# PRAIRIE CENTER METROPOLITAN DISTRICT NOS. 3 & 4

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 800-741-3254
Fax: 303-987-2032

***NOTICE OF A SPECIAL MEETING AND AGENDA***

| Board of Directors: | Office: | Term/Expiration: |
|---|---|---|
| Michael Tamblyn | President | 2022/May 2022 |
| Mark A. Waggoner | Vice President/Treasurer | 2023/May 2023 |
| ***VACANT*** | | 2023/May 2023 |
| ***VACANT*** | | 2022/May 2022 |
| ***VACANT*** | | 2022/May 2022 |
| Ann E. Finn | Secretary | |

***DATE***: ***July 22, 2020***
***TIME***: ***11:00 A.M.***
PLACE: Construction Trailer
16888 E. 144th Ave
Brighton, Colorado

ONE PERSON WILL BE ON LOCATION AT THE ADDRESS ABOVE FOR THE MEETING. HOWEVER, DUE TO CONCERNS REGARDING THE SPREAD OF THE CORONAVIRUS (COVID-19) AND THE BENEFITS TO THE CONTROL OF THE SPREAD OF THE VIRUS BY LIMITING IN-PERSON CONTACT, THIS DISTRICT BOARD MEETING WILL BE HELD BY CONFERENCE CALL. IF YOU WOULD LIKE TO ATTEND THIS MEETING, PLEASE CALL IN TO CONFERENCE BRIDGE AT **1-877-261-8991** AND WHEN PROMPTED, DIAL IN THE PASSCODE OF **6168588**.

I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflict of Interest.

______________________________________________________________________

B. Approve Agenda, confirm location of meeting and posting of notices, and designate the District's 24-Hour posting location.

______________________________________________________________________

C. Discuss results of the cancelled May 5, 2020 Regular Election (enclosures).

______________________________________________________________________

D. Consider appointment of Officers:

President ____________________________________________
Treasurer ____________________________________________
Secretary ____________________________________________
Asst. Secretary ________________________________________
Asst. Secretary ________________________________________

**District No. 3 Only**

D. Authorize District Secretary to update, sign and submit to the City of Brighton the Administrative Plans for Prairie Center Metropolitan District Nos. 2, 3, 4, 6, 8 and 10.

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E. **CONSENT AGENDA** – These items are considered to be routine and will be approved and/or ratified by one motion. There will be no separate discussion of these items unless a Board member so requests; in which event, the item will be removed from the Consent Agenda and considered in the Regular Agenda.

**District Nos. 3 & 4**

- Approve Minutes of the December 4, 2019 regular meeting (enclosures).
- Ratify appointment of District Accountant to prepare the 2021 Budget and set date for public hearing to adopt the 2021 Budget for December 2, 2020 at 4:00 p.m. at the regular meeting location.

**District No. 3 Only**

- Ratify approval of payment of claims for the period beginning December 23, 2019 through June 23, 2020 totaling $699,308.61 (enclosure).

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II. PUBLIC COMMENTS

A. Members of the public may express their views to the Board on matters that affect the District. Comments will be limited to three (3) minutes.

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III. FINANCIAL MATTERS

**District Nos. 3 & 4**

A. Review and consider approval of the 2019 Audit, and authorize execution of the Representations Letter (enclosures).

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IV. LEGAL MATTERS

**District No. 3 Only**

A. Review and consider approval of Amended and Restated Intergovernmental Agreement Regarding Assignment of Revenues between Prairie Center Metropolitan District No. 3 and Prairie Center Metropolitan District No. 7 (enclosure).

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B. Review and consider approval of Intergovernmental Agreement Regarding Confidentiality of Public Improvements Fee Information between the District and the City of Brighton (to be distributed).

___________________________________________________________________

C. Authorize any necessary actions by the District that may be required in connection with the issuance of the Prairie Center Metropolitan District No. 7 Limited Tax General Obligation Bonds, Series 2020.

___________________________________________________________________

D. Discuss Operations Financing Intergovernmental Agreement between the District and Prairie Center Metropolitan District No. 1. Authorize any necessary actions required in connection therewith.

___________________________________________________________________

V. CAPITAL IMPROVEMENTS

**District No. 3 Only**

A. Construction Status Report for the Prairie Center Retail 3 Project.

___________________________________________________________________

VI. OPERATIONS

**District No. 3 Only**

A. Ratify approval of Service Agreement for Landscape Maintenance Services Village No. 5 Park between the District and Vargas Property Services, Inc. (enclosure).

___________________________________________________________________

B. Ratify approval of Service Agreement for Remote Water Level Monitoring and Equipment between the District and Colorado Water Well Corp, in the amount of $5,600 (enclosure).

___________________________________________________________________

VII. OTHER MATTERS

A. ___________________________________________________________________

VIII. ADJOURNMENT ***THE NEXT REGULAR MEETING IS SCHEDULED FOR AUGUST 5, 2020.***

**NOTICE OF CANCELLATION**
**and**
**CERTIFIED STATEMENT OF RESULTS**
§1-13.5-513(6), 32-1-104, 1-11-103(3) C.R.S.

**NOTICE IS HEREBY GIVEN** by the Prairie Center Metropolitan District No. 3, Adams County, Colorado, that at the close of business on the sixty-third day before the election, there were not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates; therefore, the election to be held on May 5, 2020 is hereby canceled pursuant to section 1-13.5-513(6) C.R.S.

The following candidates are declared elected for the following terms of office:

| Name | Term |
| --- | --- |
| Mark Allen Waggoner | Second Regular Election, May 2023 |
| Vacant | Second Regular Election, May 2023 |
| Vacant | Next Regular Election, May 2022 |
| Vacant | Next Regular Election, May 2022 |

/s/ Ann Finn
(Designated Election Official)

| | |
| --- | --- |
| Contact Person for the District: | Ann Finn |
| Telephone Number of the District: | 303-987-0835 |
| Address of the District: | 141 Union Boulevard, Suite 150, Lakewood, CO 80228 |
| District Facsimile Number: | 303-987-2032 |
| District Email: | afinn@sdmsi.com |

**NOTICE OF CANCELLATION**
**and**
**CERTIFIED STATEMENT OF RESULTS**
§1-13.5-513(6), 32-1-104, 1-11-103(3) C.R.S.

**NOTICE IS HEREBY GIVEN** by the Prairie Center Metropolitan District No. 4, Adams County, Colorado, that at the close of business on the sixty-third day before the election, there were not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates; therefore, the election to be held on May 5, 2020 is hereby canceled pursuant to section 1-13.5-513(6) C.R.S.

The following candidates are declared elected for the following terms of office:

| Name | Term |
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| Mark Allen Waggoner | Second Regular Election, May 2023 |
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| Vacant | Next Regular Election, May 2022 |

/s/ Ann Finn
(Designated Election Official)

| | |
|---|---|
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| Address of the District: | 141 Union Boulevard, Suite 150, Lakewood, CO 80228 |
| District Facsimile Number: | 303-987-2032 |
| District Email: | afinn@sdmsi.com |

**MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3 (the "District") HELD DECEMBER 4, 2019**

A regular meeting of the Board of Directors of the Prairie Center Metropolitan District No. 3 (referred to hereafter as "Board") was convened on Wednesday, the 4th day of December, 2019, at 4:00 P.M., at the Kacey Building, 1201 Auraria Parkway, Denver, Colorado. The meeting was open to the public.

**ATTENDANCE**

**Directors In Attendance Were**:
Michael Tamblyn
Mark A. Waggoner

**Also In Attendance Were**:
Ann E. Finn; Special District Management Services, Inc.

Elisabeth Cortese, Esq.; McGeady Becher P.C.

Thuy Dam; CliftonLarsonAllen LLP

**DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST**

**Disclosures of Potential Conflicts of Interest**: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board and to the Secretary of State. Attorney Cortese noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. It was further noted by Attorney Cortese that all Directors' Disclosure Statements have been filed and no additional conflicts were disclosed at the meeting.

**ADMINISTRATIVE MATTERS**

**Agenda**: Ms. Finn distributed for the Board's review and approval a proposed Agenda for the District's regular meeting.

Following discussion, upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, the Agenda was approved, as presented.

**Approval of Meeting Location**: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. Following discussion, upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, the Board determined to conduct the meeting within 20 miles of its boundaries at the above stated location. The Board further noted that notice of the time, date and location was duly posted and that it has not received any objections to the location or any requests that the meeting place be changed by taxpaying electors within the District's boundaries.

**Consent Agenda**: The Board considered the following actions:

- Approve Minutes of the September 4, 2019 special meeting.
- Ratify approval of payment of claims for the period beginning September 1, 2019 through November 30, 2019 totaling $692,655.97.
- Authorize District Manager to post transparency notice on the SDA Website pursuant to Section 32-1-809, C.R.S.
- Ratify approval of Service Agreement for Street Repair Work and Striping between the District and Asphalt Specialties Co., Inc.

Following review, upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, the Board approved and/or ratified approval of, as appropriate, the above actions.

**Resolution No. 2019-12-01; Resolution Establishing Regular Meeting Dates, Time and Location and Designating Locations for Posting of 24-Hour Notices**: The Board reviewed Resolution No. 2019-12-01; Resolution Establishing Regular Meeting Dates, Time and Location, Establishing District Website and Designating Location for Posting of 24-Hour Notices.

The Board determined to meet on April 1, August 5, and December 2, 2020 at 4:00 p.m. at the Kacey Building, 1201 Auraria Pkwy, Denver, Colorado.

Following discussion, upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, the Board adopted Resolution No. 2019-12-01; Resolution Establishing Regular Meeting Dates, Time and Location and Designating Location for Posting of 24-Hour Notices.

**McGeady Becher P.C. Document Retention Policy**: Attorney Cortese presented to the Board the update to the McGeady Becher P.C. Document Retention Policy. The Board approved the update and directed a copy of the approved, updated McGeady Becher P.C. Document Retention Policy be attached to the minutes of this meeting. Accordingly, a copy of the updated McGeady Becher P.C.

Document Retention Policy is attached hereto and incorporated herein by this reference.

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**FINANCIAL MATTERS**

**Unaudited Financial Statements**: Ms. Dam presented and reviewed the unaudited financial statements for the period ending September 30, 2019.

Following review and discussion, upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, the unaudited financial statements for the period ending September 30, 2019 were accepted, as presented.

**2019 Audit**: The Board reviewed the proposal from Stratagem P.C. to perform the 2019 Audit.

Following discussion, upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, the Board approved the engagement of Stratagem P.C. to perform the 2019 Audit, for an amount not to exceed $4,250.

**2019 Budget Amendment Hearing**: The President opened the public hearing to consider a Resolution to Amend the 2019 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of a Resolution to Amend the 2019 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing. There were no comments from the public in attendance and the public hearing was closed.

Ms. Dam reviewed the proposed 2019 Amended Budget with the Board.

Following review and discussion, Director Tamblyn moved to adopt a Resolution to Amend the 2019 Budget, Director Waggoner seconded the motion and, upon vote, unanimously carried, the Board adopted Resolution No. 2019-12-02 to Amend the 2019 Budget. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

**2020 Budget**: The President opened the public hearing to consider the proposed 2020 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2020 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing.

No public comments were received, and the public hearing was closed.

Ms. Dam reviewed the estimated 2019 expenditures and the proposed 2020 expenditures.

Following discussion, the Board considered the adoption of Resolution No. 2019-12-03 to Adopt the 2020 Budget and Appropriate Sums of Money. Upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, Resolution No. 2019-12-03 was adopted, as discussed, and execution of the Certification of Budget was authorized, subject to receipt of final Certification of Assessed Valuation from the County on or before December 10, 2019. The District Accountant was directed to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2020. A copy of the adopted Resolution is attached to these Minutes and incorporated herein by this reference.

**DLG-70 Mill Levy Certification**: Ms. Dam discussed with the Board the DLG-70 Mill Levy Certification form.

Following discussion, upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, the Board authorized the District Accountant to prepare and sign the DLG-70 mill levy certification form, for certification to the Board of County Commissioners and other interested parties.

**Preparation of the 2021 Budget**: The Board discussed preparation of the 2021 Budget.

Following discussion, upon motion duly made by Director Tamblyn, seconded by Director Waggoner, and upon vote, unanimously carried, the Board appointed CliftonLarsonAllen LLP to prepare the 2021 Budget, and directed that the 2021 Budget be the same as the 2020 Adopted Budget, unless a Board Member provides input to otherwise adjust those assumptions.

**LEGAL MATTERS**

**May 5, 2020 Election Resolution:** The Board discussed Resolution No. 2019-12-04; Resolution Calling a Regular Election for Directors on May 5, 2020, appointing the Designated Election Official ("DEO") and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election.

Following discussion, upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, the Board adopted Resolution No. 2019-12-04; Resolution Calling a Regular Election for Directors on May 5, 2020, appointing the DEO and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

**CAPITAL IMPROVEMENTS**

**Prairie Center Retail 3 Project**: Director Tamblyn noted for the Board that the Prairie Center Retail 3 Capital Improvement Projects are almost complete, and that all six of the out-lots have been sold. Director Tamblyn informed the Board that he will work with the District Manager to prepare Notices of Final Payment for the various Retail 3 Project contractors.

**OPERATIONS**

**Service Agreement between the District and Alliance Commercial Maintenance Services, Inc. for Infrared Patching, Crack Seal, Concrete Repairs and Striping**: The Board reviewed a Service Agreement between the District and Alliance Commercial Maintenance Services, Inc. for infrared patching, crack seal, concrete repairs and striping.

Following discussion, upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, the Board approved the Service Agreement between the District and Alliance Commercial Maintenance Services, Inc. for infrared patching, crack seal, concrete repairs and striping, in the amount of $66,955.00.

**Service Agreement between the District and Colorado Lighting, Inc. for Light Fixture Replacement Project**: The Board reviewed a Service Agreement between the District and Colorado Lighting, Inc. for Light Fixture Replacement Project.

Following discussion, upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, the Board approved the Service Agreement between the District and Colorado Lighting, Inc. for Light Fixture Replacement Project, in the amount of $249,754.94.

**2020 Service Agreements**: The Board reviewed Service Agreements between the District and the following Contractors:

1. Site Lighting Services (Colorado Lighting, Inc.).
2. Snow Removal and Street Sweeping Services (SiteSource Common Area Maintenance Services).

3. Landscape Maintenance (Vargas Property Services, Inc.)
4. Fountain Maintenance (Pinnacle Landscape and Xeriscape, Inc.).

Following discussion, upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, the Board approved the Service Agreements and/or necessary change orders between the District and the above listed contractors.

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**OTHER MATTERS**

Attorney Cortese informed the Board that she will research preparation of an Operations Financing Intergovernmental Agreement between the District and Prairie Center Metropolitan District No. 1, and will report back to the Board.

**ADJOURNMENT**

There being no further business to come before the Board at this time, upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By ___________________________________
Secretary for the Meeting

**RESOLUTION NO. 2019-12-01**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3 ESTABLISHING REGULAR MEETING DATES, TIME, AND LOCATION, AND DESIGNATING LOCATION FOR POSTING OF 24-HOUR NOTICES**

A. Pursuant to Section 32-1-903, C.R.S., special districts are required to designate a schedule for regular meetings, indicating the dates, time and location of said meetings.

B. Pursuant to Section 24-6-402(2)(c)(I), C.R.S., special districts are required to designate annually at the board of directors of the district's first regular meeting of each calendar year, the public place at which notice of the date, time and location of regular and special meetings ("**Notice of Meeting**") will be physically posted at least 24 hours prior to each meeting ("**Designated Public Place**"). A special district is deemed to have given full and timely notice of a regular or special meeting if it posts its Notice of Meeting at the Designated Public Place at least 24 hours prior to the meeting.

C. Pursuant to Section 24-6-402(2)(c)(III), C.R.S., special districts are relieved of the requirement to post the Notice of Meeting at the Designated Public Place, and are deemed to have given full and timely notice of a public meeting, if a special district posts the Notice of Meeting online at a public website of the special district ("**District Website**") at least 24 hours prior to each regular and special meeting

D. Pursuant to Section 24-6-402(2)(c)(III), C.R.S., if a special district is unable to post a Notice of Meeting on the District Website at least 24 hours prior to the meeting due to exigent or emergency circumstances, then it must physically post the Notice of Meeting at the Designated Public Place at least 24 hours prior to the meeting.

E. Pursuant to Section 32-1-903, C.R.S., all special and regular meetings of the board shall be held at locations which are within the boundaries of the district or which are within the boundaries of any county in which the district is located, in whole or in part, or in any county so long as the meeting location does not exceed twenty (20) miles from the district boundaries unless such provision is waived.

F. The provisions of Section 32-1-903, C.R.S., may be waived if: (1) the proposed change of location of a meeting of the board appears on the agenda of a regular or special meeting; and (2) a resolution is adopted by the board stating the reason for which a meeting is to be held in a location other than under Section 32-1-903(1), C.R.S., and further stating the date, time and place of such meeting.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Prairie Center Metropolitan District No. 3 (the "**District**"), Adams County, Colorado:

1. That the provisions of Section 32-1-903(1), C.R.S., be waived pursuant to the adoption of this Resolution.

2. That the Board of Directors (the "**District Board**") has determined that conducting regular and special meetings pursuant to Section 32-1-903(1), C.R.S., would be inconvenient and costly for the directors and consultants of the District in that they live and/or work outside of the twenty (20) mile radius requirement.

