



H2 ADVISORS

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December 31, 2024

**Mr. Nathan Travis
District Manager
Castle Pines North Metropolitan District
7404 Yorkshire Drive
Castle Pines, Colorado 80108**

Subject: Proposal for District Accounting Services

Mr. Nathan Travis:

H2 Advisors is delighted to present a proposal for District Accounting Services to Castle Pines North Metropolitan District (CPNMD). Our comprehensive proposal aims to oversee, direct, and streamline your financial accounting operations for the upcoming calendar year.

H2 Advisors was established to offer Community Advisory consulting services to private organizations concerning the application of homeowner associations and Title 32 Special Districts. Furthermore, we additionally oversee District Accounting services for certain Title 32 Special Districts. Our two founding principals are directly responsible for all work and services provided to CPNMD.

Eric Harris, Principal, is an experienced Certified Public Accountant with over fifteen years' experience in accounting and finance with the public and local government sectors. More specifically, he spent over seven years as a professional consultant for a Title 32 Special District management company and three years as a Chief Financial Officer of a 70-person general contractor and construction company. While managing Special Districts, he managed the accounting lifecycle for numerous client relationships with annual budgets between \$50,000 and \$55 million and was a client representative on several debt issuances totaling \$100 million. During his tenure in private industry, he successfully grew a company by increasing revenues 250% in three years.

Carla Hawkins, Principal, has over thirty-five years of real estate experience managing residential and commercial properties, Owner Associations and Title 32 Special Districts. She brings organization, problem-solving, and critical thinking experience to H2 Advisors' clients. She has extensive experience working in conjunction with legal counsels to implement governance models for both homeowner associations and Title 32 Special Districts. Additionally, she has vast experience in the contracting, managing service

providers, overseeing insurance renewals, preparing budgets, and managing the daily operations for Homeowner Associations and Title 32 Special Districts with annual budgets ranging from \$50,000 to over \$50 million to ensure all compliance matters are implemented and filed annually.

H2 Advisors proposes to:

1. Create and manage a centralized community financial database for District leadership and field staff
2. Attend and present regular and special District Board meetings
3. Direct and manage financial service providers and contractors to enact the financial programming approved by the Board of Directors, and as directed by the District Manager
4. Perform all Finance Director duties, including, but not limited to the below:
 - a. Perform and manage the District's Annual Budget Process
 - b. Maintain the District's Financial Management Checklist within our Project Management System
 - c. Guide and manage District Consultant(s) to update annual Rate Analysis
 - d. Maintain local, state and federal financial compliance
 - e. Maintain and submit required reporting for Debt Covenants
 - f. Attend and host meetings, as required, with District Manager, Staff, Board of Directors and/or other stakeholders
 - g. Maintain the General Ledger in the District's Accounting System (Financial Edge NXT)
 - h. Prepare District Financial Statements and Forecasts
 - i. Provide oversight of the District's Utility Billing and Accounts Payable functions, as performed by District Staff or consultants
 - j. Provide oversight of the District's Control Environment and, where appropriate, implement segregation of duty controls
 - k. Compile Audit Workpapers for external financial auditors and review the applicable work product(s)
 - l. Perform ongoing cash management and account reconciliations
 - m. Perform District Payroll within District's existing payroll system
 - n. Provide financial and strategic advice on initiatives undertaken by the District Manager, Staff, Board of Directors, or other stakeholders
 - o. Coordinate asset listings for annual insurance renewals in coordination with the District's insurance broker
 - p. Review all pertinent documents for impacts related to the financial well-being of CPNMD
5. Additionally, H2 Advisors will coordinate the transition from any existing service provider to maintain the continuity of financial services for CPNMD.

Specifically, H2 Advisors will not perform duties related to: the Utility Billing function, Customer Service Representative duties related to water and/or waste water billings or provide human resource consulting services.

