

**RESOLUTION OF
THE BOARD OF DIRECTORS OF THE
HEATHER GARDENS METROPOLITAN DISTRICT
REGARDING TERMINATION OF MANAGEMENT AGREEMENT**

At a special meeting of the Board of Directors of the Heather Gardens Metropolitan District, City of Aurora, Arapahoe County, Colorado, held at 1:00 P.M., on Thursday, December 7, 2023, at the Heather Gardens Clubhouse, 2888 S. Heather Gardens Way, Aurora, Colorado, and on Zoom video conference or by telephone, at which a quorum was present, the following resolution was adopted:

WHEREAS, the Heather Gardens Metropolitan District (the “District”) was organized as a special district pursuant to an Order of the District Court in and for the County of Arapahoe, Colorado, dated April 6, 1983 and is located within Arapahoe County (the “County”) and serves the Heather Gardens Community; and

WHEREAS, the Board of Directors of the District (collectively referred to as the “Board” or individually as “Director(s)”) has a duty to perform certain obligations in order to assure the efficient operation of the District; and

WHEREAS, pursuant to § 32-1-1001(1)(d)(I), C.R.S., the District is permitted to enter into contracts affecting its affairs; and

WHEREAS, pursuant to § 32-1-1001(1)(h), C.R.S., the Board has the power on behalf of the District to manage, control and supervise of all the business and affairs of the District and all construction, installation, operation, and maintenance of the District’s improvements; and

WHEREAS, pursuant to § 32-1-1001(1)(i), C.R.S., the Board has the power on behalf of the District to appoint, hire, and retain agents and employees; and

WHEREAS, the District entered into that certain Management Agreement with the Heather Gardens Association, a non-profit Colorado corporation, (the “HGA”) dated August 23, 2018, which is the most recent revision to the longstanding management contract between the parties (the “Agreement”); and

WHEREAS, in general terms the Management Agreement, subject to certain limitations, designates the HGA as the agent of District and authorizes the HGA to operate and manage the affairs of the District subject to the policies, budgeting, finances, and oversight of the District; and

WHEREAS, HGA’s management has failed to respect HGMD’s authority over District policies, budget, finances, and oversight of its properties under the Management Agreement in order to ensure that the management of the District’s affairs are being performed in an effective and cost-efficient manner that best serves the interests of the Heather Gardens community; and

WHEREAS, HGA has refused to provide substantiation of amounts billed to the District for wages and benefits paid to HGA employees on behalf of the District and other expenditures of public funds; and

WHEREAS, in furtherance of the foregoing, the District engaged in a five months long process of working with the HGA in an attempt to exercise its rights under the existing Management Agreement, ensure that the HGA was responsively and responsibly performing its obligations under the Management Agreement, and, at the suggestion of the HGA, to negotiate certain changes to the Management Agreement to better define protocols and procedures; and

WHEREAS, this five months long process formally began on or about June 8, 2023, when the HGA, through its attorney, notified the District of certain concerns related to the oversight requested by the current Board and suggested that changes to the Management Agreement may be desirable; and

WHEREAS, members of the Board and its attorney attending meetings on July 19, 2023, August 3, 2023, and August 16, 2023, with two members of the HGA Board of Directors and its attorney, in an attempt to discuss the proper execution and performance of the duties delegated to the HGA under the Management Agreement, and to discuss any desired changes to the Management Agreement; and

WHEREAS, at the request of the HGA, the District provided a redlined draft of the Management Agreement showing the District's requested changes for review by the HGA on or about August 18, 2023, and requested a response by September 5, 2023; and

WHEREAS, the HGA did not provide any direct response to the substance of the requested redlined draft of the Management Agreement, but, instead, on or about September 1, 2023, inquired if the District would agree to pursue the concept of hiring and overseeing the staff that provide direct services at the District properties; and

WHEREAS, in a continued effort to work with the HGA, the District agreed to pursue this concept and redirected its efforts to research and planning related to hiring its own employees; and

WHEREAS, while the District was continuing in good faith to research and plan on hiring its own employees, the HGA then requested on or about September 13, 2023, that the parties participate in mediation under the Management Agreement; and

WHEREAS, on November 16, 2023, the HGA and the HGMD participated in an all-day mediation but were unable to resolve any issues; and

WHEREAS, the duties delegated to the HGA to manage the operations, affairs, and properties of the District continue to be performed in a manner that is not satisfactory to the Board of the District and which the Board does not believe allows it to execute its fiduciary duties; and

WHEREAS, HGA's failure to meet its obligations under the Management Agreement have been so significant as to deprive HGMD of its right to receive substantial performance of those obligations; and

WHEREAS, as a result of the foregoing, the District wishes to exercise its right to terminate the Management Agreement in accordance with Section VI thereof;

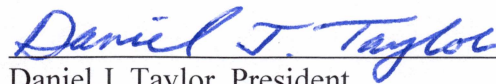
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HEATHER GARDENS METROPOLITAN DISTRICT AS FOLLOWS:

1. In accordance with Section VI of the Management Agreement the District hereby exercises its right to terminate the Management Agreement on December 31, 2024. A copy of this resolution shall be provided to the HGA to satisfy the requirement of Section VI to provide written notice not less than 180 days prior to the end of the calendar year in order to terminate the Management Agreement.
2. Notwithstanding the foregoing, the District reserves all rights under the Management Agreement and all rights it may have at law, in equity, or otherwise based on HGA's failure of performance under the Management Agreement, so that the foregoing termination pursuant to Section IV of the Management Agreement shall not impair or prejudice the District's remedies or rights thereunder nor preclude the District from exercising any other right or remedy it may have, whether under the Agreement, the law, or at equity, including its right to terminate the Management Agreement based on HGA's failure of performance without giving the notice set forth in Section IV thereof; and neither shall any action taken in exercising any right or remedy be deemed a waiver of any other rights or remedies.

Whereupon a motion was made and seconded, and upon a majority vote this Resolution was approved by the Board.

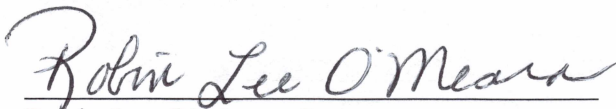
ADOPTED AND APPROVED THIS 7TH DAY OF DECEMBER 2023.

HEATHER GARDENS METROPOLITAN DISTRICT



Daniel J. Taylor, President

ATTEST:

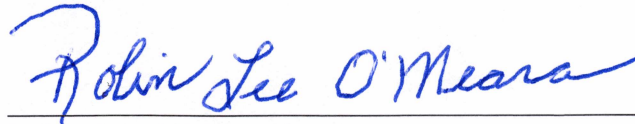


Robin Lee O'Meara, Secretary

CERTIFICATION

I, Robin Lee O'Meara, Secretary of the Board of the Heather Gardens Metropolitan District, do hereby certify that the annexed and foregoing Resolution is a true copy from the records of the proceedings of the Board of said District, on file with Icenogle Seaver Pogue, P.C., general counsel to the District.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the District, at the County of Arapahoe, Colorado, this 7th day of December 2023.



Robin Lee O'Meara, Secretary

[SEAL]