

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF HIGHLANDS-MEAD METROPOLITAN DISTRICT

Held: Tuesday, July 29, 2025, at 5:30 p.m.
In Person and Via Teleconference

Attendance/Qualification The special meeting of the Board of Directors of the Highlands-Mead Metropolitan District 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:

Richard Felter
Bryon Fessler
Rene Singer
Joshua Crites
Janice Bachmann

Also present: Mark McGarey and Amy Hord, Public Alliance LLC, District Manager; Sean Allen, WBA, P.C., District General Counsel; Eric Weaver, Avery Weaver and Irene Forgy, Marchetti & Weaver LLP, District Accountants; Blaine Hawkins and Bea Johnston, Piper Sandler & Co., KC Veio, Jacqueline Morrison and Lindsay Conroy, Kline Alvarado Veio, P.C., District Bond Counsel

Call to Order/Quorum It was noted that a quorum of the Board was present, and the meeting was called to order.

Conflict of Interest Disclosures The Board was advised that, pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. The Board reviewed the agenda for the meeting, following which each Board member confirmed that no conflicts exist.

Approval of Agenda The Board reviewed the agenda. Following discussion, upon a motion duly made and seconded, the Board unanimously approved the agenda as presented.

Public Comment None.

Minutes Following discussion, upon a motion duly made and seconded, the Board unanimously approved the June 17, 2025 Minutes as presented.

Legal Matters **Foreclosure Action**: Director Fessler discussed the status of pending foreclosure actions and requested clarification on why all three possible foreclosure actions were not being considered. Attorney Allen reminded the Board that the District previously

engaged special counsel, Orten Cavanagh Holmes & Hunt, LLC, to provide covenant enforcement, foreclosure and collection services to the District and that inquiries on pending foreclosure actions will need to be directed to special counsel. Director Felter discussed the Board's previous commitment to work with property owners to avoid foreclosures where possible. Following additional discussion by the Board, Public Alliance was directed to engage with special counsel to verify status on pending cases and provide an update and recommendation to the Board at the October Board meeting. No further action was taken.

Financial Matters

Engagements of Bond Consultants, Acknowledge Estimated Bond Cost of Issuance (Including Bond Counsel, General Counsel, Underwriter, Others): Discussion by the Board ensued to define the costs and services provided by WBA, PC as general counsel in relation to its work and services pertaining to the bond refinance. Attorney Allen summarized WBA, PC's role regarding the bond refinance transaction and noted it would issue a general counsel legal opinion for the bond refinance. In exchange for its legal opinion, risk assessment and transactional guidance, a fee of approximately \$70,000 is anticipated. It was noted that the various legal representations and other consultants, provide the District with the ability to refinance the District's bond debt, lower interest payments to be paid, lower resident annual tax levy, repay the developer advances at a significant discount and generate immediate operations financing for the ongoing maintenance of the District. Following discussion, upon a motion duly made and seconded, the Board unanimously approved and accepted WBA, PC's Special Disclosure of Costs for Legal Services in Connection with the Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Bonds, Series 2025 (the "Bonds").

Mr. Hawkins from Piper Sandler & Co. reviewed the services provided to the District as the bond underwriter and agent for the marketing and sales of the bonds. Piper Sandler & Co. would be engaged to source investors to purchase the bonds, structure the transactions, assist in negotiations and assist in structuring the repayment plan for the resolution of the bonds. He discussed the fee for services and explained the cost to the district would equal 1% of the bond sales total. Fees are anticipated to be between \$55,000 and \$65,000 based upon total bond sales between 5.5 and 6.5 million dollars. Following discussion, upon a motion duly made and seconded, the Board unanimously approved and accept the Underwriter/Placement Agent Engagement Letter with Piper Sandler & Co. in connection with the issuance of the Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Bonds, Series 2025 (the "Bonds").