We propose a scope of work related to the following communities for work from January 1st, 2025 – December 31st, 2025:

Services	Estimated Hours
Annual Rate Case Coordination with Consultant	20
Compliance (Federal/Local/State)	100
Board Packet Financial Statement Preparation	80
Federal Compliance (1099s/W2s)	16
Annual Budget Preparation Process	140
Debt Covenant Compliance	16
Meetings with Client and Board of Directors	192
Accounting System Maintenance	60
Financial Statement Presentation	108
Oversight of Utility Billings, AP, AR	48
Oversight of SOD and Control Environment	56
Audit Workpaper Preparation	120
Cash Management & Account Reconciliations	96
Project Management Updates	24
Financial/Strategic Guidance	316
Payroll Processing	72
Management and Coordination of Existing Insurance Program	8
All other Services Provided by a Financial Director Position	296
Total	1768

The total comprises of 1,768 billable hours with a maximum limit of \$238,680.00 per calendar year, plus CPNMD-approved reimbursable expenses billed at a rate of \$135.00 USD per hour.

Furthermore, we propose a one-time startup fee of 1/12th of the stated scope (\$19,890.00 USD), which would be invoiced on the first day of the contract month. This fee covers the necessary work to transition accounting services from CPNMD's current provider and ensure continuous Finance and Accounting operations in that month. Thereafter, monthly invoices will be issued on an hourly basis at the end of each month.

All proposed work or scope changes will be subject to the General Terms and Conditions set forth in Exhibit A, attached to this engagement letter.

It is explicitly expressed that H2 Advisors is not a registered or licensed accounting firm and will not be providing any tax or assurance services to CPNMD in regard to the scope of the work noted above.

We will engage, monitor and convey a system of quantitative and qualitative measures to evaluate the effectiveness and success of our proposed District Accounting Services Scope.

Please review the enclosed letter and Exhibit A carefully. If they meet with your approval, sign one copy of the letter and return it, along with Exhibit A, to H2 Advisors, Eric Harris at Eric@H2Advisors.co.

Thank you for the opportunity to present to you our services to provide District Accounting Services. If you have any questions or require any additional information, please do not hesitate to contact us at Eric@H2Advisors.co or Carla@H2Advisors.co.

Yours Sincerely,



Eric Harris, Principal
H2 Advisors



Carla Hawkins, Principal
H2 Advisors

AGREED AND ACCEPTED

Castle Pines North Metropolitan District

Signed: _____

Full Name & Title: _____

Date: _____



H2 ADVISORS



EXHIBIT A**GENERAL TERMS AND CONDITIONS FOR SERVICES****H2 Advisors Corporation****Type of Work:** District Accounting Services**Type of Entity:** Corporation**Federal Tax I.D. No.:** 99-1274056**Business Address:** 2519 S. Shields Street, Suite 1K PMB 3076, Fort Collins, CO 80526**Business Phone:** (970) 888-7699**Contact Name:** Eric Harris**E-mail Address:** eric@h2advisors.co

H2 Advisors, Inc. ("Service Provider") provides all services, materials, labor and personnel reasonably prudent or necessary to perform and complete all services (the "Services") described in Service Provider's proposal ("Proposal"), subject to these terms and conditions ("Terms"). The Terms contain important legal provisions that are incorporated into the Agreement ("Agreement") between Services Provider and the party whom shall receive the services ("Client") upon acceptance of the Proposal. By agreeing to purchase the Services from the Service Provider, the Client expressly agrees to the Terms as well.

1. Services.

- a. Service Provider shall provide the Services to Client as described in the Proposal which, upon execution, will be incorporated and made part of these Terms ("Agreement.")
- b. Client acknowledges and agrees that Service Provider may use subcontractors and consultants to perform the Services to be provided under this Agreement.
- c. Service Provider may represent, perform services for, and contract with other additional clients, persons, or companies as Service Provider, in its discretion, deems fit.

2. Fees. As consideration for the Service Provider's rendition of the Services, the Client agrees to pay the Service Provider the fees set forth in this Agreement. The Service Provider will charge \$135.00 USD per billable hour, plus any appropriate reimbursable expenses necessary to perform the services. These reimbursable expenses may include, but are not limited to, mileage at the IRS stated rate, travel at the IRS standard per diem rate, applicable property taxes, property insurance, bonding, or any other costs related to director qualifications, meeting attendance, and access to Client's technology solutions.

