

**MINUTES OF THE ANNUAL MEETING OF THE BOARD OF DIRECTORS
OF HIGHLANDS-MEAD METROPOLITAN DISTRICT**

October 20, 2025, at 5:30 p.m. via In Person and Teleconference

Attendance / Qualification

The annual meeting of the Board of Directors of the Highlands-Mead Metropolitan District was called and held as shown above in accordance with the applicable statutes of the State of Colorado. The following directors, having confirmed their qualification to serve, were in attendance:

Bryon Fessler, President
Richard Felter, Vice President
Rene Singer, Treasurer
Janice Bachmann, Assistant Secretary

The following Director was absent: Joshua Crites, Secretary

Also present: Amy Hord, Public Alliance LLC, District Manager; Sean Allen, WBA, P.C., District General Counsel; Eric Weaver and Avery Weaver, Marchetti & Weaver LLP, District Accountants; and members of the public.

Call to Order / Quorum

Director Fessler called the meeting to order at 5:30 p.m.

Presentation Regarding Status of Public Infrastructure Projects within the District

Director Fessler provided the annual infrastructure update as required by Colorado law. The District reviewed the status of public improvements originally constructed by Prosper Land and Development LLC, which had posted surety bonds with the Town of Mead to ensure completion of required infrastructure.

Director Fessler noted that the Town approved the District's Service Plan in 2019, and a Subdivision Improvement Agreement was executed that year establishing construction standards, landscaping requirements, warranty periods, and repair processes. The District also entered into two advance and reimbursement agreements with the Developer for operation/administration advances and public infrastructure capital advances, resulting in approximately \$1.24 million owed to the Developer with accrued interest.

The Town has granted only conditional acceptance of public and landscaping improvements as follows:

- 2020: Public improvements – Phases 1A-1 and 1A
- 2021: Public improvements – Phases 1B and 1C; landscaping – Phase 1B
- 2022: Public improvements – Phase 1D; landscaping – Phases 1C and 1D
- 2023: Public improvements – Phase 2
- 2025: Landscaping – Phase 2

Under Mead Municipal Code, the Developer must maintain improvements and warranty them for two years after the Town's conditional acceptance. The District accepted the landscaping improvements on February 27, 2023, during the Developer-controlled Board period, relying on the Developer's existing financial guarantee with the Town.

In May 2024, the Developer announced it would stop advancing funds at year-end under the two advance and reimbursement agreements. The \$350 per quarter operations and maintenance fee took effect on January 1, 2025, and the Developer representatives resigned from the Board. In May 2025, control of the District transitioned to homeowners/residential directors. The new Board prioritized refinancing the 2020 bonds and resolving the outstanding \$1.2 million developer advance and reimbursement obligation debt. Negotiations on the discharge and settlement of the developer reimbursement stalled temporarily after the Developer requested the introduction of a hold-harmless clause, which the Board declined based on concerns raised by homeowners and the Town regarding deficiencies in certain improvements.

Ultimately, the District reached a final settlement and forgiveness agreement with the Developer in which reimbursement in the amount of \$456,427 was paid to the Developer from the proceeds of the Series 2025 refunding bond, with the Developer waiving/forgiving the remaining \$783,506, due and owing under the advance and reimbursement agreements.

It was noted the Town has not granted final acceptance for any public or landscaping improvements in Phases 1 or 2 and has identified deficiencies estimated at \$1.5–\$2 million, including potential full replacement of the box-culvert bridge. Discussions between the Town and the Developer are ongoing. The Town may request that the District solicit bids to complete unfinished Phase 1 landscaping at the Developer's expense. In 2024, the District spent \$19,400 replacing dead trees, some of which may have been Developer responsibilities.

The Board continues monitoring Town–Developer discussions, recognizing that reimbursement for future work is uncertain. The District has resolved all developer-related financial obligations and continues maintaining areas under its responsibility.

The President commended the Board for significant accomplishments over the past six months, including resolving the developer debt, completing bond refinancing, and identifying major infrastructure and landscaping deficiencies.

Presentation Regarding Outstanding Bonds

Director Singer provided the outstanding bonds update as required by Colorado law. On August 19, 2025, the Board refinanced the District's 2020 Series Bonds via the issuance of the Series 2025 Refunding Bonds in the par amount of \$5,555,000. The refinance allowed the District to pay off \$5,131,106 (principal plus interest) outstanding under the Series 2020 Bonds and make the settlement reimbursement payment to the Developer.

