
RECORD OF PROCEEDINGS

Minutes of the Board of Directors Annual Meeting of Headwaters Metropolitan District November 15, 2022

Attendance

The following Directors were present:

- Susanne (Susie) Johnson
- Scot Johnson
- Roxanne Hoover

Also in attendance were:

- Blair Dickhoner and Erin Stutz; White Bear Ankele Tanaka & Waldron
- David Richardson, Katie Jenner, Jack James, and Brent Ricketts; Husch Blackwell LLC
- Diane Rodriguez and Marcos Pacheco; Community Resource Services of Colorado, LLC

Call to Order, Declaration of Quorum, and Introductions

The annual meeting of the Board of Directors of Headwaters Metropolitan District (District) was called to order by Marcos Pacheco (Mr. Pacheco) at 8:05 a.m. noting a quorum was present. Mr. Pacheco introduced the Board of Directors, the Manager of the District, Community Resources Services of Colorado, and counsel for the District, Blair Dickhoner.

This meeting was held in a teleconferencing format.

Disclosure of Potential Conflicts of Interest

Mr. Pacheco asked if any Director had any potential or existing conflicts of interests, which Directors Scot Johnson, Susie Johnson, and Roxanne Hoover all stated they did not.

Agenda

No changes were made to the agenda.

Public Comment

Mr. Pacheco, after stating the guidelines for public comment, opened the meeting up for public comments.

RECORD OF PROCEEDINGS

Headwaters Metropolitan District November 15, 2022 Annual Meeting Minutes

No members of the public were in attendance at the meeting and therefore, no public comments were made.

Consent Agenda

Director Scot Johnson moved that the Board approve the Consent Agenda items as presented. Upon second by Director Susie Johnson, vote was taken, and motion carried unanimously.

Financial Matters:

Review and Consider Approval of 2022 Budget Amendment – Director Scot Johnson addressed a proposed 2022 Budget Amendment. Director Scott Johnson stated, per the advice of counsel, that the Second Amended and Restated Lease Purchase Agreement dated December 31, 2012 (“LPA”) has been terminated by foreclosure and/or other reasons and, though the Board has collected amenity fees during 2022 and is holding same for use in accordance with the fee resolutions and agreement, per the advice of counsel, the Board now believes that the amenity fee resolutions and associated agreements have also been terminated by foreclosure and/or other reasons. Nevertheless, Director Johnson acknowledged ongoing litigation regarding the status of the LPA and requested that the Board of Directors amend the 2022 Budget to appropriate any and all amenity fees collected during 2022 for payment of rent to the landlord under the LPA in the event the court rules that the LPA remains in effect. Director Scot Johnson further stated that if a court rules that the LPA remains in effect, and the 2022 Budget Amendment is not approved, then, per its terms, the LPA was not renewed for the 2022 lease year and terminated as of December 31, 2021. Director Scot Johnson thereafter opened the meeting for a public hearing on this matter.

No members of the public were in attendance at the meeting and therefore, no public comments were made.

Director Scot Johnson closed the public hearing and moved to vote on the 2022 Budget Amendment. Upon second by Director Susie Johnson, vote was taken. Director Scot Johnson voted for the 2022 Budget Amendment and Directors Susie Johnson and Roxanne Hoover voted against the 2022 Budget Amendment. Therefore, the motion failed.

Adoption of 2023 Budget – Mr. Pacheco proposed opening the meeting to public hearing regarding the adoption of the 2023 Budget which Director Scot Johnson affirmed.

RECORD OF PROCEEDINGS

Headwaters Metropolitan District November 15, 2022 Annual Meeting Minutes

No members of the public were in attendance at the meeting and therefore, no public comments were made.

Director Scot Johnson closed the public hearing and proposed a change to the 2023 Budget. Director Scott Johnson stated, per the advice of counsel, that the Second Amended and Restated Lease Purchase Agreement dated December 31, 2012 (“LPA”) has been terminated by foreclosure and/or other reasons (including the failure to appropriate rental for 2022) and the Board believes the amenity fee resolutions and associated agreements have also been terminated by foreclosure and/or other reasons. Nevertheless, Director Johnson acknowledged ongoing litigation regarding the status of the LPA and requested that the Board of Directors approve the 2023 Budget to appropriate any and all amenity fees collected during 2023 and any and all amenity fees previously collected and held by the District for payment of rent to the landlord under the LPA in the event the court rules that the LPA remains in effect. Director Scot Johnson further stated that if a court rules that the LPA remains in effect, and the proposed 2023 Budget making an appropriation for rent thereunder is not approved, then per its terms, the LPA will not renew for the 2023 lease year and shall terminate as of December 31, 2022.

Director Scot Johnson thereafter moved to vote on the proposed changes to be reflected in the 2023 Budget. Upon second by Director Susie Johnson, vote was taken. Director Scot Johnson voted for the proposed changes to the 2023 Budget and Directors Susie Johnson and Roxanne Hoover voted against the changes to the 2023 Budget. Therefore, the motion failed.

Director Susie Johnson moved to approve the 2023 Budget as originally submitted without the proposed changes to appropriate funds for rent under the LPA. Upon second by Director Scot Johnson, vote was taken. Directors Susie Johnson and Roxanne Hoover voted for the original 2023 Budget and Director Scot Johnson voted against. Therefore, the 2023 Budget as originally proposed was approved.

Attorney’s Items:

There were no attorney’s items.

Manager’s Items:

There were no manager’s items.

RECORD OF PROCEEDINGS

Headwaters Metropolitan District
November 15, 2022 Annual Meeting Minutes

Adjournment

Motion by Director Scot Johnson, second by Director Susie Johnson, the Board adjourned the meeting at 8:16 AM.

Respectfully submitted,

DocuSigned by:
Marcos Pacheco
7DCBE4AC2DF942F...
District Manager