3. That regular meetings of the District Board for the year 2020 shall be held on April 1, August 5 and December 2, 2020 at 4:00 p.m., at the Kacey Building 1201 Auraria Parkway in Denver County, Colorado.

4. That special meetings of the District Board shall be held as often as the needs of the District require, upon notice to each director.

5. That, until circumstances change, and a future resolution of the District Board so designates, the location of all special and regular meetings of the District Board shall appear on the agenda(s) of said special and regular meetings.

6. That the residents and taxpaying electors of the District shall be given an opportunity to object to the meeting(s) location(s), and any such objections shall be considered by the District Board in setting future meetings.

7. That the District Board authorizes establishment of a District Website, if such District Website does not already exist, in order to provide full and timely notice of regular and special meetings of the District Board online pursuant to the provisions of Section 24-6-402(2)(c)(III), C.R.S.

8. That, if the District has established a District Website, the Notice of Meeting of the District Board shall be posted on the District Website at least 24 hours prior to each regular and special meeting pursuant to Section 24-6-402(2)(c)(III), C.R.S. and Section 32-1-903(2), C.R.S.

9. That, if the District has not yet established a District Website or is unable to post the Notice of Meeting on the District Website at least 24 hours prior to each meeting due to exigent or emergency circumstances, the Notice of Meeting shall be posted within the boundaries of the District at least 24 hours prior to each meeting, pursuant to Section 24-6-402(2)(c)(I) and (III), C.R.S., at the following Designated Public Place:

(a) At the southwest corner of 144th Avenue and South 27th Avenue

10. Special District Management Services, Inc., or his/her designee, is hereby appointed to post the above-referenced notices.

**[SIGNATURE PAGE FOLLOWS]**

**[SIGNATURE PAGE TO RESOLUTION ESTABLISHING REGULAR MEETING DATES, TIME, AND LOCATION, ESTABLISHING DISTRICT WEBSITE AND DESIGNATING LOCATION FOR 24-HOUR NOTICES]**

RESOLUTION APPROVED AND ADOPTED on December 4, 2019.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3**

By: ______________________________
President

Attest:

______________________________
Secretary

## RESOLUTION TO AMEND 2019 BUDGET
## PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3

WHEREAS, the Board of Directors of the Prairie Center Metropolitan District No. 3 adopted a budget and appropriated funds for the fiscal year 2019 as follows:

| | | |
|---|---|---|
| General Fund | $ | 1,482,000 |
| Debt Service Fund PPI & DPI | $ | 4,810,000 |
| Debt Service Fund PRI | $ | 430,000 |
| Capital Projects Fund | $ | 1,326,050 |
| Capital Projects Fund – Stormwater | $ | 646,304 |

WHEREAS, the necessity has arisen for additional expenditures in the General Fund, Debt Service Fund – PPI & DPI, Debt Service Fund PRI and Capital Projects Fund – Stormwater requiring the unanticipated expenditure of funds in excess of those appropriated for the fiscal year 2019; and

WHEREAS, the expenditure of such funds is a contingency which could not have been reasonably foreseen at the time of adoption of the budget; and

WHEREAS, funds are available for such expenditures in the General Fund from transfers from other funds; and

WHEREAS, funds are available for such expenditures in the Debt Service Fund – PPI & DPI from public improvement fees, shared sales tax increment, facilities fees and investment income; and

WHEREAS, funds are available for such expenditures in the Debt Service Fund PRI from public improvement fees and investment income; and

WHEREAS, funds are available for such expenditures in the Capital Projects Fund – Stormwater from City reimbursement – Outfall channel.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Prairie Center Metropolitan District No. 3 shall and hereby does amend the Budget for the fiscal year 2019 and adopts a supplemental budget and appropriation for the General Fund, Debt Service Fund – PPI & DPI, Debt Service Fund PRI and Capital Projects Fund – Stormwater for the fiscal year 2019 as follows:

| | | |
|---|---|---|
| General Fund | $ | 1,526,228 |
| Debt Service Fund – PPI & DPI | $ | 5,299,219 |
| Debt Service Fund PRI | $ | 515,000 |
| Capital Projects Fund – Stormwater | $ | 870,000 |

BE IT FURTHER RESOLVED, that such sums are hereby appropriated from the revenues of the District to the proper funds for the purposes stated.

DATED this 4th day of December, 2019.

PRAIRIE CENTER METROPOLITAN
DISTRICT NO. 3

By: ______________________
Secretary

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
## GENERAL FUND
## 2019

| | ORIGINAL 2019 | AMENDED 2019 |
|---|---|---|
| BEGINNING FUND BALANCES | $ 433,761 | $ 492,612 |
| REVENUES | | |
| Other revenue | - | 90,000 |
| Transfers from other Districts | 1,183,616 | 1,198,525 |
| Total revenues | 1,183,616 | 1,288,525 |
| Total funds available | 1,617,377 | 1,781,137 |
| EXPENDITURES | | |
| General and administration | | |
| Accounting | 91,800 | 120,281 |
| Audit | 5,400 | 4,675 |
| City consultants legal | 10,000 | - |
| District management | 38,700 | 30,000 |
| District asset management | 36,000 | 36,000 |
| District No. 9 - consultants | 15,000 | 10,000 |
| Dues and Subscriptions | 3,000 | 3,005 |
| Insurance and Bonds | 33,000 | 39,762 |
| Legal Services | 63,000 | 40,000 |
| Developer Advance - Interest | 667,000 | 406,228 |
| Eagle monument maintenance | | |
| Electric -site lighting | 15,000 | 22,000 |
| Water feature maintenance | 25,000 | 10,000 |
| Electric - water pump | 15,000 | 15,000 |
| Operations and maintenance | | |
| Detention pond maintenance | 40,000 | 40,000 |
| Electric -street lights, other | 15,000 | 18,000 |
| Landscaping | 170,000 | 150,000 |
| Street sweeping | 10,000 | 7,000 |
| Street repairs and maintenance | 130,000 | 400,000 |
| Snow removal | 50,000 | 120,000 |
| Water and sewer | 40,000 | 35,000 |
| Miscellaneous/Contingency | 9,100 | 19,277 |
| Total expenditures | 1,482,000 | 1,526,228 |
| Total expenditures and transfers out requiring appropriation | **1,482,000** | **1,526,228** |
| ENDING FUND BALANCES | $ 135,377 | $ 254,909 |

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
## DEBT SERVICE - PPI/DPI
## 2019

| | ORIGINAL 2019 | AMENDED 2019 |
|---|---|---|
| BEGINNING FUND BALANCES | $4,631,785 | $5,166,600 |
| REVENUES | | |
| Net investment income | 70,000 | 120,000 |
| Facilities fees | 78,000 | 92,000 |
| Shared sales tax increment | 320,000 | 452,000 |
| Transfer from District No. 4 | 666,574 | 677,523 |
| Transfer from District No. 5 | 92,200 | 92,817 |
| Credit public improvement fees from retail sales - PPI | 1,674,200 | 1,850,000 |
| Credit public improvement fees from building permits - PPI | 100,000 | 130,000 |
| Add-On public improvement fees from retail sales - DPI | 1,681,500 | 1,900,000 |
| Add-On public improvement fees from building permits - DPI | 100,000 | 130,000 |
| Total revenues | 4,782,474 | 5,444,340 |
| Total funds available | 9,414,259 | 10,610,940 |
| EXPENDITURES | | |
| Paying agent fees | 10,000 | 6,000 |
| Bond interest - Series 2007 | 1,700,000 | 2,200,000 |
| Bond interest - Series 2017 | 2,373,219 | 2,373,219 |
| Bond principal - Series 2017 | 720,000 | 720,000 |
| Miscellaneous/Contingency | 6,781 | - |
| Total expenditures | 4,810,000 | 5,299,219 |
| Total expenditures and transfers out requiring appropriation | **4,810,000** | **5,299,219** |
| ENDING FUND BALANCES | $4,604,259 | $5,311,721 |

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
## DEBT SERVICE - PRI
## 2019

| | ORIGINAL 2019 | AMENDED 2019 |
|---|---|---|
| BEGINNING FUND BALANCES | $ 529,153 | $ 484,920 |
| REVENUES | | |
| Net investment income | 6,000 | 12,000 |
| Credit public improvement fees from retail sales - PRI | 419,000 | 426,500 |
| Credit public improvement fees from building permits - PRI | 25,000 | 32,500 |
| Total revenues | 450,000 | 471,000 |
| Total funds available | 979,153 | 955,920 |
| EXPENDITURES | | |
| Paying agent fees | 3,500 | 3,500 |
| Bond interest - Series 2018 | 226,525 | 220,000 |
| Bond principal - Series 2018 | 185,000 | 285,000 |
| Miscellaneous/Contingency | 14,975 | 6,500 |
| Total expenditures | 430,000 | 515,000 |
| Total expenditures and transfers out requiring appropriation | **430,000** | **515,000** |
| ENDING FUND BALANCES | $ 549,153 | $ 440,920 |

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3**
**STORMWATER CAPITAL PROJECT FUND**
**2019**

| | ORIGINAL 2019 | AMENDED 2019 |
|---|---|---|
| BEGINNING FUND BALANCES | $ - | $ - |
| REVENUES | | |
| City reimbursement - Outfall channel | 646,304 | 870,000 |
| Total revenues | 646,304 | 870,000 |
| Total funds available | 646,304 | 870,000 |
| EXPENDITURES | | |
| Transfer to CPF | 646,304 | 870,000 |
| Total expenditures | 646,304 | 870,000 |
| Total expenditures and transfers out requiring appropriation | **646,304** | **870,000** |
| ENDING FUND BALANCES | $ - | $ - |

RESOLUTION NO. 2019 - 12 - 03
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
TO ADOPT THE 2020 BUDGET AND APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the Prairie Center Metropolitan District No. 3 ("District") has appointed the District Accountant to prepare and submit a proposed 2020 budget to the Board at the proper time; and

WHEREAS, the District Accountant has submitted a proposed budget to this Board on or before October 15, 2019, for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on December 4, 2019, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

WHEREAS, the Board of Directors of the District has made provisions therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any interfund transfers listed therein, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Prairie Center Metropolitan District No. 3:

1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the Prairie Center Metropolitan District No. 3 for the 2020 fiscal year.

2. That the budget, as hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. That the sums set forth as the total expenditures of each fund in the budget attached hereto as **EXHIBIT A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

ADOPTED this 4th day of December, 2019.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3 ADAMS COUNTY, COLORADO

(SEAL)

______________________
Secretary

EXHIBIT A
(Budget)

CliftonLarsonAllen

CliftonLarsonAllen LLP
www.CLAconnect.com

**Accountant's Compilation Report**

Board of Directors
Prairie Center Metropolitan District No. 3

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Prairie Center Metropolitan District No. 3 for the year ending December 31, 2020, including the estimate of comparative information for the year ending December 31, 2019, and the actual comparative information for the year ended December 31, 2018, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Prairie Center Metropolitan District No. 3.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 28, 2020

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3**
**SUMMARY**
**2020 BUDGET**
**WITH 2018 ACTUAL AND 2019 ESTIMATED**
**For the Years Ended and Ending December 31,**

1/28/20

| | ACTUAL 2018 | ESTIMATED 2019 | BUDGET 2020 |
|---|---|---|---|
| BEGINNING FUND BALANCES | $ 5,527,626 | $ 4,962,403 | $ 6,284,371 |
| REVENUES | | | |
| Add-on public improvement fees - DPI | 1,807,868 | 1,900,000 | 2,000,000 |
| Add-on permit fees - DPI | 2,938 | 130,000 | 50,000 |
| Bond issuance | 4,510,000 | - | - |
| City reimbursement - Outfall Channel | 455,922 | 868,805 | 450,000 |
| Credit public improvement fees - PPI | 1,781,811 | 1,850,000 | 1,950,000 |
| Credit public improvement fees - PRI | 445,107 | 462,500 | 487,500 |
| Credit permit fees - PPI | 2,938 | 130,000 | 50,000 |
| Credit permit fees - PRI | 735 | 32,500 | 12,500 |
| Developer advance | 411,465 | 1,207,924 | - |
| Facilities fees | - | 92,000 | 40,000 |
| Interest income | 133,916 | 132,000 | 110,000 |
| Other revenue | 3,760 | 86,448 | 132,000 |
| Shared sales tax increment | 434,776 | 452,000 | 475,000 |
| Transfer from District No. 1 | 80,000 | 50,000 | 1,517,000 |
| Transfer from District No. 4 | 1,537,692 | 1,626,052 | 2,010,804 |
| Transfer from District No. 5 | 16,987 | 116,012 | 403,095 |
| Transfer from District No. 10 | 177,274 | 174,971 | 283,297 |
| Total revenues | 11,803,189 | 9,311,212 | 9,971,196 |
| TRANSFERS IN | 840,560 | 868,805 | 1,450,000 |
| Total funds available | 18,171,375 | 15,142,420 | 17,705,567 |
| EXPENDITURES | | | |
| General Fund | 1,146,734 | 1,380,000 | 2,305,000 |
| Debt Service Fund - PPI & DPI | 5,110,301 | 5,299,219 | 5,596,000 |
| Debt Service Fund - PRI | 4,800,475 | 415,025 | 445,000 |
| Capital Projects Fund | 1,310,902 | 895,000 | 1,450,000 |
| Total expenditures | 12,368,412 | 7,989,244 | 9,796,000 |
| TRANSFERS OUT | 840,560 | 868,805 | 1,450,000 |
| Total expenditures and transfers out requiring appropriation | 13,208,972 | 8,858,049 | 11,246,000 |
| ENDING FUND BALANCES | $ 4,962,403 | $ 6,284,371 | $ 6,459,567 |
| EMERGENCY RESERVE | $ 34,800 | $ 38,500 | $ 95,600 |
| 2007 SUBORDINATE BONDS - REQ DEBT SERVICE | 1,017,150 | 1,017,150 | 1,017,150 |
| 2017 SENIOR BONDS - REQ DEBT SERVICE | 3,572,644 | 3,572,644 | 3,572,644 |
| 2018 SENIOR RESERVE | 346,706 | 346,706 | 346,706 |
| TOTAL RESERVE | $ 4,971,300 | $ 4,975,000 | $ 5,032,100 |

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3**
**PROPERTY TAX SUMMARY INFORMATION**
**2020 BUDGET**
**WITH 2018 ACTUAL AND 2019 ESTIMATED**
**For the Years Ended and Ending December 31,**

1/28/20

| | ACTUAL 2018 | ESTIMATED 2019 | BUDGET 2020 |
|---|---|---|---|
| ASSESSED VALUATION | | | |
| State assessed | $ - | $ - | $ 160 |
| Vacant land | 10 | 20 | 20 |
| Personal property | - | - | 3,090 |
| | 10 | 20 | 3,270 |
| Certified Assessed Value | $ 10 | $ 20 | $ 3,270 |
| MILL LEVY | | | |
| Total mill levy | 0.000 | 0.000 | 0.000 |
| PROPERTY TAXES | | | |
| Budgeted property taxes | $ - | $ - | $ - |
| **BUDGETED PROPERTY TAXES** | **$ -** | **$ -** | **$ -** |

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3**
**GENERAL FUND**
**2020 BUDGET**
**WITH 2018 ACTUAL AND 2019 ESTIMATED**
**For the Years Ended and Ending December 31,**