Mr. Veio from Kline Alvarado Veio, P.C. reviewed the Bond Counsel and Disclosure Counsel agreement. The bond counsel's role is to coordinate legal counsel representation, draft the bond resolution and indenture of trust documents. He indicated that the bond trustee is the intermediary between the district and the bond holder. Bond counsel will support the district by providing an unqualified opinion to the District and the trustee on the bond's legal, enforceable and tax-exempt status. Kline Alvarado Veio, P.C. is a nationally recognized disclosure counsel and will ensure the bond, as a public security, meets all federal and state anti-fraud statutes and that the bonds are free of defects, misstatements and omissions. The bond issuer relies on the disclosure counsel's opinion on this disclosure statement. Kline Alvarado Veio, P.C. charges a fixed fee of approximately \$80,000 for each the bond counsel service and the disclosure counsel service. The total fee to the District is estimated at \$160,000. Fees will be paid out as an action of the closing. Following discussion, upon a motion duly made and seconded, the Board unanimously approved and accept the Engagement of Kline Alvarado Veio, P.C. as Bond Counsel and Disclosure Counsel in connection with the issuance of the Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding and Improvement Bonds, Series 2025 (the "Bonds").

Resolution authorizing the issuance of the District's General Obligation Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Bonds, Series 2025:

Mr. Veio reviewed the draft resolution parameters and process. Director Fessler inquired about the name change from general obligation refunding bond to "general obligation refunding and improvements bond". Mr. Veio indicated that since the plan includes approximately \$500,000 to be used for capital advances for the purposes of developer repayment, the definition of the bond must include the improvements nomenclature. Further, Director Fessler asked who selected UMB Bank as the Bond Trustee. Mr. Veio indicated that UMB bank is the district's current bond trustee and has been a cooperative financial partner with the district and its consultants to date. Director Fessler inquired about the Board member's liability as agents for the district. Mr. Veio confirmed the board members have liability protection under the terms of the bond as long as they "act in good faith" as agents of the District.

Mr. Weaver summarized the costs associated with the bond issuance and referred to page 7 of the financial statement. He outlined the process and disposition of the funds received from the sale as follows:

1. Repay the developer advances a total of \$456,428 conditional upon no interest payments and the final and complete forgiveness of the remaining balance of nearly \$1,000,000 in additional monies currently owed the developer.
2. Refinance payment of approximately \$5,100,000 to defease the Series 2020 A&B Bonds, plus accrued interest.
3. First debt service payment on the Series 2025 Bond due on December 1,2025.
4. Payment of Series 2025 Bond cost of issuance of approximately \$300,000.
5. Underwriter fees of 1% of par.
6. Insurance/Surety fee of approximately \$177,000.
7. Working capital/operational reserves of \$100,000.

Director Fessler requested clarification on the language in the WBA, PC transaction fee disclosure letter suggesting that the District consider obtaining a “municipal advisor” for additional support in the issuance of the bonds. Following discussion by the Board, it was determined that the current legal and professional services support the district is receiving relative to the bond issuance is sufficient and a municipal advisor is not needed and the Board is prepared to move forward with consideration of the bond issuance resolution.

Mr. Veio outlined the bond resolution’s parameters.

1. Approval of the resolution would authorize Piper Sandler to proceed with the issuance of the bond into the marketplace, set pricing target, and work with the board’s sale delegate (any board member so designated) to negotiate and accept price and offers.
2. Marketing and sale of bonds to be limited to a 180-day period.
3. Bond term to be 30 years, maturing in 2055, with a principal value not to exceed \$6,500,000.
4. Interest rate not to exceed TABOR statutory limits.
5. 3% interest will not be exceeded at redemption prior to maturity.
6. Total repayment plus costs will not exceed TABOR statutory limits.

Mr. Veio noted that section 13 provides that a buyer or seller waives recourse against the Board and District. The Board discussed the sale delegate position and selected Director Singer as the first delegate.

Director Singer summarized the effect of bond approval:

Mill levy property tax reduction estimated to decrease property taxes by approximately \$250 per year on an average \$500,000 home valuation. . The Bond refinance will lower the interest rate and debt service costs to the District. Repayment of developer advances will be limited to \$456,428 with the remainder of the outstanding obligation (approximately \$1,000,000) being waived/forgiven. Bond revenues will provide for \$100,000 in District operations reserves. The Series 2020 bond will be paid off in full (principal and interest). Legal and financial consulting fees will be paid as a condition of closing the bond sale.

Following discussion, upon a motion duly made and seconded, the Board unanimously adopted the Resolution authorizing the issuance of the District's General Obligation Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Bonds, Series 2025, in a principal amount not to exceed \$6,500,000, and approving the forms of the financing documents; ratifying and confirming the execution of certain bond related documents; making determinations and findings as to other matters related to such financing transaction; authorizing incidental action; and repealing prior inconsistent actions.