3. Billing and Payment. Service Provider shall issue invoices to Client pursuant to the timetable set forth in the Agreement. Client will pay invoices in U.S. dollars within thirty (30) days of the date of Service Provider's invoice. Payments must be made by wire transfer, certified check, bank check or such other method as may be agreed upon by Service Provider. Client shall have no right of offset or withholding under this Agreement. Any amounts not paid by Client when due shall be subject to interest charges, from the date due until paid, at the rate of 18% or the highest interest rate allowable by law (whichever is less), payable monthly. If any amounts due to Service Provider from Client becomes past due for any reason, Service Provider may at its option and without further notice withhold further Services until all invoices have been paid in full, and such withholding of Services shall not be considered a breach or default of any of Service Provider's obligations hereunder.

4. Warranty. The Services to be performed hereunder are in the nature of professional services and advice. Service Provider does not warrant in any form the results or achievements of the Services provided or the resulting work product and deliverables. Service Provider warrants that that the Services will be performed by qualified personnel in a professional and workmanlike manner in accordance with generally accepted industry standards and practices.

Service Provider shall comply with all statutes, ordinances, regulations and laws of all international, federal, state, county, municipal or local governments applicable to performing the Services hereunder.

LIMITATION OF WARRANTY. THE WARRANTY SET FORTH IN THIS SECTION 4 IS EXCLUSIVE AND IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE WITH RESPECT TO THE SERVICES, WORK PRODUCT OR DELIVERABLES PROVIDED UNDER THIS AGREEMENT, OR AS TO THE RESULTS WHICH MAY BE OBTAINED THEREFROM. SERVICE PROVIDER DISCLAIMS ALL IMPLIED WARRANTIES INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR AGAINST INFRINGEMENT. CLIENT'S EXCLUSIVE REMEDY FOR BREACH OF THIS WARRANTY IS REPERFORMANCE OF THE SERVICES, OR IF REPERFORMANCE IS NOT POSSIBLE OR CONFORMING, REFUND OF ANY AMOUNTS PAID UNDER THIS AGREEMENT FOR SUCH NON-CONFORMING SERVICES.

5. Indemnification. Each party (the "Indemnifying Party"), to the fullest extent permitted by law, agrees to indemnify, defend and hold the other party and its affiliates and their respective officers, directors, employees and agents harmless from and against all third-party claims, losses, liabilities, damages, expenses and costs, including attorney's fees and court costs, arising out of the Indemnifying Party's (i) gross negligence or willful misconduct or (ii) material breach of any terms of this Agreement. The Indemnifying Party's liability under this section shall be reduced proportionally to the extent any act or omission of the other party, or its employees or agents, contributed to such liability. The party seeking indemnification shall provide the Indemnifying Party with prompt written notice of any claim and give complete control of the defense and settlement to the Indemnifying Party, and shall cooperate with the Indemnifying Party, its insurance company and its legal counsel in its defense of such claim(s). This indemnity shall not cover any claim in which there is a failure to give the Indemnifying Party prompt notice to the extent such lack of notice prejudices the defense of the claim.

SECTION 5 STATES THE ENTIRE OBLIGATION AND THE EXCLUSIVE REMEDIES WITH RESPECT TO THE PARTIES' INDEMNIFICATION OBLIGATIONS PURSUANT TO THIS AGREEMENT.

6. Independent Contractor Relationship. Service Provider is an independent contractor and shall not be considered an employee or agent of Client for any purpose. Service Provider is obligated to pay federal and state income tax on any moneys earned pursuant to this Agreement. Neither Service Provider nor its employees, if any, are entitled to workers' compensation benefits from Client for the performance of the services specified in this Agreement.

7. Personal Identifiable Information. Service Provider maintains a policy for the handling and destruction of Personal Identifiable Information ("PII"), including PII policies for that of its subcontractors who carry Client PII. It is anticipated that Client and its directors will not be maintaining PII. In the case that such occurs, Service Provider's PII policy will apply to Client.

