ 579,706</u>	<u>\$ 593,305</u>	<u>\$ 590,356</u>	<u>\$ 593,769</u>	<u>\$ 683,440</u>
BUDGETED PROPERTY TAXES					
General	\$ 155,378	\$ 159,023	\$ 158,233	\$ 159,147	\$ 183,179
Debt Service	424,328	434,282	432,123	434,622	500,261
	<u>\$ 579,706</u>	<u>\$ 593,305</u>	<u>\$ 590,356</u>	<u>\$ 593,769</u>	<u>\$ 683,440</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

HAWTHORN METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

11/26/19

	ACTUAL 2018	BUDGET 2019	ACTUAL 9/30/2019	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ (47,111)	\$ 5,188	\$ (2,266)	\$ (2,266)	\$ 13,563
REVENUES					
Interest Income	79	10	14	20	440
Property Taxes	155,378	159,023	158,233	159,147	183,179
Specific Ownership Tax	14,388	9,541	9,992	13,300	14,654
Total revenues	<u>169,845</u>	<u>168,574</u>	<u>168,239</u>	<u>172,467</u>	<u>198,273</u>
TRANSFERS IN					
Transfers from Other Fund	<u>-</u>	<u>-</u>	<u>1,362</u>	<u>1,362</u>	<u>-</u>
Total funds available	<u>122,734</u>	<u>173,762</u>	<u>167,335</u>	<u>171,563</u>	<u>211,836</u>
EXPENDITURES					
General and administrative					
Accounting	22,114	23,000	21,182	25,000	25,000
Audit	4,700	4,900	4,700	4,700	4,900
County Treasurer's Fee	2,332	2,385	2,374	2,387	2,748
Directors' Fees	738	800	600	1,000	1,600
Dissolution of District No. 1	-	7,000	-	-	7,000
Dues	448	470	479	479	500
Elections	749	-	-	-	1,000
Insurance	10,800	11,424	11,035	11,035	12,150
Legal	40,598	35,000	24,198	34,000	35,000
Miscellaneous	1,147	-	650	1,399	1,102
Total expenditures	<u>83,626</u>	<u>84,979</u>	<u>65,218</u>	<u>80,000</u>	<u>91,000</u>
TRANSFERS OUT					
Transfer to other fund	<u>41,374</u>	<u>83,500</u>	<u>63,964</u>	<u>78,000</u>	<u>75,000</u>
Total expenditures and transfers out requiring appropriation	<u>125,000</u>	<u>168,479</u>	<u>129,182</u>	<u>158,000</u>	<u>166,000</u>
ENDING FUND BALANCE	<u>\$ (2,266)</u>	<u>\$ 5,283</u>	<u>\$ 38,153</u>	<u>\$ 13,563</u>	<u>\$ 45,836</u>
Emergency Reserve	\$ 5,100	\$ 5,100	\$ 5,000	\$ 5,100	\$ 5,800
Available for Operations	(7,366)	183	33,153	8,463	40,036
TOTAL RESERVE	<u>\$ (2,266)</u>	<u>\$ 5,283</u>	<u>\$ 38,153</u>	<u>\$ 13,563</u>	<u>\$ 45,836</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