1/28/20

| | ACTUAL 2018 | ESTIMATED 2019 | BUDGET 2020 |
|---|---|---|---|
| BEGINNING FUND BALANCES | $ 470,143 | $ 492,612 | $ 395,755 |
| REVENUES | | | |
| Transfer from District No. 1 | 80,000 | 50,000 | 1,517,000 |
| Transfer from District No. 4 | 896,985 | 948,529 | 1,172,968 |
| Transfer from District No. 5 | 3,397 | 23,195 | 80,575 |
| Transfer from District No. 10 | 177,274 | 174,971 | 283,297 |
| Other revenue | 3,760 | 86,448 | 132,000 |
| Total revenues | 1,161,416 | 1,283,143 | 3,185,840 |
| TRANSFERS IN | | | |
| Transfer from DSF | 7,787 | - | - |
| Total funds available | 1,639,346 | 1,775,755 | 3,581,595 |
| EXPENDITURES | | | |
| General and administrative | | | |
| Accounting - recurring | 50,958 | 55,800 | 58,500 |
| Accounting - budget prep | 8,969 | 9,000 | 9,000 |
| Accounting - audit prep/exemptions | 12,528 | 16,551 | 16,200 |
| Accounting - non-recurring project | 5,424 | 20,000 | - |
| Accounting - PIF collection fees | 14,277 | 18,900 | 19,800 |
| Audit | 5,153 | 4,207 | 4,410 |
| Bond refunding - consultants | 5,757 | - | - |
| District management | 21,896 | 38,700 | 38,700 |
| District asset management | 36,000 | 36,000 | 36,000 |
| District No. 9 - consultants | 7,868 | 10,000 | - |
| Dues and memberships | 2,608 | 3,035 | 3,500 |
| Insurance and bonds | 31,090 | 37,261 | 40,000 |
| Legal | 39,245 | 49,500 | 54,000 |
| Miscellaneous/Contingency | 2,327 | 12,818 | 8,890 |
| Repayment of Developer advance | 382,434 | 406,228 | 1,200,000 |
| Eagle monument maintenance | | | |
| Electric - site lighting | 12,908 | 18,000 | 18,000 |
| Water feature maintenance | 28,057 | 10,000 | 25,000 |
| Electric - water pump | 6,571 | 15,000 | 15,000 |
| Operations and maintenance | | | |
| Detention pond maintenance | 51,829 | 40,000 | 40,000 |
| Electric - street lights, other | 16,357 | 17,000 | 18,000 |
| Landscaping | 186,966 | 150,000 | 150,000 |
| Street sweeping | 6,908 | 7,000 | 10,000 |
| Streets repairs and maintenance | 138,143 | 250,000 | 150,000 |
| Snow removal | 52,587 | 120,000 | 130,000 |
| Water and sewer | 19,874 | 35,000 | 10,000 |
| Site lighting | - | - | 250,000 |
| Total expenditures | 1,146,734 | 1,380,000 | 2,305,000 |
| TRANSFERS OUT | | | |
| Transfers to other fund | - | - | 1,000,000 |
| Total expenditures and transfers out requiring appropriation | 1,146,734 | 1,380,000 | 3,305,000 |
| ENDING FUND BALANCES | $ 492,612 | $ 395,755 | $ 276,595 |
| EMERGENCY RESERVE | $ 34,800 | $ 38,500 | $ 95,600 |
| TOTAL RESERVE | $ 34,800 | $ 38,500 | $ 95,600 |

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
## DEBT SERVICE FUND - PPI & DPI
## 2020 BUDGET
## WITH 2018 ACTUAL AND 2019 ESTIMATED
## For the Years Ended and Ending December 31,

1/28/20

| | ACTUAL 2018 | ESTIMATED 2019 | BUDGET 2020 |
|---|---|---|---|
| BEGINNING FUND BALANCES | $ 5,476,462 | $ 5,166,600 | $ 5,311,721 |
| REVENUES | | | |
| Add-on public improvement fees - DPI | 1,807,868 | 1,900,000 | 2,000,000 |
| Add-on permit fees - DPI | 2,938 | 130,000 | 50,000 |
| Credit public improvement fees - PPI | 1,781,811 | 1,850,000 | 1,950,000 |
| Credit permit fees - PPI | 2,938 | 130,000 | 50,000 |
| Facilities fees | - | 92,000 | 40,000 |
| Interest income | 122,695 | 120,000 | 100,000 |
| Shared sales tax increment | 434,776 | 452,000 | 475,000 |
| Transfer from District No. 4 | 640,707 | 677,523 | 837,836 |
| Transfer from District No. 5 | 13,590 | 92,817 | 322,520 |
| Total revenues | 4,807,323 | 5,444,340 | 5,825,356 |
| TRANSFERS IN | | | |
| Transfer from CPF | 903 | - | - |
| Total funds available | 10,284,688 | 10,610,940 | 11,137,077 |
| EXPENDITURES | | | |
| Bond interest - Series 2007 | 2,193,354 | 2,200,000 | 2,400,000 |
| Bond interest - Series 2017 | 2,705,947 | 2,373,219 | 2,343,256 |
| Bond principal - Series 2017 | 205,000 | 720,000 | 840,000 |
| Miscellaneous/Contingency | - | - | 6,744 |
| Paying agent fees | 6,000 | 6,000 | 6,000 |
| Total expenditures | 5,110,301 | 5,299,219 | 5,596,000 |
| TRANSFERS OUT | | | |
| Transfers to GF | 7,787 | - | - |
| Total expenditures and transfers out requiring appropriation | 5,118,088 | 5,299,219 | 5,596,000 |
| ENDING FUND BALANCES | $ 5,166,600 | $ 5,311,721 | $ 5,541,077 |
| 2007 SUBORDINATE BONDS - REQ DEBT SERVICE | $ 1,017,150 | $ 1,017,150 | $ 1,017,150 |
| 2017 SENIOR BONDS - REQ DEBT SERVICE | 3,572,644 | 3,572,644 | 3,572,644 |
| TOTAL RESERVE | $ 4,589,794 | $ 4,589,794 | $ 4,589,794 |

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3**
**DEBT SERVICE FUND - PRI**
**2020 BUDGET**
**WITH 2018 ACTUAL AND 2019 ESTIMATED**
**For the Years Ended and Ending December 31,**

1/28/20

| | ACTUAL 2018 | ESTIMATED 2019 | BUDGET 2020 |
|---|---|---|---|
| BEGINNING FUND BALANCES | $ (56,636) | $ 484,920 | $ 576,895 |
| REVENUES | | | |
| Bond issuance | 4,510,000 | - | - |
| Interest income | 10,243 | 12,000 | 10,000 |
| Credit public improvement fees - PRI | 445,107 | 462,500 | 487,500 |
| Credit permit fees - PRI | 735 | 32,500 | 12,500 |
| Total revenues | 4,966,085 | 507,000 | 510,000 |
| TRANSFERS IN | | | |
| Transfers from CPF | 375,948 | - | - |
| Total funds available | 5,285,397 | 991,920 | 1,086,895 |
| EXPENDITURES | | | |
| Bond discount - Series 2018 | 47,220 | - | - |
| Bond principal - Series 2018 | 175,000 | 185,000 | 220,000 |
| Bond interest - Series 2018 | 177,847 | 226,525 | 206,794 |
| Contingency | - | - | 14,706 |
| Cost of issuance - Series 2018 | 475,245 | - | - |
| Paying agent fees | - | 3,500 | 3,500 |
| Repayment of Developer advances | 3,925,163 | - | - |
| Total expenditures | 4,800,475 | 415,025 | 445,000 |
| Total expenditures and transfers out requiring appropriation | 4,800,475 | 415,025 | 445,000 |
| ENDING FUND BALANCES | $ 484,920 | $ 576,895 | $ 641,895 |
| 2018 SENIOR RESERVE | $ 346,706 | $ 346,706 | $ 346,706 |
| TOTAL RESERVE | $ 346,706 | $ 346,706 | $ 346,706 |

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
## CAPITAL PROJECTS FUND
## 2020 BUDGET
## WITH 2018 ACTUAL AND 2019 ESTIMATED
## For the Years Ended and Ending December 31,

1/28/20

| | ACTUAL 2018 | ESTIMATED 2019 | BUDGET 2020 |
|---|---|---|---|
| BEGINNING FUND BALANCES | $ (362,343) | $ (1,181,729) | $ - |
| REVENUES | | | |
| Interest income | 978 | - | - |
| Developer advance | 411,465 | 1,207,924 | - |
| Total revenues | 412,443 | 1,207,924 | - |
| TRANSFERS IN | | | |
| Transfer from CPF - Stormwater | 455,922 | 868,805 | 450,000 |
| Transfer from GF | - | - | 1,000,000 |
| Total funds available | 506,022 | 895,000 | 1,450,000 |
| EXPENDITURES | | | |
| General and Administrative | | | |
| Accounting - recurring | 5,662 | 6,200 | 6,500 |
| Accounting - budget prep | 997 | 1,000 | 1,000 |
| Accounting - audit prep/exemptions | 1,392 | 1,839 | 1,800 |
| Accounting - non-recurring project | 603 | 2,200 | - |
| Accounting - PIF collection fees | 1,586 | 2,100 | 2,200 |
| Audit | 575 | 468 | 490 |
| District management | 2,444 | 4,300 | 4,300 |
| Legal services | 4,361 | 5,500 | 6,000 |
| Miscellaneous/Contingency | - | 10,319 | 862,610 |
| PPI | | | |
| Retail Three - Streets | 1,193,445 | 500,000 | - |
| Storm drainage | 13,474 | 83,289 | - |
| Retail Four | - | 200,000 | - |
| Medical Center Drive | - | - | 450,000 |
| DPI | | | |
| DPI - Project management | 46,549 | 32,700 | 55,000 |
| DPI - Project management interest | 39,739 | 45,000 | 60,000 |
| PRI | | | |
| PRI - Project management interest | 75 | 85 | 100 |
| Total expenditures | 1,310,902 | 895,000 | 1,450,000 |
| TRANSFERS OUT | | | |
| Transfers to DSF | 376,851 | - | - |
| Total expenditures and transfers out requiring appropriation | 1,687,753 | 895,000 | 1,450,000 |
| ENDING FUND BALANCES | $ (1,181,729) | $ - | $ - |

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

## PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
## CAPITAL PROJECTS FUND STORMWATER
## 2020 BUDGET
## WITH 2018 ACTUAL AND 2019 ESTIMATED
## For the Years Ended and Ending December 31,

1/28/20

| | ACTUAL 2018 | ESTIMATED 2019 | BUDGET 2020 |
|---|---|---|---|
| BEGINNING FUND BALANCES | $ - | $ - | $ - |
| REVENUES | | | |
| City reimbursement - Outfall Channel | 455,922 | 868,805 | 450,000 |
| Total revenues | 455,922 | 868,805 | 450,000 |
| Total funds available | 455,922 | 868,805 | 450,000 |
| EXPENDITURES | | | |
| Total expenditures | - | - | - |
| TRANSFERS OUT | | | |
| Transfers to CPF | 455,922 | 868,805 | 450,000 |
| Total expenditures and transfers out requiring appropriation | 455,922 | 868,805 | 450,000 |
| ENDING FUND BALANCES | $ - | $ - | $ - |

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
# 2020 BUDGET
# SUMMARY OF SIGNIFICANT ASSUMPTIONS

## Services Provided

Prairie Center Metropolitan District No. 3 (District) is a quasi-municipal corporation located within Adams County, Colorado and is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized in June 2006, concurrently with Prairie Center Metropolitan District Nos. 4 – 10, pursuant to their Service Plans, all of which were approved by the City of Brighton (City), Colorado on February 21, 2006, and by orders and decrees issued by the District Court in and for Adams County, Colorado, and as modified on November 13, 2006. Prairie Center Metropolitan Districts Nos. 1 and 2 (respectively, District No. 1 and District No. 2) were organized prior to the establishment of the District and have proceeded with development and construction of public improvements. In order to increase development flexibility and to avoid unfairly burdening existing development with the costs of public infrastructure required in future phases, District Nos. 3 – 10 were formed and several inclusions and exclusions of property were completed to generally locate properties in the Initial Planned Development planned for commercial/retail uses in District No. 4 and properties in the Initial Planned Development planned for residential uses in District No. 5. Subsequent to the formation of the District, the obligations of District No. 1 and District No. 2 were assumed by the District as were the assets constructed by those Districts.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including streets, transportation, drainage improvements, traffic and safety controls, park and recreation facilities, water, sewer, television relay and translators and mosquito and pest control services. The District is authorized to operate and maintain any improvements not otherwise conveyed to the City or other entities.

During elections held on May 2, 2006, a majority of the District's electors authorized general obligation indebtedness of $6,790,000,000, for the above listed facilities, intergovernmental agreements and debt refunding. Additionally, on May 2, 2006, the District's voters authorized the District to collect, retain and spend all revenues in excess of TABOR spending, revenue raising or other limitations.

The Service Plans for District Nos. 2 – 10 limit the aggregate amount of debt that they may issue together with any debt issued by District No. 1 to $750,000,000.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

## PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
## 2020 BUDGET
## SUMMARY OF SIGNIFICANT ASSUMPTIONS

### Revenues

**Credit Public Improvement Fees (Credit PIF)**

A Comprehensive Agreement, entered into with the City of Brighton and other parties, allows the District to collect 1.25% Credit PIF, for which the City grants a credit against the municipal sales and use taxes that would otherwise be payable on sales and use tax transactions, for use towards Primary Public Improvements (PPI). Primary Public Improvements include major and minor arterial streets and related landscaping and trails, traffic signals, certain potable and non-potable water distribution lines, regional/community/neighborhood parks, trails, and open spaces. The maximum amount of PPI costs ("Cap Amount") that the District can finance from the Credit PIF is approximately $146 million.

**Add-On Public Improvement Fees (Add-on PIF)**

The Comprehensive Agreement also allows the District to collect 1% Add-On PIF to finance any other District Public Improvements.

**Net Investment Income**

Investment earned on the District's available funds has been estimated based on historical interest earnings.

**Transfers from Prairie Center Metropolitan District Nos. 1, 4, 5, and 10**

Pursuant to a Capital Pledge Agreement with Prairie Center Metropolitan District Nos. 4 and 5 (Taxing Districts), the District will receive property taxes and specific ownership taxes collected by the Taxing Districts. The debt service tax revenues to be transferred from District Nos. 4 and 5 are pledged for the payment of principal and interest on bonds issued by the District. Further, pursuant to a Facilities Funding, Construction and Operations Agreement entered into by all Prairie Center Districts, District Nos. 4, 5 and 10 are obligated to remit to the District the tax revenues derived from Operation and Maintenance mill levy they imposed on properties within their respective Districts. The Operation and Maintenance tax revenues received by the District from District Nos. 4, 5 and 10 will be used to pay administrative expenditures incurred by all Districts. District No. 1 will transfer its property and specific ownership tax revenues, net of its own administrative expenditures, to District No. 3's General Fund as consideration for the benefits derived from the public improvements constructed, operated and maintained by District No. 3 which benefit the service area of District No. 1.

**City Reimbursement**

Pursuant to an intergovernmental agreement with the City of Brighton, the District anticipates receiving reimbursement for Outfall Channel Improvements. According to the Agreement, the District's costs for the design, financing and construction of the stormwater improvements are to be reimbursed by the City for certain stormwater impact fees.

**Revenues** - (continued)

### Shared Sales Tax Increment

Pursuant to the Cooperation Agreement between the District, the City, and Brighton Urban Renewal Authority (Authority), collectively "the Parties", if the taxable retail sales within the District are at least equal to $150 million (but less than $200 million) in any given calendar year, then the City shall be obligated to transfer to the Authority the applicable allocated increment amount which would be equal to 30% of the General Fund Sales Tax Incremental Revenues received by the City in that year, after the deduction of the City's General Fund Sales Tax Base Amount and the appropriate share of costs and expenses. The Parties agree that no later than February 20 of each calendar year, the Authority shall remit to the District the allocated increment amount received by the Authority from the City.

## Expenditures

### General, Administrative and Operating Expenditures

General and administrative expenditures include the estimated costs of services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and other administrative expenses. Estimated expenditures related to street repairs and maintenance, street lights, street sweeping, landscaping, mowing, parks and open space maintenance, utilities and snow removal were also included the General Fund budget.

### Capital Outlay

The District anticipates infrastructure improvements during 2020 as reflected in the Capital Projects Fund.

### Debt Service

Principal and interest payments are provided based on the debt amortization schedule from the Series 2017A and 2017B Limited Property Tax Supported Revenue Bonds. A debt amortization schedule for Series 2018 Bonds has not been provided as additional principal is being paid, in increments of $5,000, based on excess funds available over the current interest due. Additionally, the District anticipates to pay a portion of the accrued interest on the Series 2007 Subordinate Bonds based on the amount of funds available; therefore, a scheduled amortization has not been included in the budget.

## Debt and Leases

In June 2007, the District issued Series 2007A Subordinate and Series 2007B Subordinate Bonds in the total amount of $43,515,000. The Bonds are special limited obligations of the District secured by and payable from the pledged revenues, subject in all respects to the prior lien in favor of the Senior Bonds. The Series 2007A Subordinate Bonds, in the amount of $40,610,000, are term bonds due on December 15, 2031, at an interest rate of 9.50%. The Series 2007B Subordinate Bonds, in the amount of $2,905,000, are term bonds due December 15, 2031, at an interest rate of 8.75% through December 14, 2007, and 9.50% thereafter. A portion of the Series 2007A and 2007B were refunded with the October 26, 2017 with the Series 2017 Bond issuance mentioned below.

**Debt and Leases** - (continued)

On October 26, 2017, the District refunded the Limited Property Tax Supported Revenue Bonds, Series 2006A & 2006B (Series 2006 Bonds) and a portion of the Subordinate Limited Property Tax Supported Revenue Bonds, Series 2007A & 2007B (Series 2007 Bonds) by the issuance of $49,275,000 Limited Property Tax Supported Revenue Bonds, Series 2017A & 2017B (Series 2017 Bonds). The Series 2017 Bonds, bear interest rates of 4.168% - 5.000% (2017A) and 5.000% (2017B) and mature on 2041, are payable semi-annually on June 15 and December 15. The Series 2017 Bonds were issued for the purpose of providing funds to refund all of the District's Series 2006 Bonds along with a portion of its Series 2007 Bonds and additionally paying the cost of issuance and establishing a Reserve Fund for the Series 2017 Bonds. The Series 2017 Bonds have been structured such that Pledged Revenues generated from Public Improvement Fees, Shared Sales Tax Incremental Revenues and the Shared General Fund Sales Tax Revenues (collectively, the "Shared Revenue") generally will be applied first, to costs of Primary Public Improvements, including payments of principal and interest due with respect to the Series 2017A Bonds and second, to payments of principal and interest due with respect to Bonds issued to finance District Public Improvements, including the Series 2017B Bonds, to the extent necessary to prevent deficiencies in amounts available to pay such Bonds.