8. Ownership of Work Product. The governing documents, agreements, plans, specifications, contracts, financials, reports, tests, or other information relating to Client are property of Client. Work product such as meeting notes, formulaic spreadsheets, corporate logos, trade secrets, work in process, databases and other intellectual property relating to the services to be performed hereunder shall be the sole and exclusive property of Service Provider. However, if Client exclusively pays or reimburses Service Provider for any such scope or services, not limited to any of the aforementioned, by way of separate agreement, Client shall be the sole and exclusive property owner of their own data. Client has no rights to any data or work product created for any of Service Provider's additional clients or persons.

9. Annual Appropriation. If Client is subjected to Article X, Section 20 of the Colorado Constitution and Section 29-1-110, C.R.S., Client obligations hereunder are subject to the annual appropriation of funds necessary for the performance thereof, which appropriations will be made in the sole discretion of Client's Board of Directors.

10. Illegal Aliens. Service Provider certifies that it does not and will not during the performance of this contract, employ illegal alien workers or otherwise violate the provisions of the Federal Immigration Reform and Control Act of 1986 and/or the immigration compliance requirements of the State of Colorado C.R.S. § 8-17.5-101, et. Seq. (House Bill 06-1343).

11. Open Records Requests. If Client is subject to State of Colorado C.R.S. § 24-72-201 to 206, Colorado Open Records Act (CORA), Client agrees to the fullest extent of the law, that the Service Provider's owned work product is not subjected to open records requests and that only the Client's work product is subjected to open records requests. Client agrees to reimburse Service Provider for any costs of compliance, including but not limited to subcontractors, consultants and legal counsel.

12. Insurance. The Service Provider agrees to maintain insurance for General Liability, Professional Liability, Crime, Hired Automotive, Worker's Compensation and any other insurance required by law. If the Client requires the Service Provider to carry fidelity or other insurance, the Client agrees to reimburse the Service Provider for the costs of that coverage. Service Provider agrees to list the Client as additionally insured on all policies.

13. Confidential Information.

a. Confidential Information. The parties acknowledge that by reason of their relationship to the other hereunder, each may disclose or provide access (the "Disclosing Party") to the other party (the "Receiving Party") certain Confidential Information. "Confidential Information" shall mean (a) information concerning the Parties' products, business and operations including, but not limited to, information relating to business plans, financial records, customers, suppliers, vendors, products, product samples, costs, sources, strategies, inventions, trade secrets, procedures, sales aids or literature, technical advice or knowledge, contractual agreements, pricing, procedures, distribution methods, inventories, marketing strategies and interests, data, designs, drawings, work sheets, computer programs and systems and know-how or other intellectual property, of a party and its affiliates that may be at any time furnished, communicated or delivered by the Disclosing Party to the Receiving Party, whether in oral, tangible, electronic or other form; (b) the terms of any agreement, including this Agreement, and the discussions, negotiations and proposals related to any agreement; (c) information acquired during any tours of or while present at a Party's facilities; and (d) all other non-public information provided by the Disclosing Party hereunder. In no event shall Service Provider's use or disclosure of information regarding or relating to the development, improvement or use of any of Service Provider's products be subject to any limitation or restriction. All Confidential Information shall remain the property of the Disclosing Party.

b. Use of Confidential Information; Standard of Care. The Receiving Party shall maintain the Confidential Information in strict confidence and disclose the Confidential Information only to its employees, subcontractors, consultants and representatives who have a need to know such Confidential Information to fulfill the business affairs and transactions between the Parties contemplated by this Agreement. The Receiving Party shall always remain responsible for breaches of this Agreement arising from the acts of its employees, subcontractors, consultants and representatives. Receiving Party shall use the same degree of care as it uses with respect to its own similar information, but no less than a reasonable degree of care, to protect the Confidential Information from any unauthorized use, disclosure, dissemination, or publication. Receiving Party shall only use the Confidential Information in furtherance of its performance of its obligations under this Agreement, and agrees not to use the Disclosing Party's Confidential Information for any other purpose or for the benefit of any third party, without the prior written approval of the Disclosing Party. The Receiving Party shall not decompile, disassemble, or reverse engineer all or any part of the Confidential Information.