HAWTHORN METROPOLITAN DISTRICT NO. 2
OPERATIONS FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

11/26/19

	ACTUAL 2018	BUDGET 2019	ACTUAL 9/30/2019	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ (26,095)	\$ (5,318)	\$ (18,471)	\$ (18,471)	\$ 3,798
REVENUES					
2018 Operations Fees	-	-	6,777	6,777	-
Operations Fees	93,729	93,132	69,849	93,132	93,132
Penalties & Late Fees	2,678	-	3,593	3,593	-
Transfer Fees	-	-	3,000	3,000	-
Other Revenue	-	-	117	120	-
Total revenues	<u>96,407</u>	<u>93,132</u>	<u>83,336</u>	<u>106,622</u>	<u>93,132</u>
TRANSFERS IN					
Transfers from Other Fund	<u>41,374</u>	<u>83,500</u>	<u>63,964</u>	<u>78,000</u>	<u>75,000</u>
Total funds available	<u>111,686</u>	<u>171,314</u>	<u>128,829</u>	<u>166,151</u>	<u>171,930</u>
EXPENDITURES					
General and Administrative					
Billing	2,576	-	-	-	-
Covenant Enforcement	1,400	1,920	840	1,440	1,920
Design Review	1,400	1,920	1,331	2,400	1,920
District Management	10,898	18,000	11,145	15,000	18,000
Engineering - Underdrain	4,299	-	-	-	-
Legal	4,972	2,400	4,035	5,000	2,400
Postage & Copies	448	300	394	500	500
Operations and Maintenance					
Electricity	451	800	116	200	210
Fence Repair	2,484	1,000	-	-	-
Grounds Cleanup	4,381	3,500	1,674	2,500	3,500
Irrigation Repairs	3,605	4,000	2,445	3,000	4,000
Landscape Improvements	-	30,000	26,744	30,000	30,000
Landscape Maintenance Contract	34,201	25,000	22,200	25,000	25,000
Lighting Repair	-	50	-	-	50
North Table Mtn IGA	14,282	15,330	14,451	14,451	15,175
Snow Removal	2,360	5,000	6,758	15,000	15,000
Social Activities	1,318	3,000	1,008	3,000	3,000
Trash Removal	36,922	37,000	31,415	38,000	42,300
Water	4,160	7,000	2,596	5,000	5,250
Website	-	-	315	500	500
Total expenditures	<u>130,157</u>	<u>156,220</u>	<u>127,467</u>	<u>160,991</u>	<u>168,725</u>
TRANSFERS OUT					
Transfers to Other Fund	<u>-</u>	<u>-</u>	<u>1,362</u>	<u>1,362</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>130,157</u>	<u>156,220</u>	<u>128,829</u>	<u>162,353</u>	<u>168,725</u>
ENDING FUND BALANCE	<u>\$ (18,471)</u>	<u>\$ 15,094</u>	<u>\$ -</u>	<u>\$ 3,798</u>	<u>\$ 3,205</u>
Special Revenue Reserve	\$ 2,900	\$ 2,800	\$ 1,800	\$ 3,200	\$ 2,800

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

HAWTHORN METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

11/26/19

	ACTUAL 2018	BUDGET 2019	ACTUAL 9/30/2019	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 23,434	\$ 121,439	\$ 132,073	\$ 132,073	\$ 232,701
REVENUES					
Interest income	2,818	1,000	2,903	3,750	4,000
Property Taxes	424,328	434,282	432,123	434,622	500,261
Specific Ownership Tax	39,297	26,057	27,288	36,400	40,021
Total revenues	<u>466,443</u>	<u>461,339</u>	<u>462,314</u>	<u>474,772</u>	<u>544,282</u>
Total funds available	<u>489,877</u>	<u>582,778</u>	<u>594,387</u>	<u>606,845</u>	<u>776,983</u>
EXPENDITURES					
Bond Interest - Series 2017A	291,408	299,625	149,813	299,625	296,925
Bond Principal - Series 2017A	60,000	60,000	-	60,000	70,000
Contingency	-	5,861	-	-	7,571
County Treasurer's Fee	6,368	6,514	6,482	6,519	7,504
Miscellaneous	28	-	-	-	-
Paying Agent Fees	-	3,000	8,000	8,000	8,000
Total expenditures	<u>357,804</u>	<u>375,000</u>	<u>164,295</u>	<u>374,144</u>	<u>390,000</u>
Total expenditures and transfers out requiring appropriation	<u>357,804</u>	<u>375,000</u>	<u>164,295</u>	<u>374,144</u>	<u>390,000</u>
ENDING FUND BALANCE	<u>\$ 132,073</u>	<u>\$ 207,778</u>	<u>\$ 430,092</u>	<u>\$ 232,701</u>	<u>\$ 386,983</u>
Surplus Fund	<u>\$ 132,073</u>	<u>\$ 207,778</u>	<u>\$ 430,092</u>	<u>\$ 232,701</u>	<u>\$ 386,983</u>
TOTAL RESERVE	<u>\$ 132,073</u>	<u>\$ 207,778</u>	<u>\$ 430,092</u>	<u>\$ 232,701</u>	<u>\$ 386,983</u>

This financial information should be read only in connection with the accompanying accountant's
 compilation report and summary of significant assumptions.

**HAWTHORN METROPOLITAN DISTRICT NO. 2
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by court order and decree of the District Court for the County of Jefferson on December 5, 2012, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was established to provide financing for the operations and maintenance and design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation/storm sewer, streets, park and recreation, transportation, mosquito control, safety protection, fire protection, television relay and translation, and security. The District was organized in conjunction with Hawthorn Metropolitan District No. 1, which is now inactive.

The District is not authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided as part of an intergovernmental agreement with the County.