The Series 2017 Bonds are tax supported special, limited revenue obligations of the District secured by and payable from pledged revenues, consisting of revenues attributable to privately imposed public improvement fees payable with respect to certain retail sales transactions and construction activities occurring within the development, revenues generated from the commercial and residential facilities fees imposed by Prairie Center Metropolitan Districts No. 4 (District No. 4), No. 5 (District No. 5) and No. 10 (District No. 10), and from the imposition by District No. 4 and District No. 5 of ad valorem property taxes not in excess of 50 mills subject to adjustment caused by changes in the method of determining assessed valuation by the State of Colorado, and the related specific ownership taxes.

On March 8, 2018, the District issued $4,510,000 in Series 2018 Special Revenue Park and Recreation Improvements (PRI) Bonds. The Series 2018 Special Revenue PRI Bonds are term bonds due on December 15, 2042 at an interest rate of 5.125% and are payable on June 15 and December 15. The Series 2018 Bonds were issued for the purpose of providing funds to refund a portion of the Districts outstanding PRI Developer Advances and additionally paying the cost of issuance and establishing a Reserve Fund for the Series 2018 Bonds. The Series 2018 Bonds are special, limited revenue obligations of the District secured by and payable from Pledged Revenues, consisting of revenues attributable to privately imposed public improvement fees payable with respect to certain retail sales transactions and construction activities occurring within the development, revenues generated from the commercial and residential facilities fees imposed by Prairie Center Metropolitan Districts No. 4, No. 5, and No. 10.

The District has no outstanding operating or capital leases.

## PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
## 2020 BUDGET
## SUMMARY OF SIGNIFICANT ASSUMPTIONS

### Reserves

**Emergency Reserve**

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2020 as defined under TABOR.

**Debt Service Reserves**

The Series 2007 Bonds are secured by funds to be held by the Trustee in the Reserves Funds of the amount equal to 3% of the outstanding principal.

The Series 2017 Bonds are also secured by funds to be held by the Trustee in the Reserve Funds, in the required amount of $3,572,644.

The Series 2018 Bonds are also secured by funds to be held by the Trustee in the Reserve Funds, in the required amount of $346,706. .

**This information is an integral part of the accompanying budget.**

## PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
## SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
### December 31, 2019

| Bonds and Interest Maturing in the Year Ending | $47,095,000 Limited Property Tax Supported Revenue Bonds, Series 2017A Dated October 26, 2017 Interest Rates: 4.168% - 5.000% Interest Payable June 15 and December 15 Principal Due December 15 | | | $2,215,000 Limited Property Tax Supported Revenue Bonds, Series 2017B Dated October 26, 2017 Interest Rate: 5.000% Interest Payable June 15 and December 15 Principal Due December 15 | | | Totals | | |
|---|---|---|---|---|---|---|---|---|---|
| December 31, | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2020 | $ 800,000 | $ 2,236,256 | $ 3,036,256 | $ 40,000 | $ 107,000 | $ 147,000 | $ 840,000 | $ 2,343,256 | $ 3,183,256 |
| 2021 | 885,000 | 2,203,256 | 3,088,256 | 40,000 | 105,000 | 145,000 | 925,000 | 2,308,256 | 3,233,256 |
| 2022 | 955,000 | 2,166,750 | 3,121,750 | 45,000 | 103,000 | 148,000 | 1,000,000 | 2,269,750 | 3,269,750 |
| 2023 | 1,015,000 | 2,127,356 | 3,142,356 | 50,000 | 100,750 | 150,750 | 1,065,000 | 2,228,106 | 3,293,106 |
| 2024 | 1,090,000 | 2,085,488 | 3,175,488 | 55,000 | 98,250 | 153,250 | 1,145,000 | 2,183,738 | 3,328,738 |
| 2025 | 1,165,000 | 2,040,525 | 3,205,525 | 55,000 | 95,500 | 150,500 | 1,220,000 | 2,136,025 | 3,356,025 |
| 2026 | 1,250,000 | 1,992,469 | 3,242,469 | 60,000 | 92,750 | 152,750 | 1,310,000 | 2,085,219 | 3,395,219 |
| 2027 | 1,325,000 | 1,940,906 | 3,265,906 | 65,000 | 89,750 | 154,750 | 1,390,000 | 2,030,656 | 3,420,656 |
| 2028 | 1,415,000 | 1,886,250 | 3,301,250 | 70,000 | 86,500 | 156,500 | 1,485,000 | 1,972,750 | 3,457,750 |
| 2029 | 1,515,000 | 1,815,500 | 3,330,500 | 75,000 | 83,000 | 158,000 | 1,590,000 | 1,898,500 | 3,488,500 |
| 2030 | 1,625,000 | 1,739,750 | 3,364,750 | 80,000 | 79,250 | 159,250 | 1,705,000 | 1,819,000 | 3,524,000 |
| 2031 | 1,735,000 | 1,658,500 | 3,393,500 | 85,000 | 75,250 | 160,250 | 1,820,000 | 1,733,750 | 3,553,750 |
| 2032 | 1,860,000 | 1,571,750 | 3,431,750 | 90,000 | 71,000 | 161,000 | 1,950,000 | 1,642,750 | 3,592,750 |
| 2033 | 1,975,000 | 1,478,750 | 3,453,750 | 100,000 | 66,500 | 166,500 | 2,075,000 | 1,545,250 | 3,620,250 |
| 2034 | 2,115,000 | 1,380,000 | 3,495,000 | 105,000 | 61,500 | 166,500 | 2,220,000 | 1,441,500 | 3,661,500 |
| 2035 | 2,250,000 | 1,274,250 | 3,524,250 | 110,000 | 56,250 | 166,250 | 2,360,000 | 1,330,500 | 3,690,500 |
| 2036 | 2,615,000 | 1,161,750 | 3,776,750 | 130,000 | 50,750 | 180,750 | 2,745,000 | 1,212,500 | 3,957,500 |
| 2037 | 2,780,000 | 1,031,000 | 3,811,000 | 140,000 | 44,250 | 184,250 | 2,920,000 | 1,075,250 | 3,995,250 |
| 2038 | 3,305,000 | 892,000 | 4,197,000 | 165,000 | 37,250 | 202,250 | 3,470,000 | 929,250 | 4,399,250 |
| 2039 | 3,675,000 | 726,750 | 4,401,750 | 180,000 | 29,000 | 209,000 | 3,855,000 | 755,750 | 4,610,750 |
| 2040 | 3,910,000 | 543,000 | 4,453,000 | 190,000 | 20,000 | 210,000 | 4,100,000 | 563,000 | 4,663,000 |
| 2041 | 6,950,000 | 347,500 | 7,297,500 | 210,000 | 10,500 | 220,500 | 7,160,000 | 358,000 | 7,518,000 |
| | $ 46,210,000 | $ 34,299,756 | $ 80,509,756 | $ 2,140,000 | $ 1,563,000 | $ 3,703,000 | $ 48,350,000 | $ 35,862,756 | $ 84,212,756 |

This financial information should be read only in connection with the accompanying accountant's compilation report and the summary of significant assumptions.

I, Ann E. Finn, hereby certify that I am the duly appointed Secretary of the Prairie Center Metropolitan District No. 3, and that the foregoing is a true and correct copy of the budget for the budget year 2020, duly adopted at a meeting of the Board of Directors of the Prairie Center Metropolitan District No. 3 held on December 4, 2019.

By: ______________________________
Secretary

# CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

**TO:** County Commissioners[1] of Adams County, Colorado.

**On** behalf of the Prairie Center Metropolitan District No. 3,
(taxing entity)[A]

the Board of Directors
(governing body)[B]

of the Prairie Center Metropolitan District No. 3
(local government)[C]

**Hereby** officially certifies the following mills to be levied against the taxing entity's GROSS assessed valuation of: $ 3,270
(GROSS[D] assessed valuation, Line 2 of the Certification of Valuation Form DLG 57[E])

**Note:** If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area[F] the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: $ 3,270
(NET[G] assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
**USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10**

**Submitted:** 12/09/2019 (mm/dd/yyyy) for budget/fiscal year 2020 (yyyy).
(no later than Dec. 15)

| **PURPOSE** (see end notes for definitions and examples) | **LEVY**[2] | | **REVENUE**[2] |
|---|---|---|---|
| 1. General Operating Expenses[H] | 0.000 | mills | $ 0 |
| 2. **<Minus>** Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction[I] | < > | mills | $ < > |
| **SUBTOTAL FOR GENERAL OPERATING:** | 0.000 | **mills** | **$ 0** |
| 3. General Obligation Bonds and Interest[J] | | mills | $ |
| 4. Contractual Obligations[K] | | mills | $ |
| 5. Capital Expenditures[L] | | mills | $ |
| 6. Refunds/Abatements[M] | | mills | $ |
| 7. Other[N] (specify): | | mills | $ |
| | | mills | $ |
| **TOTAL:** [Sum of General Operating Subtotal and Lines 3 to 7] | 0.000 | **mills** | **$0** |

Contact person: (print) Christine Harwell

Daytime phone: ( 303 ) 779-5710

Signed: Christine Harwell

Title: Accountant for the District

*Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.*

[1] If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
[2] Levies must be rounded to three decimal places and revenue must be calculated from the total *NET assessed valuation* (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

**THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.).** Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

**CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:**

## BONDS[J]:

1. Purpose of Issue: ______
   Series: ______
   Date of Issue: ______
   Coupon Rate: ______
   Maturity Date: ______
   Levy: ______
   Revenue: ______

2. Purpose of Issue: ______
   Series: ______
   Date of Issue: ______
   Coupon Rate: ______
   Maturity Date: ______
   Levy: ______
   Revenue: ______

## CONTRACTS[K]:

3. Purpose of Contract: ______
   Title: ______
   Date: ______
   Principal Amount: ______
   Maturity Date: ______
   Levy: ______
   Revenue: ______

4. Purpose of Contract: ______
   Title: ______
   Date: ______
   Principal Amount: ______
   Maturity Date: ______
   Levy: ______
   Revenue: ______

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

**RESOLUTION NO. 2019-12-04**

# A RESOLUTION OF THE BOARD OF DIRECTORS OF PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3 CALLING A REGULAR ELECTION FOR DIRECTORS ON MAY 5, 2020

A. The term of the office of Director Mark A. Wagoner shall expire upon the election of his successor at the regular election, to be held on May 5, 2020 ("**Election**"), and upon such successor taking office.

B. Three (3) vacancies currently exist on the Board of Directors of the District.

C. In accordance with the provisions of the Special District Act ("**Act**") and the Uniform Election Code ("**Code**"), the Election must be conducted to elect two (2) Directors to serve until the next regular election, to occur May 3, 2022, and two (2) Directors to serve until the second regular election, to occur May 2, 2023.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Prairie Center Metropolitan District No. 3 of Adams County, Colorado (the "**District**"):

1. Date and Time of Election. The Election shall be held on May 5, 2020, between the hours of 7:00 a.m. and 7:00 p.m. pursuant to and in accordance with the Act, Code, and other applicable laws. At that time, two (2) Directors shall be elected to serve until the next regular election, to occur May 3, 2022, and two (2) Directors shall be elected to serve until the second regular election, to occur May 2, 2023.

2. Precinct. The District shall consist of one (1) election precinct for the convenience of the eligible electors of the District.

3. Conduct of Election. The Election shall be conducted as an independent mail ballot election in accordance with all relevant provisions of the Code. The Designated Election Official shall have on file, no later than fifty-five (55) days prior to the Election, a plan for conducting the independent mail ballot Election.

4. Designated Election Official. Ann E. Finn shall be the Designated Election Official and is hereby authorized and directed to proceed with any action necessary or appropriate to effectuate the provisions of this Resolution and of the Act, Code or other applicable laws. The Election shall be conducted in accordance with the Act, Code and other applicable laws. Among other matters, the Designated Election Official shall appoint election judges as necessary, arrange for the required notices of election (either by mail or publication) and printing of ballots, and direct that all other appropriate actions be accomplished.

5. Absentee Ballot Applications. NOTICE IS FURTHER GIVEN, pursuant to Section 1-13.5-1002, C.R.S., that applications for and return of absentee ballots may be filed with the Designated Election Official of the District, at 141 Union Blvd., Suite 150, Lakewood,

Colorado 80228, between the hours of 8:00 a.m. and 5:00 p.m., until the close of business on the Tuesday immediately preceding the Election (April 28, 2020).

6. Self-Nomination and Acceptance Forms. Self-nomination and acceptance forms are available at the office of the Designated Election Official located at the above address. All candidates must file a self-nomination and acceptance form with the Designated Election Official no later than 3:00 p.m. on February 28, 2020.

7. Cancellation of Election. If the only matter before the electors is the election of Directors of the District and if, at 5:00 p.m. on March 3, 2020, there are not more candidates than offices to be filled at the Election, including candidates timely filing affidavits of intent, the Designated Election Official shall cancel the Election and declare the candidates elected. Notice of such cancellation shall be published and posted in accordance with law.

8. Severability. If any part or provision of this Resolution is adjudged to be unenforceable or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Resolution, it being the Board of Director's intention that the various provisions hereof are severable.

9. Repealer. All acts, orders and resolutions, or parts thereof, of the Board of Directors which are inconsistent or in conflict with this Resolution are hereby repealed to the extent only of such inconsistency or conflict.

10. Effective Date. The provisions of this Resolution shall take effect as of the date adopted and approved by the Board of Directors of the District.

**[SIGNATURE PAGE FOLLOWS]**

**[SIGNATURE PAGE TO RESOLUTION CALLING A REGULAR ELECTION FOR DIRECTORS ON MAY 5, 2020]**

RESOLUTION APPROVED AND ADOPTED on December 4, 2019.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3**

By: ______________________
President

Attest:

______________________
Secretary

## Document Retention Policy

**Types of Documents**

In representing you we will, or may, take possession of, create, and/or keep various types of documents. These consist of documents you provide to us, documents which constitute the District's official public record, and internal documents we create to assist us in providing services to you.

***Documents You Provide to Us***

It is our policy to copy and return original documents you provide to us as soon as practicable. Exceptions to this policy are original documents which should be kept as part of the District's official public record, instances where we must have an original document to represent you, and cases where we have affirmatively agreed retain a document for safekeeping.

***The District's Record***

As a part our engagement, we will maintain the District's official public Record (the "**Record**"). The Record is a highly useful and detailed compilation of documents reflecting the official actions of the District and serves multiple functions. First, it collects those documents which the public is entitled to inspect and copy under various state and federal public records and freedom of information statutes. Second, it organizes the records of the District – such as its contracts, land and title records, and easements - in a manner which is useful in conducting the ongoing business of the District. Third, the Record helps expedite the District's annual audit process. Fourth, in the event you should change legal counsel or employ in-house counsel, the Record will enable that counsel to understand the status and assume representation of the District with maximum efficiency.

The Record includes the District's organizational documents, fully-executed agreements which are still in effect, rules, regulations, resolutions adopted by the District, official minutes books, meeting notices, agendas, insurance policies, District maps, election records, bond documents, audit documents, and many more. A comprehensive list of documents comprising the Record is available from us at any time upon request.

Creating and maintaining the Record is an important and complex task, and you agree to pay our actual costs and hourly fees associated with doing this.

***Supplemental Documents***

All other documents created in course of representing you are referred to as Supplemental Documents. These include our notes, drafts, memoranda, worksheets, electronic communications, and other electronic documents stored in various media or file servers.

**Documents We Retain**

Except as provided in this Document Retention Policy or an amendment thereto, we will keep the Record and any original documents accepted by us for safekeeping so long as we represent you.

**Delivery of the Record**

Once a matter is concluded, or our has representation terminated, we deliver to you or the District's designee the original, printed Record, together with any original documents we have accepted for safekeeping, provided our fees and costs have been paid in full.

If you do not designate someone to receive these records, we will deliver them to a then-current officer or director of the District. If we are unable to deliver these documents for any reason, we may retain, destroy, or otherwise dispose of them in manner which assures their continued confidentiality within thirty (30) days of our concluding that an authorized recipient cannot be readily located.

We will also confidentially destroy the Record of any District in our possession if a final order of dissolution of the District is entered.

All other documents, including all Supplemental Documents, are routinely, periodically, confidentially, and permanently purged by us once they are no longer useful to us in providing services to you.

**MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4 (the "District") HELD DECEMBER 4, 2019**

A regular meeting of the Board of Directors of the Prairie Center Metropolitan District No. 4 (referred to hereafter as "Board") was convened on Wednesday, the 4th day of December, 2019, at 4:00 P.M., at the Kacey Building, 1201 Auraria Parkway, Denver, Colorado. The meeting was open to the public.