Mr. Allen explained the need for the Board to consider the adoption and approval of a settlement agreement with the developer, Highlands Mead LLC, conditional on the issuance and sale of the bonds. The approval of this agreement would allow legal to proceed with finalizing the developer advance settlement agreement and facilitate the payment of the settlement amount \$456,428.00. Following discussion, upon a motion duly made and seconded, the Board unanimously determined to enter into a Settlement Agreement with Highlands Mead, LLC, conditional on the sale and receipt of 2025 bond proceeds, directing a payment of \$456,428 to HM LLC, and subject to the release of the District from any future claims and interest for monies advanced by the developer to the District

2025 Budget Amendment Hearing: Mr. Allen explained the amendment to the 2025 budget would update the budget lines to reflect the issuance of the Series 2025 Bond and to include the \$100,000 in operational funding. Mr. Weaver reviewed the 2025 budget and highlighted the inclusion of the \$100,000 in operations expenses, which would include \$75,000 towards operations and \$25,000 to the general fund. Director Fessler inquired about the process of authorizing contingency spending. Mr. Weaver noted

that expenses are reviewed and approved by the Board. While Board action is not required for billing against previously approved items, any contingency items outside contracted services, would be brought to the Board for approval. Contracted service invoices are reviewed and approved by multiple individuals, including at least one member of the Board. Mr. Allen explained that a public hearing is required for amendments to the previously adopted budget.

Director Fessler opened the public hearing on the proposed Amendment to the 2025 Budget. Mr. McGarey noted that the notice of public hearing was provided in accordance with Colorado law. No written objections have been received prior to the meeting. There being no public comment, the hearing was closed.

Following discussion, upon a motion duly made and seconded, the Board unanimously adopted the Resolution Amending the 2025 Budget.

Following a discussion by the Board, members of the financial and legal teams were excused from the balance of the meeting. A representative from Marchetti Weaver remained on the call in the event additional financial support was required.

Management Matters

Compliance Report: Mr. McGarey reviewed the results of covenant enforcement inspections conducted in June and July with the Board. He noted that several violation courtesy notices were issued and several homeowners responded to past notices by making necessary improvements.

Landscape Report: Mr. McGarey and Ms. Hord reviewed the current condition of the landscape and areas in need of improvement with the Board. Following discussion with the Board, areas in need of additional service, particularly the tree lawn areas and the trails, were identified. Working with Director Felter, staff will obtain quotes from Mills Brothers in the fall for an improvement plan for these areas to be considered, and budget allowing, implemented in the Spring. Mr. McGarey indicated staff are working on snow quotes to attempt to secure better rates for these services. Ms. Hord will support this effort and work with the Board to evaluate options for the 2025 snow removal contract.

Homeowner Communication: The Board discussed bulletin boards, eblasts and direct mailing. Following Board direction, staff will secure outdoor protection that can be mounted at mailbox locations to allow the district newsletter to be posted. Costs for this are nominal and can be purchased by Public Alliance and reimbursed through regular billing. In addition to district events and

news, an opt-in email request will be posted to the outdoor locations directing residents to the district website. This will allow the District to communicate via email to more residents. There are currently over 200 email addresses in the Public Alliance system but more residents will be encouraged to opt-in. Ms. Hord indicated that staff will support the writing of the newsletter, which will be posted at least quarterly.

Xeriscaping Front Yards: Upon review of the design guidelines it was determined there are no standards for residents that wish to remove turf and plant native shrubs and hardscape to front yards. Staff suggested a review of Town of Erie codes and other Districts for possible consideration by the Board for a design guideline update. Current applications from residents will be placed on hold until new guidelines can be adopted.

Other: Director Fessler directed staff to update certain areas of the website and requested a contract file be made accessible to members of the Board for review.

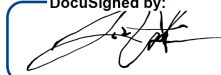
Other Business

Next Regular Meeting: The next regular Board meeting is scheduled for October 20, 2025.

Adjournment

Following Discussion, upon motion duly made and seconded, the Board unanimously determined to adjourn the meeting.

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

DocuSigned by:


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Secretary for the Meeting