c. Exceptions. Confidential Information does not include information that: (a) was lawfully in Receiving Party's possession before receipt from Disclosing Party; (b) at or after the time of disclosure, becomes generally available to the public other than through any act or omission of the Receiving Party; (c) is developed by Receiving Party independently of any Confidential Information it receives from Disclosing Party; (d) Receiving Party receives from a third party free to make such disclosure without, to the best of Receiving Party's knowledge, breach of any legal or contractual obligation, or (e) is disclosed by Receiving Party with Disclosing Party's prior written approval.

d. Required Disclosures. If the Receiving Party is confronted with legal action to disclose Confidential Information received under this Agreement, the Receiving Party shall, unless prohibited by applicable law, provide prompt written notice to the Disclosing Party to

allow the Disclosing Party an opportunity to seek a protective order or other relief it deems appropriate, and Receiving Party shall reasonably assist disclosing Party in such efforts. If disclosure is nonetheless required, the Receiving Party shall limit its disclosure to only that portion of the Confidential Information which it is advised by its legal counsel must be disclosed.

e. **Unauthorized Use or Disclosure of Confidential Information; Equitable Relief.** In the event the Receiving Party discovers that any Confidential Information has been used, disseminated or accessed in violation of this Agreement, it will immediately notify the Disclosing Party, take all commercially reasonable actions available to minimize the impact of the use, dissemination or publication, and take all necessary steps to prevent any further breach of this Agreement. The Parties agree and acknowledge that any breach or threatened breach regarding the treatment of the Confidential Information may result in irreparable harm to the Disclosing Party for which there may be no adequate remedy at law. In such event the Disclosing Party shall be entitled to seek an injunction, without the necessity of posting a bond, to prevent any further breach of this Agreement, in addition to all other remedies available in law or at equity.

f. **Return of Confidential Information; Survival.** Receiving Party shall promptly return or, at Disclosing Party's option, certify destruction of all copies of Confidential Information at any time upon request or within 15 days following the expiration or earlier termination of this Agreement. Notwithstanding any expiration or termination of this Agreement, Receiving Party's obligations to protect the Confidential Information pursuant to this Section will survive for two years after the expiration or earlier termination of this Agreement.

14. Acknowledgement of Conflicts. The parties acknowledge that Service Provider may, from time to time, have a conflict of interest in performing the Services. Service provider shall notify Client upon becoming aware of any such conflicts of interests and shall take commercially reasonable steps in accordance with industry standards to address and mitigate the same.

15. Termination.

a. **Termination for Breach.** Either party may terminate this Agreement at any time in the event of a breach by the other party of a material covenant, commitment or obligation under this Agreement that remains uncured: (i) in the event of a monetary breach, ten (10) calendar days following written notice thereof; and (ii) in the event of a non-monetary breach after thirty (30) days following written notice thereof. Such termination shall be effective immediately and automatically upon the expiration of the applicable notice period, without further notice or action by either party. Termination shall be in addition to any other remedies that may be available to the non-breaching party.

b. **Termination Without Cause:** This Agreement may be terminated by either party, for any reason, with or without cause, upon ninety (90) days' prior written notice to the other party.

c. **Obligations Upon Termination.** Termination of this Agreement for any reason shall not discharge either party's liability for obligations incurred hereunder and amounts unpaid at the time of such termination. Client shall pay Service Provider for all Services rendered prior to the effective date of termination. Upon termination each party shall return the other's Confidential Information in its possession at the time of termination. Upon the termination, Client shall promptly return to Service Provider any equipment, materials or other property of the Service Provider which are in Client's possession or control.

16. Force Majeure. Neither party shall be liable hereunder for any failure or delay in the performance of its obligations under this Agreement, except for the payment of money, if such failure or delay is on account of causes beyond its reasonable control, including civil commotion, war, fires, floods, accident, earthquakes, inclement weather, telecommunications line failures, electrical outages, network failures, governmental regulations or controls, casualty, strikes or labor disputes, pandemics, epidemics, local disease outbreaks, public health emergencies, communicable diseases, quarantines, terrorism, acts of God, or other similar or different occurrences beyond the reasonable control of the party so defaulting or delaying in the performance of this Agreement, for so long as such force majeure event is in effect. Each party shall use reasonable efforts to notify the other party of the occurrence of such an event within five (5) business days of its occurrence, which notice shall include a description of the force majeure event and an estimate of the length of time such event will delay or prevent performance hereunder.