**ATTENDANCE**

**Directors In Attendance Were**:
Michael Tamblyn
Mark A. Waggoner

**Also In Attendance Were**:
Ann E. Finn; Special District Management Services, Inc.

Elisabeth Cortese, Esq.; McGeady Becher P.C.

Thuy Dam; CliftonLarsonAllen LLP

**DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST**

**Disclosures of Potential Conflicts of Interest**: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board and to the Secretary of State. Attorney Cortese noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. It was further noted by Attorney Cortese that all Directors' Disclosure Statements have been filed and no additional conflicts were disclosed at the meeting.

**ADMINISTRATIVE MATTERS**

**Agenda**: Ms. Finn distributed for the Board's review and approval a proposed Agenda for the District's regular meeting.

Following discussion, upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, the Agenda was approved, as presented.

**Approval of Meeting Location**: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. Following discussion, upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, the Board determined to conduct the meeting within 20 miles of its boundaries at the above stated location. The Board further noted that notice of the time, date and location was duly posted and that it has not received any objections to the location or any requests that the meeting place be changed by taxpaying electors within the District's boundaries.

**Consent Agenda**: The Board considered the following actions:

- Approve Minutes of the September 4, 2019 special meeting.
- Authorize District Manager to post transparency notice on the SDA Website pursuant to Section 32-1-809, C.R.S.

Following review, upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, the Board approved and/or ratified approval of, as appropriate, the above actions.

**Resolution No. 2019-12-01; Resolution Establishing Regular Meeting Dates, Time and Location and Designating Locations for Posting of 24-Hour Notices**: The Board reviewed Resolution No. 2019-12-01; Resolution Establishing Regular Meeting Dates, Time and Location, Establishing District Website and Designating Location for Posting of 24-Hour Notices.

The Board determined to meet on April 1, August 5, and December 2, 2020 at 4:00 p.m. at the Kacey Building, 1201 Auraria Pkwy, Denver, Colorado.

Following discussion, upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, the Board adopted Resolution No. 2019-12-01; Resolution Establishing Regular Meeting Dates, Time and Location and Designating Location for Posting of 24-Hour Notices.

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**FINANCIAL MATTERS**

**Unaudited Financial Statements**: Ms. Dam presented and reviewed the unaudited financial statements for the period ending September 30, 2019.

Following review and discussion, upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, the unaudited financial statements for the period ending September 30, 2019 were accepted, as presented.

**2019 Audit**: The Board reviewed the proposal from Stratagem P.C. to perform the 2019 Audit.

Following discussion, upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, the Board approved the engagement of Stratagem P.C. to perform the 2019 Audit, for an amount not to exceed $650.

**2019 Budget Amendment Hearing**: The President opened the public hearing to consider a Resolution to Amend the 2019 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of a Resolution to Amend the 2019 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing. There were no comments from the public in attendance and the public hearing was closed.

Following discussion, the Board determined that a 2019 Budget Amendment was not needed.

**2020 Budget**: The President opened the public hearing to consider the proposed 2020 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2020 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing.

No public comments were received, and the public hearing was closed.

Ms. Dam reviewed the estimated 2019 expenditures and the proposed 2020 expenditures.

Following discussion, the Board considered the adoption of Resolution No. 2019-12-02 to Adopt the 2020 Budget and Appropriate Sums of Money and Resolution No. 2019-12-03 to Set Mill Levies, (for the General Fund at 35.000 mills and Debt Service Fund at 25.000 mills for a total mill levy of 60.000 mills). Upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, Resolution Nos. 2019-12-02 and 2019-12-03 were adopted, as discussed, and execution of the Certification of Budget and Certification of Mill Levies was authorized, subject to receipt of final Certification of Assessed Valuation from the County on or before December 10, 2019. The

District Accountant was directed to transmit the Certification of Mill Levies to the Board of County Commissioners of the Adams County and the Division of Local Government, not later than December 15, 2019 The District Accountant was also directed to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2020. Copies of the adopted Resolutions are attached to these Minutes and incorporated herein by this reference.

**DLG-70 Mill Levy Certification**: Ms. Dam discussed with the Board the DLG-70 Mill Levy Certification form.

Following discussion, upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, the Board authorized the District Accountant to prepare and sign the DLG-70 mill levy certification form, for certification to the Board of County Commissioners and other interested parties.

**Preparation of the 2021 Budget**: The Board discussed preparation of the 2021 Budget.

Following discussion, upon motion duly made by Director Tamblyn, seconded by Director Waggoner, and upon vote, unanimously carried, the Board appointed CliftonLarsonAllen LLP to prepare the 2021 Budget, and directed that the 2021 Budget be the same as the 2020 Adopted Budget, unless a Board Member provides input to otherwise adjust those assumptions.

**LEGAL MATTERS**

**May 5, 2020 Election Resolution:** The Board discussed Resolution No. 2019-12-04; Resolution Calling a Regular Election for Directors on May 5, 2020, appointing the Designated Election Official ("DEO") and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election.

Following discussion, upon motion duly made by Director Tamblyn, seconded by Director Waggoner and, upon vote, unanimously carried, the Board adopted Resolution No. 2019-12-04; Resolution Calling a Regular Election for Directors on May 5, 2020, appointing the DEO and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

**McGeady Becher P.C. Document Retention Policy**: Attorney Cortese presented to the Board the update to the McGeady Becher P.C. Document Retention Policy. The Board approved the update and directed a copy of the approved, updated McGeady Becher P.C. Document Retention Policy be attached to the minutes of this meeting. Accordingly, a copy of the updated McGeady Becher P.C.

Document Retention Policy is attached hereto and incorporated herein by this reference.

**ADJOURNMENT**

There being no further business to come before the Board at this time, upon motion duly made, seconded and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By ______________________________

Secretary for the Meeting

**RESOLUTION NO. 2019-12-01**

**RESOLUTION OF THE BOARD OF DIRECTORS OF PRAIRE CENTER METROPOLITAN DISTRICT NO. 4 ESTABLISHING REGULAR MEETING DATES, TIME, AND LOCATION, AND DESIGNATING LOCATION FOR POSTING OF 24-HOUR NOTICES**

A. Pursuant to Section 32-1-903, C.R.S., special districts are required to designate a schedule for regular meetings, indicating the dates, time and location of said meetings.

B. Pursuant to Section 24-6-402(2)(c)(I), C.R.S., special districts are required to designate annually at the board of directors of the district's first regular meeting of each calendar year, the public place at which notice of the date, time and location of regular and special meetings ("**Notice of Meeting**") will be physically posted at least 24 hours prior to each meeting ("**Designated Public Place**"). A special district is deemed to have given full and timely notice of a regular or special meeting if it posts its Notice of Meeting at the Designated Public Place at least 24 hours prior to the meeting.

C. Pursuant to Section 24-6-402(2)(c)(III), C.R.S., special districts are relieved of the requirement to post the Notice of Meeting at the Designated Public Place, and are deemed to have given full and timely notice of a public meeting, if a special district posts the Notice of Meeting online at a public website of the special district ("**District Website**") at least 24 hours prior to each regular and special meeting

D. Pursuant to Section 24-6-402(2)(c)(III), C.R.S., if a special district is unable to post a Notice of Meeting on the District Website at least 24 hours prior to the meeting due to exigent or emergency circumstances, then it must physically post the Notice of Meeting at the Designated Public Place at least 24 hours prior to the meeting.

E. Pursuant to Section 32-1-903, C.R.S., all special and regular meetings of the board shall be held at locations which are within the boundaries of the district or which are within the boundaries of any county in which the district is located, in whole or in part, or in any county so long as the meeting location does not exceed twenty (20) miles from the district boundaries unless such provision is waived.

F. The provisions of Section 32-1-903, C.R.S., may be waived if: (1) the proposed change of location of a meeting of the board appears on the agenda of a regular or special meeting; and (2) a resolution is adopted by the board stating the reason for which a meeting is to be held in a location other than under Section 32-1-903(1), C.R.S., and further stating the date, time and place of such meeting.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Prairie Center Metropolitan District No. 4 (the "**District**"), Adams County, Colorado:

1. That the provisions of Section 32-1-903(1), C.R.S., be waived pursuant to the adoption of this Resolution.

2. That the Board of Directors (the "**District Board**") has determined that conducting regular and special meetings pursuant to Section 32-1-903(1), C.R.S., would be inconvenient and costly for the directors and consultants of the District in that they live and/or work outside of the twenty (20) mile radius requirement.

3. That regular meetings of the District Board for the year 2020 shall be held on April 1, August 5 and December 2, 2020 at 4:00 p.m., at the Kacey Building 1201 Auraria Parkway in Denver County, Colorado.

4. That special meetings of the District Board shall be held as often as the needs of the District require, upon notice to each director.

5. That, until circumstances change, and a future resolution of the District Board so designates, the location of all special and regular meetings of the District Board shall appear on the agenda(s) of said special and regular meetings.

6. That the residents and taxpaying electors of the District shall be given an opportunity to object to the meeting(s) location(s), and any such objections shall be considered by the District Board in setting future meetings.

7. That the District Board authorizes establishment of a District Website, if such District Website does not already exist, in order to provide full and timely notice of regular and special meetings of the District Board online pursuant to the provisions of Section 24-6-402(2)(c)(III), C.R.S.

8. That, if the District has established a District Website, the Notice of Meeting of the District Board shall be posted on the District Website at least 24 hours prior to each regular and special meeting pursuant to Section 24-6-402(2)(c)(III), C.R.S. and Section 32-1-903(2), C.R.S.

9. That, if the District has not yet established a District Website or is unable to post the Notice of Meeting on the District Website at least 24 hours prior to each meeting due to exigent or emergency circumstances, the Notice of Meeting shall be posted within the boundaries of the District at least 24 hours prior to each meeting, pursuant to Section 24-6-402(2)(c)(I) and (III), C.R.S., at the following Designated Public Place:

(a) At the southwest corner of 144th Avenue and South 27th Avenue

10. Special District Management Services, Inc., or his/her designee, is hereby appointed to post the above-referenced notices.

**[SIGNATURE PAGE FOLLOWS]**

**[SIGNATURE PAGE TO RESOLUTION ESTABLISHING REGULAR MEETING DATES, TIME, AND LOCATION, AND DESIGNATING LOCATION FOR 24-HOUR NOTICES]**

RESOLUTION APPROVED AND ADOPTED on December 4, 2019.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**

By: ______________________
President

Attest:

______________________
Secretary

RESOLUTION NO. 2019 - 12 - 02
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4
TO ADOPT THE 2020 BUDGET AND APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the Prairie Center Metropolitan District No. 4 ("District") has appointed the District Accountant to prepare and submit a proposed 2020 budget to the Board at the proper time; and

WHEREAS, the District Accountant has submitted a proposed budget to this Board on or before October 15, 2019, for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on December 4, 2019, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

WHEREAS, the Board of Directors of the District has made provisions therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any interfund transfers listed therein, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Prairie Center Metropolitan District No. 4:

1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the Prairie Center Metropolitan District No. 4 for the 2020 fiscal year.

2. That the budget, as hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. That the sums set forth as the total expenditures of each fund in the budget attached hereto as **EXHIBIT A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

ADOPTED this 4th day of December, 2019.

(SEAL)

______________________________
Secretary

EXHIBIT A
(Budget)

I, Ann E. Finn, hereby certify that I am the duly appointed Secretary of the Prairie Center Metropolitan District No. 4, and that the foregoing is a true and correct copy of the budget for the budget year 2020, duly adopted at a meeting of the Board of Directors of the Prairie Center Metropolitan District No. 4 held on December 4, 2019.

By: ______________________
Secretary

CliftonLarsonAllen

CliftonLarsonAllen LLP
www.CLAconnect.com

**Accountant's Compilation Report**

Board of Directors
Prairie Center Metropolitan District No. 4

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Prairie Center Metropolitan District No. 4 for the year ending December 31, 2020, including the estimate of comparative information for the year ending December 31, 2019, and the actual comparative information for the year ended December 31, 2018, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Prairie Center Metropolitan District No. 4.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 13, 2020

## PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4
## SUMMARY
## 2020 BUDGET
## WITH 2018 ACTUAL AND 2019 ESTIMATED
## For the Years Ended and Ending December 31,

1/13/20

| | ACTUAL 2018 | ESTIMATED 2019 | BUDGET 2020 |
|---|---|---|---|
| BEGINNING FUND BALANCES | $ - | $ - | $ - |
| REVENUES | | | |
| Property taxes | 1,432,496 | 1,527,037 | 1,888,079 |
| Specific ownership taxes | 126,647 | 120,000 | 151,046 |
| Other revenue | 41 | 1,940 | 90,000 |
| Total revenues | 1,559,184 | 1,648,977 | 2,129,125 |
| Total funds available | 1,559,184 | 1,648,977 | 2,129,125 |
| EXPENDITURES | | | |
| General Fund | 909,522 | 961,902 | 1,239,489 |
| Debt Service Fund | 649,662 | 687,075 | 889,636 |
| Total expenditures | 1,559,184 | 1,648,977 | 2,129,125 |
| Total expenditures and transfers out requiring appropriation | 1,559,184 | 1,648,977 | 2,129,125 |
| ENDING FUND BALANCES | $ - | $ - | $ - |

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**
**PROPERTY TAX SUMMARY INFORMATION**
**2020 BUDGET**
**WITH 2018 ACTUAL AND 2019 ESTIMATED**
**For the Years Ended and Ending December 31,**

1/13/20

| | ACTUAL 2018 | ESTIMATED 2019 | BUDGET 2020 |
|---|---|---|---|
| ASSESSED VALUATION | | | |
| Commercial | $ 19,383,930 | $ 20,077,980 | $ 25,609,140 |
| Agricultural | 3,510 | 3,500 | 5,530 |
| State assessed | 50,010 | 54,430 | 69,740 |
| Vacant land | 2,156,720 | 2,451,480 | 2,709,100 |
| Personal property | 2,403,710 | 2,926,290 | 3,074,470 |
| Certified Assessed Value | $ 23,997,880 | $ 25,513,680 | $ 31,467,980 |
| MILL LEVY | | | |
| General | 35.000 | 35.000 | 35.000 |
| Debt Service | 25.000 | 25.000 | 25.000 |
| Total mill levy | 60.000 | 60.000 | 60.000 |
| PROPERTY TAXES | | | |
| General | $ 839,926 | $ 892,979 | $ 1,101,379 |
| Debt Service | 599,947 | 637,842 | 786,700 |
| Levied property taxes | 1,439,873 | 1,530,821 | 1,888,079 |
| Adjustments to actual/rounding | (7,377) | - | - |
| Refunds and abatements | - | (3,784) | - |
| Budgeted property taxes | $ 1,432,496 | $ 1,527,037 | $ 1,888,079 |
| **BUDGETED PROPERTY TAXES** | | | |
| **General** | **$ 835,621** | **$ 890,772** | **$ 1,101,379** |
| **Debt Service** | **596,875** | **636,265** | **786,700** |
| | **$ 1,432,496** | **$ 1,527,037** | **$ 1,888,079** |

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**
**GENERAL FUND**
**2020 BUDGET**
**WITH 2018 ACTUAL AND 2019 ESTIMATED**
**For the Years Ended and Ending December 31,**

1/13/20

| | ACTUAL 2018 | ESTIMATED 2019 | BUDGET 2020 |
|---|---|---|---|
| BEGINNING FUND BALANCES | $ - | $ - | $ - |
| REVENUES | | | |
| Property taxes | 835,621 | 890,772 | 1,101,379 |
| Specific ownership taxes | 73,877 | 70,000 | 88,110 |
| Other revenue | 24 | 1,130 | 50,000 |
| Total revenues | 909,522 | 961,902 | 1,239,489 |
| Total funds available | 909,522 | 961,902 | 1,239,489 |
| EXPENDITURES | | | |
| General and administrative | | | |
| County Treasurer fee's | 12,537 | 13,373 | 16,521 |
| Transfers to District No. 3 | 896,985 | 948,529 | 1,172,968 |
| Contingency | - | - | 50,000 |
| Total expenditures | 909,522 | 961,902 | 1,239,489 |
| Total expenditures and transfers out requiring appropriation | 909,522 | 961,902 | 1,239,489 |
| ENDING FUND BALANCES | $ - | $ - | $ - |

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**
**DEBT SERVICE FUND**
**2020 BUDGET**
**WITH 2018 ACTUAL AND 2019 ESTIMATED**
**For the Years Ended and Ending December 31,**

1/13/20

| | ACTUAL 2018 | ESTIMATED 2019 | BUDGET 2020 |
|---|---|---|---|
| BEGINNING FUND BALANCES | $ - | $ - | $ - |
| REVENUES | | | |
| Property taxes | 596,875 | 636,265 | 786,700 |
| Specific ownership taxes | 52,770 | 50,000 | 62,936 |
| Other revenue | 17 | 810 | 40,000 |
| Total revenues | 649,662 | 687,075 | 889,636 |
| Total funds available | 649,662 | 687,075 | 889,636 |
| EXPENDITURES | | | |
| General and administrative | | | |
| County Treasurer fee's | 8,955 | 9,552 | 11,800 |
| Transfers to District No. 3 | 640,707 | 677,523 | 837,836 |
| Contingency | - | - | 40,000 |
| Total expenditures | 649,662 | 687,075 | 889,636 |
| Total expenditures and transfers out requiring appropriation | 649,662 | 687,075 | 889,636 |
| ENDING FUND BALANCES | $ - | $ - | $ - |

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

## PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4
## 2020 BUDGET
## SUMMARY OF SIGNIFICANT ASSUMPTIONS

### Services Provided

Prairie Center Metropolitan District No. 4 (District), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Adams County, Colorado. The District was formed by order and decree of the District Court for Adams County on May 22, 2006. The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including streets, transportation, traffic and safety controls, park and recreation facilities, water, sewer, television relay and translator and mosquito and pest control services.