On November 6, 2012, the District's voters authorized total indebtedness of \$300,000,000 for the above listed facilities and \$30,000,000 for operations and maintenance, \$30,000,000 for both intergovernmental and private agreements, and \$30,000,000 for refunding. The election also approved an annual increase in property taxes of \$5,000,000 without limitation of rate, to pay the District's operation and maintenance costs. Per the District's service plan, the maximum debt mill levy is 50.000 mills, as adjusted. The maximum mill levy is 55.663 mills. Additionally the service plan limits the total amount of debt issued between both Districts to \$10,000,000.

The District has no employees and all administrative functions are contracted.

The District prepares its budget on the modified accrual basis of accounting and in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Property Taxes

Property Taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the county Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and, generally, sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

**HAWTHORN METROPOLITAN DISTRICT NO. 2
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

The calculation of the taxes levied is displayed on the Property Tax Summary Information page of the budget using the adopted mill levy imposed by the District.

Specific Ownership

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 8% of the property taxes collected for General Fund and 8% for Debt Service Fund.

Operations Fee

The District collects a fee of \$564 per year from homeowners. The fees are used to cover the costs of landscaping, maintenance and trash removal for the District.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.5%.

Expenditures

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of property taxes.

Administrative Expenditures

Administration expenses include the services necessary to maintain the District's administrative viability such as legal, accounting, insurance, dues and membership, and other administrative expenses.

Maintenance Expenditures

Anticipated maintenance expenditures are shown on the Operations Fee Fund page of the budget.

Debt and Leases

On December 14, 2017, the District issued its \$6,210,000 General Obligation Refunding Bonds, Series 2017A (2017A Bonds), its \$820,000 Subordinate Limited Tax General Obligation Refunding and Improvement Bonds, Series 2017B (2017B Bonds) and its \$928,000 Limited Tax Junior Lien Subordinate General Obligation Bonds (2017C Bonds). The proceeds from the sale of the 2017A Bonds were applied to refunding the 2014 and 2015 Bonds of the District, reimbursing Developer advances related to public improvements for the District, paying the costs of issuing the 2017 Bonds. The proceeds from the sale of the 2017B Bonds will be applied to reimbursing Developer advances related to public improvements for the District and paying the costs of issuing the 2017B Bonds.

**HAWTHORN METROPOLITAN DISTRICT NO. 2
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

The proceeds from the sale of the 2017C Bonds were used to reimburse Developer advances related to public improvements for the District and paying certain costs of issuing the 2017C Bonds.

The 2017A Bonds bear interest at 4.5% and 5.0%, payable semi-annually on June 1 and December 1, beginning on June 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2018. The 2017A Bonds mature on December 1, 2047.

The Senior Bonds are also secured by the amounts on deposit in the Surplus Fund. Prior to the date upon which the Debt to Assessed Ratio is equal to 50% or less, Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$621,000. Pursuant to the Senior Indenture, the Surplus Fund will be terminated when the Debt to Assessed Ratio is equal to or less than 50% (if ever) and, any monies therein applied to any legal purpose of the District. Under the Subordinate Indenture, any amounts in the Surplus Fund upon termination of such funds are pledged to the payment of the Subordinate Bonds.

The 2017B Bonds bear interest at 7.25% per annum, are payable annually from Subordinate Pledged Revenue, if any, on December 15, beginning on December 15, 2018, and mature on December 15, 2047. The 2017B Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal prior to the final maturity date. Unpaid interest on the 2017B Bonds compounds annually on each December 15. All of the 2017B Bonds and interest thereon will be deemed to be paid, satisfied and discharged on December 15, 2057, regardless of the amount of principal and interest paid on the 2017B Bonds prior to such Subordinate Termination Date.

The 2017C Bonds bear interest at the rate of 10.00% per annum, and are payable annually from Junior Subordinate Pledged Revenue, if any available, on each December 15, commencing on the first December 15 occurring after the 2017B Bonds have been paid in full or are no longer outstanding, and mature on December 15, 2057. The 2017C Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal prior to the final maturity date. Unpaid interest on the 2017C Bonds compounds annually on each December 15. All of the 2017C Bonds and interest thereon will be deemed to be paid, satisfied and discharged on December 15, 2057, regardless of the amount of principal and interest paid on the 2017C Bonds prior to such Termination Date.

The District has no operating or capital leases.

Reserve Funds

Emergency Reserve

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending.

This information is an integral part of the budget.