The first debt service payment on the 2025 Bonds is due December 1, 2025, and will be funded through the mill levy. The newly issued 2025 Series Bonds carry interest rates between 5.0% and 5.75% (averaging 5.4%) and amortize over 30 years, maturing in 2055.

The refinancing provides several benefits to the District:

- **Reduced Property Tax Burden:** Projected average annual household savings of approximately \$310 in 2026 compared to 2025.
- **Operational Support:** Provided \$100,000 in working capital (\$75,000 to operations; \$25,000 to the general fund).
- **Developer Advance Resolution:** Repaid \$456,428 of outstanding developer advances, with approximately \$750,000 written off.
- **Future Flexibility:** The 2025 Bonds may be refinanced again beginning in 2030, creating potential for additional savings.

Review of Unaudited Financial Statements

Director Singer provided a review of the unaudited financial statements as required by Colorado law. The District's total assets are approximately \$2.1 million, primarily in parks and recreation, with total liabilities of \$5.6 million. The District's net position is approximately -\$3.2 million, which is typical for a maturing district preparing to transfer long-term infrastructure maintenance to the Town of Mead. As a result of negotiations with the developer and the 2025 bond reissuance, the District's financial position improved by over \$500,000 in 2025.

We collected approximately \$300,000 in property tax revenue year-to-date. After bond issuance activities, developer repayment, and transferring \$100,000 of working capital to the General and Operations Funds, the fund balance on 9/30/2025 was approximately \$100,000, which will be mostly used for 2025 bond interest payments.

Revenue sources include: \$60,000 in property tax revenue (District retains \$46,000; \$14,000 remitted to the Town of Mead), \$215,000 in operations fees and \$100,000 transferred from the bond refinancing. Expenditures total \$214,000 YTD, covering administration, landscaping, irrigation, utilities, snow removal, and trash services. Fund balance on 9/30/2025 was approximately \$91,000.

Revenues and expenditures are generally tracking close to the amended 2025 budget (amended in July for the bond reissuance and to be amended again at tonight's meeting). Higher-than-expected costs were noted in management fees (+ \$25K), water and electrical (+ \$10K), and snow removal (+ \$18K). Some variances stem from the transition from Teleos to Public Alliance. Snow removal costs could have been reduced with better oversight; the contractor has since gone out of business.

As the District transitions to resident control, a priority will be reviewing and validating all existing contracts and ensuring that future financial decisions are transparent and aligned with community interests.

Based on the latest financial forecast and the one-time infusion of \$100,000 in working capital, the District is solvent entering 2026. However, this one-time funding cannot be relied upon in future years. Careful expenditure control will be essential. Significant overages in operational costs could require increased operations fees or special assessments, which the Board aims to avoid through responsible financial management.

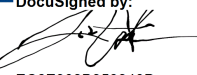
Public Comment

- **Basketball Hoops:** A homeowner requested that portable basketball hoops be permitted in driveways beyond the current October 1 deadline. The Board will determine whether this requires a covenant or guideline amendment and will solicit homeowner feedback.
- **Sprinklers:** Homeowners reported broken sprinklers and instances of sprinklers running excessively. The Board directed them to report specific issues to the District Manager using the contact information on the District's website.
- **Golf Cart:** Homeowners noted that an off-property golf cart, reportedly driven by children, has been seen speeding through the subdivision and on the District's large grassy field. The Board advised them to contact the Mead Police non-emergency number, as the Police Department is already aware of the concern.
- **Landscaping Requirements:** A homeowner inquired about the deadline for landscaping a back yard. The Board referred the homeowner to the covenants and design guidelines.
- **Dogs Off Leash:** A homeowner raised concerns about dogs off leash, owners not cleaning up after their pets, and conditions at the dog park, including trash and flies. The Board clarified that the dog park remains the developer's responsibility at this time.
- **Xeriscaping:** A homeowner asked whether xeriscaping is allowed in front yards. The Board noted that guideline revisions are under review and that xeriscape standards are expected to be finalized before spring.
- **Broken Railing:** Homeowners reported damage to the railing over the box-culvert bridge. The Board noted that this remains the developer's responsibility but will investigate the matter due to safety concerns.
- **Snow Plowing:** A homeowner asked about snow removal responsibilities. The Board explained that the Town of Mead provides snow plowing for all roads except Adams Circle, based on the Town's published criteria available on its website.

Adjourn

Upon a motion duly made and seconded, the Board unanimously adjourned the meeting at 6:25 p.m.

The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.

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Joshua Crites, Secretary
Highlands-Mead Metropolitan District