Concurrently with the formation of the District, the City approved service plans for Prairie Center Metropolitan District Nos. 3, 5, 6, 7, 8, 9 and 10.

During elections held on May 2, 2006, a majority of the District's electors authorized general obligation indebtedness of $6,790,000,000, for the above listed facilities, intergovernmental agreements and debt refunding. Additionally, on May 2, 2006, the District's voters authorized the District to collect, retain and spend all revenues in excess of TABOR spending, revenue raising or other limitations.

The Service Plans for District Nos. 2 – 10 limit the aggregate amount of debt that they may issue together with any debt issued by District No. 1 to $750,000,000.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

### Revenues

#### Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

**Revenues** – (continued)

### Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 8% of the property taxes collected.

## Expenditures

### County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

### Transfer to Prairie Center Metropolitan District No. 3

Pursuant to a Capital Pledge Agreement with Prairie Center Metropolitan District No. 3 (Operating District), the District is obligated to impose annually in each of the years 2006-2030 a mill levy of 25.000 mills, subject to certain adjustments, and remit property tax revenues derived from such mill levy, together with facilities fees and a portion of specific ownership taxes, to the Operating District to pay for the principal and interest on bonds issued by the Operating District. Further, a Facilities Funding, Construction and Operations Agreement with all other Districts obligates the District to transfer net property taxes derived from an Operation and Maintenance mill levy, together with a portion of specific ownership taxes, to the Operating District to pay for general and administrative expenditures.

## Debt and Leases

The District has no outstanding debt, nor any operating or capital leases.

## Reserves

### Emergency Reserve

The District has not provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2020, as defined under TABOR, because net tax revenue is transferred to Prairie Center Metropolitan District No. 3, the Operating District, which provides for the required reserve amount.

**This information is an integral part of the accompanying budget.**

RESOLUTION NO. 2019 - 12 - 03
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4
TO SET MILL LEVIES

WHEREAS, the Board of Directors of the Prairie Center Metropolitan District No. 4 ("District") has adopted the 2020 annual budget in accordance with the Local Government Budget Law on December 4, 2019; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2020 Budget and Appropriate Sums of Money, and such budget is incorporated herein by this reference; and

WHEREAS, the amount of money necessary to balance the budget for general fund expenses from property tax revenue is identified in the budget; and

WHEREAS, the amount of money necessary to balance the budget for debt service fund expenses from property tax revenue is identified in the budget; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Prairie Center Metropolitan District No. 4:

1. That for the purposes of meeting all general fund expenses of the District during the 2019 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

2. That for the purposes of meeting all debt service fund expenses of the District during the 2020 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

3. That the District Accountant of the District is hereby authorized and directed to immediately certify to the County Commissioners of Adams County, Colorado, the mill levies for the District as set forth in the District's Certification of Tax Levies (attached hereto as **EXHIBIT A** and incorporated herein by reference), recalculated as needed upon receipt of the final certification of valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits.

ADOPTED this 4th day of December, 2019.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4
(SEAL)
ADAMS COUNTY, COLORADO

Secretary

**EXHIBIT A**

(Certification of Tax Levies)

303 County Tax Entity Code DOLA LGID/SID 65681

# CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

**TO:** County Commissioners[1] of Adams County, Colorado.

**On** behalf of the Prairie Center Metropolitan District No. 4,
(taxing entity)[A]

the Board of Directors
(governing body)[B]

of the Prairie Center Metropolitan District No. 4
(local government)[C]

**Hereby** officially certifies the following mills to be levied against the taxing entity's GROSS assessed valuation of: $ 31,467,980
(GROSS[D] assessed valuation, Line 2 of the Certification of Valuation Form DLG 57[E])

**Note:** If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area[F] the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: $ 31,467,980
(NET[G] assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
**USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10**

**Submitted:** 12/09/2019 for budget/fiscal year 2020.
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

| **PURPOSE** (see end notes for definitions and examples) | **LEVY**[2] | | **REVENUE**[2] |
|---|---|---|---|
| 1. General Operating Expenses[H] | 35.000 | mills | $ 1,101,379 |
| 2. **<Minus>** Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction[I] | < > | mills | $ < > |
| **SUBTOTAL FOR GENERAL OPERATING:** | 35.000 | **mills** | $ 1,101,379 |
| 3. General Obligation Bonds and Interest[J] | 25.000 | mills | $ 786,700 |
| 4. Contractual Obligations[K] | | mills | $ |
| 5. Capital Expenditures[L] | | mills | $ |
| 6. Refunds/Abatements[M] | | mills | $ |
| 7. Other[N] (specify): | | mills | $ |
| | | mills | $ |
| **TOTAL:** [Sum of General Operating Subtotal and Lines 3 to 7] | 60.000 | **mills** | $ 1,888,079 |

Contact person: (print) Christine Harwell Daytime phone: (303) 779-5710

Signed: Christine Harwell Title: Accountant for the District

*Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.*

[1] If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
[2] Levies must be rounded to three decimal places and revenue must be calculated from the total *NET assessed valuation* (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

**THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.).** Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

**CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:**

## BONDS[J]:

1. Purpose of Issue: Public Improvements/Capital Pledge Agreement with Prairie Center Metro District No. 3
   - Series: Limited Property Tax Supported Revenue Bonds, Series 2017 A & B (Issuer is Prairie Center Metro District No. 3)
   - Date of Issue: 10/26/2017
   - Coupon Rate: 4.168% - 5.000%
   - Maturity Date: 12/15/2041
   - Levy: 25.000
   - Revenue: $786,700

2. Purpose of Issue: Public Improvements/Capital Pledge Agreement with Prairie Center Metro District No. 3
   - Series: Subordinate Limited Property Tax Supported Revenue Bonds, Series 2007 A & B (Issuer is Prairie Center Metro District No. 3)
   - Date of Issue: 6/7/2007
   - Coupon Rate: 8.75% - 9.50%
   - Maturity Date: 12/15/2031
   - Levy: 0.000
   - Revenue: $0

## CONTRACTS[K]:

3. Purpose of Contract: ______
   - Title: ______
   - Date: ______
   - Principal Amount: ______
   - Maturity Date: ______
   - Levy: ______
   - Revenue: ______

4. Purpose of Contract: ______
   - Title: ______
   - Date: ______
   - Principal Amount: ______
   - Maturity Date: ______
   - Levy: ______
   - Revenue: ______

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

**RESOLUTION NO. 2019-12-04**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4 CALLING A REGULAR ELECTION FOR DIRECTORS ON MAY 5, 2020**

A. The term of the office of Director Mark A. Wagoner shall expire upon the election of his successor at the regular election, to be held on May 5, 2020 ("**Election**"), and upon such successor taking office.

B. Three (3) vacancies currently exist on the Board of Directors of the District.

C. In accordance with the provisions of the Special District Act ("**Act**") and the Uniform Election Code ("**Code**"), the Election must be conducted to elect two (2) Directors to serve until the next regular election, to occur May 3, 2022, and two (2) Directors to serve until the second regular election, to occur May 2, 2023.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Prairie Center Metropolitan District No. 4 of Adams County, Colorado (the "**District**"):

1. Date and Time of Election. The Election shall be held on May 5, 2020, between the hours of 7:00 a.m. and 7:00 p.m. pursuant to and in accordance with the Act, Code, and other applicable laws. At that time, two (2) Directors shall be elected to serve until the next regular election, to occur May 3, 2022, and two (2) Directors shall be elected to serve until the second regular election, to occur May 2, 2023.

2. Precinct. The District shall consist of one (1) election precinct for the convenience of the eligible electors of the District.

3. Conduct of Election. The Election shall be conducted as an independent mail ballot election in accordance with all relevant provisions of the Code. The Designated Election Official shall have on file, no later than fifty-five (55) days prior to the Election, a plan for conducting the independent mail ballot Election.

4. Designated Election Official. Ann E. Finn shall be the Designated Election Official and is hereby authorized and directed to proceed with any action necessary or appropriate to effectuate the provisions of this Resolution and of the Act, Code or other applicable laws. The Election shall be conducted in accordance with the Act, Code and other applicable laws. Among other matters, the Designated Election Official shall appoint election judges as necessary, arrange for the required notices of election (either by mail or publication) and printing of ballots, and direct that all other appropriate actions be accomplished.

5. Absentee Ballot Applications. NOTICE IS FURTHER GIVEN, pursuant to Section 1-13.5-1002, C.R.S., that applications for and return of absentee ballots may be filed with the Designated Election Official of the District, at 141 Union Blvd., Suite 150, Lakewood,

Colorado 80228, between the hours of 8:00 a.m. and 5:00 p.m., until the close of business on the Tuesday immediately preceding the Election (April 28, 2020).

6. Self-Nomination and Acceptance Forms. Self-nomination and acceptance forms are available at the office of the Designated Election Official located at the above address. All candidates must file a self-nomination and acceptance form with the Designated Election Official no later than 3:00 p.m. on February 28, 2020.

7. Cancellation of Election. If the only matter before the electors is the election of Directors of the District and if, at 5:00 p.m. on March 3, 2020, there are not more candidates than offices to be filled at the Election, including candidates timely filing affidavits of intent, the Designated Election Official shall cancel the Election and declare the candidates elected. Notice of such cancellation shall be published and posted in accordance with law.

8. Severability. If any part or provision of this Resolution is adjudged to be unenforceable or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Resolution, it being the Board of Director's intention that the various provisions hereof are severable.

9. Repealer. All acts, orders and resolutions, or parts thereof, of the Board of Directors which are inconsistent or in conflict with this Resolution are hereby repealed to the extent only of such inconsistency or conflict.

10. Effective Date. The provisions of this Resolution shall take effect as of the date adopted and approved by the Board of Directors of the District.

**[SIGNATURE PAGE FOLLOWS]**

**[SIGNATURE PAGE TO RESOLUTION CALLING A REGULAR ELECTION FOR DIRECTORS ON MAY 5, 2020]**

RESOLUTION APPROVED AND ADOPTED on December 4, 2019.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**

By: ______________________
President

Attest:

______________________
Secretary

## Document Retention Policy

### Types of Documents

In representing you we will, or may, take possession of, create, and/or keep various types of documents. These consist of documents you provide to us, documents which constitute the District's official public record, and internal documents we create to assist us in providing services to you.

#### *Documents You Provide to Us*

It is our policy to copy and return original documents you provide to us as soon as practicable. Exceptions to this policy are original documents which should be kept as part of the District's official public record, instances where we must have an original document to represent you, and cases where we have affirmatively agreed retain a document for safekeeping.

#### *The District's Record*

As a part our engagement, we will maintain the District's official public Record (the "**Record**"). The Record is a highly useful and detailed compilation of documents reflecting the official actions of the District and serves multiple functions. First, it collects those documents which the public is entitled to inspect and copy under various state and federal public records and freedom of information statutes. Second, it organizes the records of the District – such as its contracts, land and title records, and easements - in a manner which is useful in conducting the ongoing business of the District. Third, the Record helps expedite the District's annual audit process. Fourth, in the event you should change legal counsel or employ in-house counsel, the Record will enable that counsel to understand the status and assume representation of the District with maximum efficiency.

The Record includes the District's organizational documents, fully-executed agreements which are still in effect, rules, regulations, resolutions adopted by the District, official minutes books, meeting notices, agendas, insurance policies, District maps, election records, bond documents, audit documents, and many more. A comprehensive list of documents comprising the Record is available from us at any time upon request.

Creating and maintaining the Record is an important and complex task, and you agree to pay our actual costs and hourly fees associated with doing this.

#### *Supplemental Documents*

All other documents created in course of representing you are referred to as Supplemental Documents. These include our notes, drafts, memoranda, worksheets, electronic communications, and other electronic documents stored in various media or file servers.

### Documents We Retain

Except as provided in this Document Retention Policy or an amendment thereto, we will keep the Record and any original documents accepted by us for safekeeping so long as we represent you.

**Delivery of the Record**

Once a matter is concluded, or our has representation terminated, we deliver to you or the District's designee the original, printed Record, together with any original documents we have accepted for safekeeping, provided our fees and costs have been paid in full.

If you do not designate someone to receive these records, we will deliver them to a then-current officer or director of the District. If we are unable to deliver these documents for any reason, we may retain, destroy, or otherwise dispose of them in manner which assures their continued confidentiality within thirty (30) days of our concluding that an authorized recipient cannot be readily located.

We will also confidentially destroy the Record of any District in our possession if a final order of dissolution of the District is entered.

All other documents, including all Supplemental Documents, are routinely, periodically, confidentially, and permanently purged by us once they are no longer useful to us in providing services to you.

# Prairie Center Metropolitan District No. 3
## Check List
All Bank Accounts
December 1, 2019 - July 14, 2020

| Check Number | Check Date | Payee | Amount |
|---|---|---|---|
| **Vendor Checks** | | | |
| 1420 | 12/23/19 | Alliance CMS | 1,625.00 |
| 1421 | 12/23/19 | CO Special Dist. Prop & Liab Pool | 2,000.00 |
| 1422 | 12/23/19 | Colorado Department of Public Health | 88.00 |
| 1423 | 12/23/19 | Colorado Lighting, Inc, | 2,586.95 |
| 1424 | 12/23/19 | McGeady Becher, PC | 1,694.55 |
| 1425 | 12/23/19 | Snow Pros, Inc | 3,788.00 |
| 1426 | 12/23/19 | Special District Mgmt. Services, Inc | 3,137.01 |
| 1427 | 12/23/19 | Utility Notification Center of CO | 239.98 |
| 1428 | 12/23/19 | Vargas Property Service | 20,303.89 |
| 1429 | 01/24/20 | Alliance CMS | 13,315.00 |
| 1430 | 01/24/20 | CliftonLarsonAllen LLP | 19,313.47 |
| 1431 | 01/24/20 | CO Special Dist. Prop & Liab Pool | 8,060.00 |
| 1432 | 01/24/20 | Colorado Lighting, Inc, | 30.00 |
| 1433 | 01/24/20 | JR Engineering LLC | 2,653.50 |
| 1434 | 01/24/20 | McGeady Becher, PC | 7,170.00 |
| 1435 | 01/24/20 | Prairie Management LLC | 3,000.00 |
| 1436 | 01/24/20 | Redland Consulting Group | 130.00 |
| 1437 | 01/24/20 | Snow Pros, Inc | 47,200.50 |
| 1438 | 01/24/20 | Special District Mgmt. Services, Inc | 1,861.74 |
| 1439 | 01/24/20 | Superior Pipe Service LLC | 2,866.00 |
| 1440 | 01/24/20 | T. Charles Wilson Insurance | 495.00 |
| 1441 | 01/24/20 | Utility Notification Center of CO | 247.08 |
| 1442 | 02/20/20 | Asphalt Specialties | 175.00 |
| 1443 | 02/20/20 | Brinkmann Construction | 12,026.11 |
| 1444 | 02/20/20 | CliftonLarsonAllen LLP | 9,304.90 |
| 1445 | 02/20/20 | Colorado Lighting, Inc, | 722.78 |
| 1446 | 02/20/20 | Dodge Data & Analytics | 158.34 |
| 1447 | 02/20/20 | E-Z Excavating | 37,635.44 |
| 1448 | 02/20/20 | McGeady Becher, PC | 2,401.30 |
| 1449 | 02/20/20 | Prairie Management LLC | 3,000.00 |
| 1450 | 02/20/20 | Redland Consulting Group | 150.00 |
| 1451 | 02/20/20 | Rocky Mountain Excavating, Inc. | 17,750.00 |
| 1452 | 02/20/20 | Snow Pros, Inc | 16,785.73 |
| 1453 | 02/20/20 | Special District Association | 1,950.66 |
| 1454 | 02/20/20 | Special District Mgmt. Services, Inc | 2,154.82 |
| 1455 | 02/20/20 | Thoutt Bros. Concrete Contr. Inc. | 11,715.58 |
| 1456 | 02/20/20 | Utility Notification Center of CO | 254.79 |
| 1457 | 02/20/20 | Vargas Property Service | 11,460.32 |
| 1458 | 03/27/20 | CliftonLarsonAllen LLP | 10,671.47 |
| 1460 | 03/27/20 | Dodge Data & Analytics | 158.34 |
| 1461 | 03/27/20 | McGeady Becher, PC | 1,623.00 |
| 1462 | 03/27/20 | Metrowest Newspaper | 454.52 |
| 1463 | 03/27/20 | Prairie Management LLC | 3,000.00 |
| 1464 | 03/27/20 | Snow Pros, Inc | 38,441.75 |
| 1465 | 03/27/20 | Special District Mgmt. Services, Inc | 1,326.03 |
| 1466 | 03/27/20 | Utility Notification Center of CO | 135.59 |
| 1467 | 03/27/20 | Vargas Property Service | 7,890.16 |
| 1468 | 04/17/20 | CliftonLarsonAllen LLP | 7,561.30 |
| 1469 | 04/17/20 | Colorado Lighting, Inc, | 124,877.47 |
| 1470 | 04/17/20 | JR Engineering LLC | 3,482.50 |
| 1471 | 04/17/20 | Omerta Storm Water Management | 307.75 |
| 1472 | 04/17/20 | Prairie Management LLC | 3,000.00 |
| 1473 | 04/17/20 | Snow Pros, Inc | 19,143.75 |
| 1474 | 04/17/20 | Special District Mgmt. Services, Inc | 1,561.20 |
| 1475 | 04/17/20 | Utility Notification Center of CO | 186.25 |
| 1476 | 04/17/20 | Vargas Property Service | 5,730.16 |
| 1477 | 04/28/20 | Asphalt Specialties | 30,752.20 |