17. Partial Invalidity. In the event that any part or portion of this Agreement is deemed to be invalid, illegal, or otherwise unenforceable: (1) the parties shall use all reasonable efforts to negotiate in good faith to amend the term to eliminate any such invalidity, illegality, or unenforceability to the extent practically possible, taking into full account their original intent when entering into this Agreement; and (2) the remaining provisions of this Agreement shall continue in full force and effect.

18. Assignment. Client may not assign, delegate or otherwise transfer this Agreement or its obligations hereunder, in whole or in part, without the prior written consent of Service Provider, with such consent not to be unreasonably withheld or delayed. Any purported assignment or delegation in violation of this section shall be null and void. No permitted assignment or delegation will relieve Client of its obligations under this Agreement, and as such, Client shall remain primarily liable in connection therewith.

19. Notices. All notices, requests, consents, claims, demands, waivers, and other communications hereunder shall be in writing and addressed to the parties at the address set forth in this Agreement or as otherwise designated by a party in writing. All Notices shall be delivered by personal delivery, nationally recognized overnight courier (with all fees pre-paid), or certified or registered mail (return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a notice is effective only (1) upon receipt by the receiving party; and (2) if the party giving the notice has complied with the requirements of this section.

20. Survival. Following the termination of this Agreement, any provision set forth herein which, by its very nature, is intended to survive any expiration or termination hereof, shall so survive, including without limitation, the provisions respecting ownership of work product, confidentiality, indemnification, limitation of liability, non-solicitation, accrued payment obligations, and governing law and venue.

21. Waiver. No waiver of any right in this Agreement shall be effective unless in writing, signed by an authorized representative of the waiving party. The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver or modification of such provision, or impairment of its right to enforce such provision or any other provision of this Agreement thereafter.

22. Governing Law; Venue. The Agreement shall be governed by the laws of the State of Colorado without regard to its conflict of laws principles. The parties hereby agree that any action arising out of this Agreement will be brought solely in any state or federal court located in Larimer County, Colorado.

23. Attorneys' Fees. If either party incurs any legal fees associated with the enforcement of this Agreement or any rights hereunder, the prevailing party shall be entitled to recover its reasonable outside attorney's fees and any court, arbitration, mediation, or other reasonable litigation expenses from the other party.

24. Authority to Bind. Each party, and each individual on behalf of each party signing this Agreement, represents that it has the full legal power, authority and right to execute, deliver, and perform its obligations under this Agreement.

25. Collection Expenses. If Service Provider incurs any costs, expenses, or fees, including reasonable attorney's fees and professional collection services fees, in connection with the collection or payment of any amounts due it under this Agreement, Client agrees to reimburse Service Provider for all such costs, expenses and fees.

26. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which together will constitute one and the same instrument, without necessity of production of the others. An executed signature page delivered via facsimile transmission or electronic signature shall be deemed as effective as an original executed signature page.

27. Headings; Construction. The headings/captions appearing in this Agreement have been inserted for the purposes of convenience and ready reference, and do not purport to and shall not be deemed to define, limit or extend the scope or intent of the provisions to which they appertain. This Agreement is the result of negotiations between the parties and their counsel. Accordingly, this Agreement shall not be construed more strongly against either party regardless of which party is more responsible for its preparation, and any ambiguity that might exist herein shall not be construed against the drafting party.

28. Entire Agreement; Amendments. The Agreement (along with any master service agreement or attachments incorporated herein) sets forth the entire agreement between the parties with respect to its subject matter and supersedes any prior agreement or communications between the parties, whether written, oral, electronic, or otherwise, relating hereto. No change, modification, amendment, or addition of or to this Agreement shall be valid unless in writing and signed by authorized representatives of the parties. In the event of any conflict between these terms and any master service agreement, the terms of the master service agreement shall govern. Each party hereto has received independent legal advice regarding this Agreement and their respective rights and obligations set forth herein. The parties acknowledge and agree that they are not relying upon any representations or statements made by the other party or the other party's employees, agents, representatives or attorneys regarding this Agreement, except to the extent such representations are expressly set forth in this Agreement.



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