**HAWTHORN METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

Bonds and Interest Maturing in the Year Ending December 31,	\$6,210,000		
	General Obligation Refunding Bonds Series 2017A, Dated December 14, 2017 Interest Rate 4.5% to 5.0% Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total
2020	\$ 70,000	\$ 296,925	\$ 366,925
2021	70,000	293,775	363,775
2022	85,000	290,625	375,625
2023	85,000	286,800	371,800
2024	100,000	282,975	382,975
2025	105,000	278,475	383,475
2026	115,000	273,750	388,750
2027	120,000	268,575	388,575
2028	135,000	263,175	398,175
2029	140,000	257,100	397,100
2030	155,000	250,800	405,800
2031	160,000	243,825	403,825
2032	175,000	236,625	411,625
2033	185,000	228,750	413,750
2034	200,000	219,500	419,500
2035	210,000	209,500	419,500
2036	230,000	199,000	429,000
2037	240,000	187,500	427,500
2038	265,000	175,500	440,500
2039	275,000	162,250	437,250
2040	300,000	148,500	448,500
2041	315,000	133,500	448,500
2042	340,000	117,750	457,750
2043	355,000	100,750	455,750
2044	380,000	83,000	463,000
2045	400,000	64,000	464,000
2046	430,000	44,000	474,000
2047	450,000	22,500	472,500
	\$ 6,090,000	\$ 5,619,425	\$ 11,709,425

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions

**HAWTHORN METROPOLITAN DISTRICT NO. 2
RESOLUTION TO AMEND 2019 BUDGET**

WHEREAS, the Board of Directors of Hawthorn Metropolitan District No. 2 (the “District”) certifies that at a **regular** meeting of the Board of Directors of the District held December 2, 2019, a public hearing was held regarding the 2019 amended budget, and, subsequent thereto, the following Resolution was adopted by affirmative vote of a majority of the Board of Directors:

WHEREAS, the Board of Directors of the District adopted a budget and appropriated funds for fiscal year 2019 as follows:

Operations Fund	\$156,220
and;	

WHEREAS, the necessity has arisen for additional expenditures by the District due to additional costs which could not have been reasonably anticipated at the time of adoption of the budget, requiring the expenditure of funds in excess of those appropriated for fiscal year 2019; and

WHEREAS, funds are available for such expenditure.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the District does hereby amend the adopted budget for fiscal year 2019 as follows:

Operations Fund	\$162,353
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BE IT FURTHER RESOLVED, that such sums are hereby appropriated from the revenues of the District to the funds named above for the purpose stated, and that any ending fund balances shall be reserved for purposes of complying with Article X, Section 20 of the Colorado Constitution.

[Remainder of page intentionally left blank.]

ADOPTED this 2nd day of December, 2019.

**HAWTHORN METROPOLITAN DISTRICT
NO. 2**

Officer of the District

ATTEST:

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

STATE OF COLORADO
COUNTY OF JEFFERSON
HAWTHORN METROPOLITAN DISTRICT NO. 2

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted at a meeting held on Monday, December 2, 2019, at 17685 W. 83rd Drive, Arvada, Colorado, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 2nd day of December 2019.

**RESOLUTION
ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS**

(2020)

The Board of Directors of Hawthorn Metropolitan District No. 2 (the “Board”), County of Jefferson, Colorado (the “District”) held a regular meeting at 17685 W 83rd Drive, Arvada, Colorado, on Monday, December 2, 2019, at the hour of 2:00 P.M.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with § 29-1-106, C.R.S.

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DRAFT

NOTICE AS TO PROPOSED 2020 BUDGET

DRAFT

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE DISTRICT FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2020 AND ENDING ON THE LAST DAY OF DECEMBER 2020.

WHEREAS, the Board has authorized its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on December 2, 2019, interested electors were given the opportunity to file or present any objections to said proposed budget at any time prior to final adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2020. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2020 budget year, there is hereby levied a tax of 20.382 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 3. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2020 budget year, there is hereby levied a tax of

55.663 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2020 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2020 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Jefferson County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 7. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated.

Section 8. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 9. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

[Remainder of page intentionally left blank.]

ADOPTED THIS 2ND DAY OF DECEMBER 2019.

HAWTHORN METROPOLITAN DISTRICT NO. 2

Officer of the District

ATTEST:

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

STATE OF COLORADO
COUNTY OF JEFFERSON
HAWTHORN METROPOLITAN DISTRICT NO. 2

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held on Monday, December 2, 2019, at 17685 W 83rd Drive, Arvada, Colorado, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 2nd day of December 2019.

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE

DRAFT