# Prairie Center Metropolitan District No. 3
## Check List

All Bank Accounts

December 1, 2019 - July 14, 2020

| Check Number | Check Date | Payee | Amount |
|---|---|---|---|
| 1478 | 04/28/20 | Brinkmann Construction | 5,053.69 |
| 1479 | 04/28/20 | Thoutt Bros. Concrete Contr. Inc. | 15,813.61 |
| 1480 | 04/28/20 | W.L. Contractors, Inc. | 4,539.63 |
| 1481 | 05/28/20 | CliftonLarsonAllen LLP | 17,080.86 |
| 1482 | 05/28/20 | Colorado Lighting, Inc, | 750.81 |
| 1483 | 05/28/20 | Dodge Data & Analytics | 154.28 |
| 1484 | 05/28/20 | JR Engineering LLC | 800.00 |
| 1485 | 05/28/20 | McGeady Becher, PC | 505.00 |
| 1486 | 05/28/20 | Metrowest Newspaper | 141.79 |
| 1487 | 05/28/20 | Omerta Storm Water Management | 711.00 |
| 1488 | 05/28/20 | Prairie Management LLC | 3,000.00 |
| 1489 | 05/28/20 | Snow Pros, Inc | 6,520.00 |
| 1490 | 05/28/20 | Special District Mgmt. Services, Inc | 1,581.40 |
| 1491 | 05/28/20 | Utility Notification Center of CO | 143.04 |
| 1492 | 05/28/20 | Vargas Property Service | 5,730.16 |
| 1493 | 06/23/20 | CliftonLarsonAllen LLP | 9,563.57 |
| 1494 | 06/23/20 | Dodge Data & Analytics | 629.30 |
| 1495 | 06/23/20 | McGeady Becher, PC | 5,849.00 |
| 1496 | 06/23/20 | Metrowest Newspaper | 248.76 |
| 1497 | 06/23/20 | Omerta Storm Water Management | 2,219.83 |
| 1498 | 06/23/20 | Pinnacle Landscape & Xeriscape, Inc. | 5,725.00 |
| 1499 | 06/23/20 | Prairie Management LLC | 3,000.00 |
| 1500 | 06/23/20 | Snow Pros, Inc | 20,176.25 |
| 1501 | 06/23/20 | Special District Association | 863.43 |
| 1502 | 06/23/20 | Special District Mgmt. Services, Inc | 1,063.49 |
| 1504 | 06/23/20 | Utility Notification Center of CO | 122.18 |
| 1505 | 06/23/20 | Vargas Property Service | 5,730.16 |
| ACH | 06/23/20 | United Power | 2,586.42 |
| ACH | 05/27/20 | United Power | 2,660.47 |
| ACH | 06/23/20 | United Power | 25.84 |
| ACH | 06/23/20 | United Power | 7.93 |
| ACH | 04/24/20 | United Power | 5,080.41 |
| ACH | 12/16/19 | United Power | 3,585.36 |
| ACH | 02/26/20 | United Power | 20.84 |
| ACH | 01/31/20 | United Power | 20.60 |
| ACH | 03/16/20 | United Power | 3,721.68 |
| ACH | 03/25/20 | United Power | 20.64 |
| ACH | 01/27/20 | United Power | 20.76 |
| ACH | 02/17/20 | United Power | 4,469.98 |
| ACH | 12/26/19 | United Power | 20.76 |
| ACH | 01/16/20 | United Power | 4,429.80 |
| TRANSFER | 03/05/20 | Snow Pros, Inc | 3,098.00 |
| TRANSFER | 03/27/20 | CO Special Dist. Prop & Liab Pool | 22,068.00 |
| | | **Vendor Check Total** | 699,308.61 |
| | | **Check List Total** | 699,308.61 |

Check count = 100

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
## Adams County, Colorado

## FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

## YEAR ENDED DECEMBER 31, 2019

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3**
**TABLE OF CONTENTS**
**YEAR ENDED DECEMBER 31, 2019**

## INSERT INDEPENDENT AUDITOR'S REPORT

# BASIC FINANCIAL STATEMENTS

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
# STATEMENT OF NET POSITION
# DECEMBER 31, 2019

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and Investments | $ 346,523 |
| Cash and Investments - Restricted | 5,325,815 |
| Accounts Receivable - Add-On Public Improvement Fees from Retail Sales | 218,452 |
| Accounts Receivable - Credit Public Improvement Fees from Retail Sales | 271,637 |
| Accounts Receivable - Shared Sales Tax Increment | 426,502 |
| Prepaid Expenses | 11,805 |
| Due from Other Districts | 11,246 |
| Accounts Receivable - City Reimbursement (Stormwater IGA) | 2,319,520 |
| Capital Assets, Not Being Depreciated | 10,197,213 |
| Capital Assets, Net | 11,324,534 |
| Total Assets | 30,453,247 |
| | |
| **LIABILITIES** | |
| Accounts Payable | 229,029 |
| Project Management Fee Payable | 634,534 |
| Project Management Fee Interest Payable | 234,620 |
| Accrued Interest Payable - Bonds | 27,948,248 |
| Noncurrent Liabilities: | |
| Due Within One Year | 4,475,000 |
| Due in More than One Year | 122,385,725 |
| Total Liabilities | 155,907,156 |
| | |
| **NET POSITION** | |
| Net Investment in Capital Assets | (5,813,991) |
| Restricted For: | |
| Emergency Reserves | 36,000 |
| Unrestricted | (119,675,918) |
| | |
| Total Net Position | $ (125,453,909) |

*See accompanying Notes to Basic Financial Statements.*

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3**
**STATEMENT OF ACTIVITIES**
**YEAR ENDED DECEMBER 31, 2019**

| | | Program Revenues | | | Net Revenues (Expenses) and Change in Net Position |
|---|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| **FUNCTIONS/PROGRAMS** | | | | | |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General Government | $ 1,863,871 | $ - | $ 1,198,525 | $ - | $ (665,346) |
| Interest and Related Costs on Long-Term Debt | 9,193,784 | - | 1,019,874 | 2,155,957 | (6,017,953) |
| Total Governmental Activities | $ 11,057,655 | $ - | $ 2,218,399 | $ 2,155,957 | (6,683,299) |
| **GENERAL REVENUES** | | | | | |
| Credit Public Improvement Fees from Retail Sales | | | | | 2,298,876 |
| Add-On Public Improvement Fees from Retail Sales | | | | | 1,910,397 |
| Credit Public Improvement Fees from Building Permits | | | | | 141,266 |
| Add-On Public Improvement Fees from Building Permits | | | | | 113,016 |
| Shared Sales Tax Increment | | | | | 426,502 |
| Net Investment Income | | | | | 150,294 |
| Other Revenue | | | | | 88,950 |
| Total General Revenues | | | | | 5,129,301 |
| **CHANGE IN NET POSITION** | | | | | (1,553,998) |
| Net Position - Beginning | | | | | (123,899,911) |
| **NET POSITION - END OF YEAR** | | | | | $ (125,453,909) |

*See accompanying Notes to Basic Financial Statements.*

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
# BALANCE SHEET
# GOVERNMENTAL FUNDS
# DECEMBER 31, 2019

| | General | Debt Service PPI/DPI | Debt Service PRI | Capital Projects | Capital Projects Stormwater | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Cash and Investments | $ 346,523 | $ - | $ - | $ - | $ - | $ 346,523 |
| Cash and Investments - Restricted | 36,000 | 4,475,536 | 423,415 | 390,864 | - | 5,325,815 |
| Accounts Receivable - Add-On Public Improvement Fees from Retail Sales | - | 218,452 | - | - | - | 218,452 |
| Accounts Receivable - Credit Public Improvement Fees from Retail Sales | - | 217,311 | 54,326 | - | - | 271,637 |
| Accounts Receivable - Shared Sales Tax Increment | - | 426,502 | - | - | - | 426,502 |
| Prepaid Expenses | 11,805 | - | - | - | - | 11,805 |
| Due from Other Districts | 6,722 | 4,524 | - | - | - | 11,246 |
| Total Assets | $ 401,050 | $ 5,342,325 | $ 477,741 | $ 390,864 | $ - | $ 6,611,980 |
| **LIABILITIES AND FUND BALANCES** | | | | | | |
| **LIABILITIES** | | | | | | |
| Accounts Payable | $ 123,560 | $ 4,500 | $ - | $ 100,969 | $ - | $ 229,029 |
| Project Management Fee Payable | - | - | - | 634,534 | - | 634,534 |
| Project Management Fee Interest Payable | - | - | - | 234,620 | - | 234,620 |
| Total Liabilities | 123,560 | 4,500 | - | 970,123 | - | 1,098,183 |
| **FUND BALANCES** | | | | | | |
| Nonspendable: | | | | | | |
| Prepaid Expenses | 11,805 | - | - | - | - | 11,805 |
| Restricted For: | | | | | | |
| Emergency Reserves | 36,000 | - | - | - | - | 36,000 |
| Debt Service | - | 5,337,825 | 477,741 | - | - | 5,815,566 |
| Assigned: | | | | | | |
| Subsequent Year's Expenditures | 119,160 | - | - | - | - | 119,160 |
| Unassigned: | | | | | | |
| General Government | 110,525 | - | - | - | - | 110,525 |
| Capital Projects | - | - | - | (579,259) | - | (579,259) |
| Total Fund Balances | 277,490 | 5,337,825 | 477,741 | (579,259) | - | 5,513,797 |
| Total Liabilities and Fund Balances | $ 401,050 | $ 5,342,325 | $ 477,741 | $ 390,864 | $ - | $ 6,611,980 |

*See accompanying Notes to Basic Financial Statements.*

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
# RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE NET POSITION OF GOVERNMENTAL ACTIVITIES
# DECEMBER 31, 2019

| | |
|---|---|
| Fund Balances - Total Governmental Funds | $ 5,513,797 |
| | |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | |
| Capital Assets, Not Being Depreciated | 10,197,213 |
| Capital Assets, Net | 11,324,534 |
| | |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds. | |
| Accounts Receivable - City Reimbursement | 2,319,520 |
| | |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Developer Advance Payables | (23,324,511) |
| Accrued Interest Payable - Developer Advances | (16,345,136) |
| Bonds Payable | (86,305,000) |
| Accrued Interest Payable - Bonds | (27,948,248) |
| Bonds Discount | 239,738 |
| Funding Fees on Developer Advances | (1,125,816) |
| | |
| Net Position of Governmental Activities | $ (125,453,909) |

*See accompanying Notes to Basic Financial Statements.*

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
# GOVERNMENTAL FUNDS
# YEAR ENDED DECEMBER 31, 2019

| | General | Debt Service PPI/DPI | Debt Service PRI | Capital Projects | Capital Projects Stormwater | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | |
| Credit Public Improvement Fees from Retail Sales | $ - | $ 1,838,693 | $ 460,183 | $ - | $ - | $ 2,298,876 |
| Add-On Public Improvement Fees from Retail Sales | - | 1,910,397 | - | - | - | 1,910,397 |
| Credit Public Improvement Fees from Building Permits | - | 113,016 | 28,250 | - | - | 141,266 |
| Add-On Public Improvement Fees from Building Permits | - | 113,016 | - | - | - | 113,016 |
| Facilities Fees | - | 87,382 | - | - | - | 87,382 |
| Net Investment Income | - | 138,697 | 11,597 | - | - | 150,294 |
| City Reimbursement - Outfall Channel | - | - | - | - | 868,805 | 868,805 |
| Other Revenue | 88,950 | - | - | - | - | 88,950 |
| Shared Sales Tax Increment | - | 426,502 | - | - | - | 426,502 |
| Transfer from Other Districts | 1,198,525 | 772,048 | - | - | - | 1,970,573 |
| Total Revenues | 1,287,475 | 5,399,751 | 500,030 | - | 868,805 | 8,056,061 |
| | | | | | | |
| **EXPENDITURES** | | | | | | |
| General: | | | | | | |
| Accounting | 120,425 | - | - | - | - | 120,425 |
| Audit | 4,675 | - | - | - | - | 4,675 |
| District Management | 29,502 | - | - | - | - | 29,502 |
| District Asset Management | 36,000 | - | - | - | - | 36,000 |
| Dues and Memberships | 3,035 | - | - | - | - | 3,035 |
| Detention Pond Maintenance | 16,077 | - | - | - | - | 16,077 |
| Eagle Monument Maintenance | 40,939 | - | - | - | - | 40,939 |
| Electric - Street Lights and Other | 19,409 | - | - | - | - | 19,409 |
| Insurance | 39,762 | - | - | - | - | 39,762 |
| Landscaping | 141,978 | - | - | - | - | 141,978 |
| Legal | 33,377 | - | - | - | - | 33,377 |
| Snow Removal | 129,885 | - | - | - | - | 129,885 |
| Street Repairs and Maintenance | 413,956 | - | - | - | - | 413,956 |
| Street Sweeping | 6,936 | - | - | - | - | 6,936 |
| Miscellaneous/Contingency | 13,877 | - | - | - | - | 13,877 |
| District No. 9 - Consultants | 7,413 | - | - | - | - | 7,413 |
| Water and Sewer | 39,123 | - | - | - | - | 39,123 |

*See accompanying Notes to Basic Financial Statements.*

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) (CONTINUED)
# GOVERNMENTAL FUNDS
# YEAR ENDED DECEMBER 31, 2019

| | General | Debt Service PPI/DPI | Debt Service PRI | Capital Projects | Capital Projects Stormwater | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **EXPENDITURES (CONTINUED)** | | | | | | |
| Debt Service: | | | | | | |
| Bond Interest - Series 2007 | $ - | $ 2,129,307 | $ - | $ - | $ - | $ 2,129,307 |
| Bond Interest - Series 2017 | - | 2,373,219 | - | - | - | 2,373,219 |
| Bond Principal - Series 2017 | - | 720,000 | - | - | - | 720,000 |
| Bond Interest - Series 2018 | - | - | 218,709 | - | - | 218,709 |
| Bond Principal - Series 2018 | - | - | 285,000 | - | - | 285,000 |
| Paying Agent Fees | - | 6,000 | 3,500 | - | - | 9,500 |
| Capital Outlay: | | | | | | |
| Primary Public Improvements | - | - | - | 604,382 | - | 604,382 |
| District Public Improvements | - | - | - | 68,101 | - | 68,101 |
| Parks and Recreation Improvements | - | - | - | 80 | - | 80 |
| Total Expenditures | 1,096,369 | 5,228,526 | 507,209 | 672,563 | - | 7,504,667 |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | 191,106 | 171,225 | (7,179) | (672,563) | 868,805 | 551,394 |
| **OTHER FINANCING SOURCES (USES)** | | | | | | |
| Transfers (to) Other Funds | - | - | - | - | (868,805) | (868,805) |
| Transfers from Other Funds | - | - | - | 868,805 | - | 868,805 |
| Developer Advances | - | - | - | 406,228 | - | 406,228 |
| Repayment of Developer Advances | (406,228) | - | - | - | - | (406,228) |
| Total Other Financing Sources (Uses) | (406,228) | - | - | 1,275,033 | (868,805) | - |
| **NET CHANGE IN FUND BALANCES** | (215,122) | 171,225 | (7,179) | 602,470 | - | 551,394 |
| Fund Balances (Deficits) - Beginning of Year | 492,612 | 5,166,600 | 484,920 | (1,181,729) | - | 4,962,403 |
| **FUND BALANCES (DEFICITS) - END OF YEAR** | $ 277,490 | $ 5,337,825 | $ 477,741 | $ (579,259) | $ - | $ 5,513,797 |

*See accompanying Notes to Basic Financial Statements.*

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
# RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
# YEAR ENDED DECEMBER 31, 2019

| | | |
|---|---|---|
| Net Change in Fund Balances - Total Governmental Funds | | $ 551,394 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlay as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. | | |
| Capital Outlay | | 574,534 |
| Depreciation | | (669,473) |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds. | | |
| City Reimbursement - Outfall Channel | | (997,045) |
| The issuance of long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds record the effect of premiums, discounts, and similar items when debt is first issued as expenditures, whereas these amounts are deferred and amortized in the statement of activities. | | |
| Bond Discount Amortization | | (19,240) |
| Bond Principal - Series 2017 | | 720,000 |
| Bond Principal - Series 2018 | | 285,000 |
| Developer Advances | | (406,228) |
| Forgiveness of Developer Advances and Accrued Interest | | 2,444,641 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds: | | |
| Repayment of Developer Advances | 406,228 | |
| Funding Fees on Developer Advances | (125,434) | |
| Accrued Interest on Developer Advances - Change in Liability | (3,228,852) | |
| Accrued Interest on Bonds - Change in Liability | (1,089,523) | (4,037,581) |
| Change in Net Position of Governmental Activities | | $ (1,553,998) |

*See accompanying Notes to Basic Financial Statements.*

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
# GENERAL FUND
# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
# YEAR ENDED DECEMBER 31, 2019

| | Budget Amounts Original | Budget Amounts Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Other Revenue | $ - | $ 90,000 | $ 88,950 | $ (1,050) |
| Transfer from Other Districts | 1,183,616 | 1,198,525 | 1,198,525 | - |
| Total Revenues | 1,183,616 | 1,288,525 | 1,287,475 | (1,050) |
| **EXPENDITURES** | | | | |
| Accounting | 91,800 | 120,281 | 120,425 | (144) |
| Audit | 5,400 | 4,675 | 4,675 | - |
| City Consultants - Legal | 10,000 | - | - | - |
| District Management | 38,700 | 30,000 | 29,502 | 498 |
| District Asset Management | 36,000 | 36,000 | 36,000 | - |
| Dues and Memberships | 3,000 | 3,035 | 3,035 | - |
| Detention Pond Maintenance | 40,000 | 40,000 | 16,077 | 23,923 |
| Eagle Monument Maintenance | 55,000 | 47,000 | 40,939 | 6,061 |
| Electric - Street Lights and Other | 15,000 | 18,000 | 19,409 | (1,409) |
| Insurance | 33,000 | 39,762 | 39,762 | - |
| Landscaping | 170,000 | 150,000 | 141,978 | 8,022 |
| Legal | 63,000 | 40,000 | 33,377 | 6,623 |
| Snow Removal | 50,000 | 120,000 | 129,885 | (9,885) |
| Street Repairs and Maintenance | 130,000 | 400,000 | 413,956 | (13,956) |
| Street Sweeping | 10,000 | 7,000 | 6,936 | 64 |
| Miscellaneous/Contingency | 9,100 | 19,247 | 13,877 | 5,370 |
| District No. 9 - Consultants | 15,000 | 10,000 | 7,413 | 2,587 |
| Water and Sewer | 40,000 | 35,000 | 39,123 | (4,123) |
| Total Expenditures | 815,000 | 1,120,000 | 1,096,369 | 23,631 |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | 368,616 | 168,525 | 191,106 | 22,581 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Repayment of Developer Advances | (667,000) | (406,228) | (406,228) | - |
| Total Other Financing Sources (Uses) | (667,000) | (406,228) | (406,228) | - |
| **NET CHANGE IN FUND BALANCE** | (298,384) | (237,703) | (215,122) | 22,581 |
| Fund Balance - Beginning of Year | 433,761 | 492,612 | 492,612 | - |
| **FUND BALANCE - END OF YEAR** | $ 135,377 | $ 254,909 | $ 277,490 | $ 22,581 |

*See accompanying Notes to Basic Financial Statements.*

## NOTE 1 DEFINITION OF REPORTING ENTITY

Prairie Center Metropolitan District No. 3 (District) is a quasi-municipal corporation located in the City of Brighton, Adams County, Colorado and is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized on June 6, 2006, to serve as the Operating District, concurrently with Prairie Center Metropolitan District Nos. 4-10 (the Taxing Districts), pursuant to an order and decree of the Adams County District Court. The Service Plan for the District was approved by the City of Brighton on February 21, 2006, modified on November 13, 2006, and amended and restated on November 4, 2008, and modified on April 14, 2013. Prior to the organization of the District, Prairie Center Metropolitan Districts Nos. 1 and 2 (respectively, District No. 1 and District No. 2) were organized and commenced development and construction of initial phases of public improvements. In order to increase development flexibility and to avoid unfairly burdening existing development with the costs of public infrastructure required in future phases, District Nos. 3-10 were formed and several inclusions and exclusions of property were completed to generally locate commercial/retail property in District No. 4 and multi-family property in District No. 5. Subsequent to the formation of the District, the obligations of District No. 1 and District No. 2 were assumed by the District as were the assets constructed by those Districts, with the exception of improvements related to the London Mine Water Tunnel and Extension Tunnel Facility and the rights and obligations related to the operation of such Facility. Such rights and obligations were assumed by District No. 9 on January 1, 2008, and were conveyed by District No. 9 to a private entity in 2016.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including streets, transportation, drainage improvements, traffic and safety controls, park and recreation facilities, water, sewer, television relay and translation and mosquito and pest control services. The District is authorized to operate and maintain any improvements not otherwise conveyed to the City or other entities.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

The District has no employees and all operations and administrative functions are contracted.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

### Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes, public improvement fees, and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are public improvement fees and intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund – PPI/DPI accounts for the resources accumulated and payments made for principal and interest on the Series 2007 and Series 2017 long-term debt of the governmental funds.

The Debt Service Fund – PRI accounts for the resources accumulated and payments made for principal and interest on the Series 2018 long-term debt of the government funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The Capital Projects Fund – Stormwater is used to account for financial resources to be used for the acquisition and construction of stormwater improvements which are reimbursed by the City through certain stormwater impact fees.

### Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District has amended its annual budget for the year ended December 31, 2019.

### Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Original Issue Discount/Premium

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

### Capital Assets

Capital assets, which include property and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets which are anticipated to be conveyed to other governmental entities, as well as capital assets being constructed which the District may operate and maintain, are recorded as construction in progress/not yet conveyed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements that will be dedicated to other governmental entities are not depreciated. Improvements to be owned by the District are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

| | |
|---|---|
| Streets | 20 Years |
| Detention Pond Improvements | 25 Years |
| Monumentation/Signage | 15 – 20 Years |

### Facilities Fees

The District assesses and charges a facilities fee for use of the District's improvements and service system. The facilities fee for nonresidential structures is seventy-five cents ($0.75) per square foot of gross building space. The facilities fee for dwelling units follows: a) three thousand dollars ($3,000) per single-family, detached dwelling unit, b) one thousand five hundred dollars ($1,500) per townhome or condominium, and c) five hundred dollars ($500) per apartment. The facilities fee is due on or before the date of issuance of a building permit by the City of Brighton or County of Adams.

### Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Equity (Continued)**

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

*Nonspendable Fund Balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

*Restricted Fund Balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

*Committed Fund Balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

*Assigned Fund Balance* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*Unassigned Fund Balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balances is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**Deficits**

The Capital Project Fund reported a deficit in the fund financial statements as of December 31, 2019. This deficit will be eliminated with Developer advances in 2020.

## NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2019, are classified in the accompanying financial statements as follows:

| | | |
|---|---|---|
| Statement of Net Position: | | |
| Cash and Investments | $ | 346,523 |
| Cash and Investments - Restricted | | 5,325,815 |
| Total Cash and Investments | $ | 5,672,338 |

Cash and investments as of December 31, 2019, consist of the following:

| | | |
|---|---|---|
| Deposits with Financial Institutions | $ | 773,387 |
| Investments | | 4,898,951 |
| Total Cash and Investments | $ | 5,672,338 |

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2019, the District’s cash deposits had a bank balance of $919,687 and a carrying balance of $773,387.

**Investments**

The District has adopted a formal investment policy wherein the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

## NOTE 3 CASH AND INVESTMENTS (CONTINUED)

**Investments (Continued)**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

. Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
. General obligation and revenue bonds of U.S. local government entities
. Certain certificates of participation
. Certain securities lending agreements
. Bankers' acceptances of certain banks
. Commercial paper
. Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
. Certain money market funds
. Guaranteed investment contracts
* Local government investment pools

As of December 31, 2019, the District had the following investments:

| Investment | Maturity | Amount |
|---|---|---|
| Colorado Surplus Asset Trust Fund (CSAFE) | Weighted Average Under 60 Days | $ 4,898,951 |

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at $1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAm by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

## NOTE 4 CAPITAL ASSETS

The following is an analysis of the changes in the District's capital assets for the year ended December 31, 2019:

| | Balance - December 31, 2018 | Increases | Decreases | Balance - December 31, 2019 |
|---|---|---|---|---|
| Capital Assets, Not Being Depreciated: | | | | |
| Construction in Progress/ Not Yet Conveyed | $ 9,622,679 | $ 574,534 | $ - | $ 10,197,213 |
| Total Capital Assets, Not Being Depreciated | 9,622,679 | 574,534 | - | 10,197,213 |
| Capital Assets, Being Depreciated: | | | | |
| Streets | 8,115,626 | - | - | 8,115,626 |
| Detention Pond Improvements | 3,523,907 | - | - | 3,523,907 |
| Monumentation/Signage | 3,032,366 | - | - | 3,032,366 |
| Total Capital Assets, Being Depreciated | 14,671,899 | - | - | 14,671,899 |
| Less Accumulated Depreciation For: | | | | |
| Streets | (1,623,128) | (405,782) | - | (2,028,910) |
| Detention Pond Improvements | (563,824) | (140,956) | - | (704,780) |
| Monumentation/Signage | (490,940) | (122,735) | - | (613,675) |
| Total Accumulated Depreciation | (2,677,892) | (669,473) | - | (3,347,365) |
| Total Capital Assets, Being Depreciated, Net | 11,994,007 | (669,473) | - | 11,324,534 |
| Governmental Activities Capital Assets, Net | $ 21,616,686 | $ (94,939) | $ - | $ 21,521,747 |

Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|---|---|
| General Government | $ 669,473 |

## NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2019:

| | Balance - December 31, 2018 | Additions | Retirements | Balance - December 31, 2019 | Current Portion |
|---|---|---|---|---|---|
| Bonds Payable - Series 2007 | $ 33,905,000 | $ - | $ - | $ 33,905,000 | $ 3,435,000 |
| Bonds Payable - Series 2017 | 49,070,000 | - | 720,000 | 48,350,000 | 840,000 |
| Bond Discount - Series 2017 | (211,758) | - | (13,190) | (198,568) | - |
| Bonds Payable - Series 2018 | 4,335,000 | - | 285,000 | 4,050,000 | 200,000 |
| Bond Discount - Series 2018 | (47,220) | - | (6,050) | (41,170) | - |
| Developer Advance - Operating | 2,379,708 | - | 1,305,825 | 1,073,883 | - |
| Accrued Interest on Developer Advance - Operating | 32,886 | 133,237 | 120,277 | 45,846 | - |
| Developer Advance - Debt Service | 2,066,963 | - | - | 2,066,963 | - |
| Accrued Interest on Developer Advance - Debt Service | 1,534,954 | 308,168 | - | 1,843,122 | - |
| Developer Advance - Capital | 21,144,120 | 406,228 | 1,366,683 | 20,183,665 | - |
| Accrued Interest on Developer Advance - Capital | 11,726,805 | 2,787,447 | 58,084 | 14,456,168 | - |
| Funding Fee Payable | 1,000,382 | 125,434 | - | 1,125,816 | - |
| Total | $ 126,936,840 | $ 3,760,514 | $ 3,836,629 | $ 126,860,725 | $ 4,475,000 |

**$40,610,000 Subordinate Limited Property Tax Supported Primary Improvements Revenue Bonds, Series 2007A, and $2,905,000 Subordinate Limited Property Tax Supported District Improvements Revenue Bonds, Series 2007B**

On June 7, 2007, the District issued its Series 2007A and 2007B Bonds (collectively, Series 2007 Subordinate Bonds) in the total amount of $43,515,000. The proceeds from the Series 2007 Subordinate Bonds were used for the purposes of funding public infrastructure costs, funding reserve and capitalized interest accounts, and paying bond issuance costs. The Series 2007 Subordinate Bonds are special limited obligations of the District secured by and payable from the pledged revenues, subject in all respects to the prior lien in favor of the senior bonds, which consist of the 2017 Refunding Bonds as well as any additional senior bonds that may be issued in the future. Pledged revenues consist primarily of revenues attributable to privately imposed public improvement fees payable with respect to certain retail sales transactions and construction activities occurring within the Development, revenues generated from the commercial and residential Facilities Fee imposed by District No. 4, District No. 5 and District No. 10, and from the imposition of ad valorem property taxes by District No. 4 and District No. 5 not in excess of 50 mills so long as the statutory mill levy limitation set forth in Section 32.1.1101(6)(b) of the Colorado Revised Statutes is applicable and, if not, subject to adjustment caused by changes in the method of determining assessed valuation by the state of Colorado, and the related specific ownership taxes.

## NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

**$40,610,000 Subordinate Limited Property Tax Supported Primary Improvements Revenue Bonds, Series 2007A, and $2,905,000 Subordinate Limited Property Tax Supported District Improvements Revenue Bonds, Series 2007B (Continued)**

The Series 2007A Bonds are term bonds maturing as follows: $40,610,000 due December 15, 2031, at an interest rate of 8.75% through December 14, 2007, and 9.50% thereafter. The Series 2007B Bonds of $2,905,000 are term bonds due December 15, 2031, at an interest rate of 8.75% through December 14, 2007, and 9.50% thereafter. The Series 2007A Bonds are subject to mandatory sinking fund redemption beginning December 15, 2013. The Series 2007B Bonds are subject to mandatory sinking fund redemption beginning December 15, 2014. The Series 2007 Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, in whole or in part on any date on or after June 15, 2008, at a redemption price equal to 100% of the principal, plus accrued interest with no redemption premium.

During 2019, the District did not pay the principal and the full amount of accrued interest due on the Series 2007 Subordinate Bonds. Pursuant to the indenture for the bonds, due to the limited nature of the revenues pledged, the failure to pay interest and principal when due does not, in itself, create an event of default if the District is otherwise in compliance with the bond documents. The unpaid amount is not subject to compounding interest. A portion of the Series 2007 Subordinate Bonds were refunded by the issuance of the District's Series 2017 Refunding Bonds.

The Subordinate Bonds Series 2007A principal and interest will mature as follows:

| Year Ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 3,205,000 | $ 25,766,843 | $ 28,971,843 |
| 2021 | 1,260,000 | 2,702,275 | 3,962,275 |
| 2022 | 1,465,000 | 2,582,575 | 4,047,575 |
| 2023 | 1,745,000 | 2,443,400 | 4,188,400 |
| 2024 | 2,000,000 | 2,277,625 | 4,277,625 |
| 2025-2029 | 14,400,000 | 7,944,850 | 22,344,850 |
| 2030-2031 | 7,575,000 | 1,092,975 | 8,667,975 |
| Total | $ 31,650,000 | $ 44,810,543 | $ 76,460,543 |

The Subordinate Bonds Series 2007B principal and interest will mature as follows:

| Year Ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 230,000 | $ 2,069,589 | $ 2,299,589 |
| 2021 | 85,000 | 192,375 | 277,375 |
| 2022 | 105,000 | 184,300 | 289,300 |
| 2023 | 120,000 | 174,325 | 294,325 |
| 2024 | 145,000 | 162,925 | 307,925 |
| 2025-2029 | 1,025,000 | 568,575 | 1,593,575 |
| 2030-2031 | 545,000 | 78,850 | 623,850 |
| Total | $ 2,255,000 | $ 3,430,939 | $ 5,685,939 |

## NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

**$47,095,000 Limited Property Tax Supported Primary Improvements Revenue Refunding Bonds, Series 2017A, and $2,180,000 Limited Property Tax Supported District Improvements Revenue Refunding Bonds, Series 2017B**

On October 26, 2017, the District issued its Series 2017A and Series 2017B Bonds (the Series 2017 Refunding Bonds) in the total amount of $49,275,000. The proceeds from the Series 2017 Refunding Bonds were used to refund all of the Series 2006 Bonds and a portion of the Series 2007 Subordinate Bonds. The Series 2017 Refunding Bonds are special limited obligations of the District secured by and payable from pledged revenues, consisting of revenues attributable to privately imposed public improvement fees payable with respect to certain retail sales transactions and construction activities occurring within the development, revenues generated from the commercial and residential facilities fees imposed by Prairie Center Metropolitan Districts No. 4 (District No. 4), No. 5 (District No. 5) and No. 10 (District No. 10), from the imposition by District No. 4 and District No. 5 of ad valorem property taxes not in excess of 50 mills subject to adjustment caused by changes in the method of determining assessed valuation by the state of Colorado, and the related specific ownership taxes, and a portion of City sales tax revenues (such sales tax revenue sharing in accordance with the Cooperation Agreement and General Fund Sales Tax Sharing Agreement, each of which are described in Note 8). The Series 2017 Bonds are also secured by funds to be held by the Trustee in the Reserve Funds in the required amounts of $3,409,143 for Series 2017A Bonds and $163,500 for the Series 2017B Bonds.

The Series 2017A Bonds are term bonds maturing as follows: $9,370,000 due December 15, 2027, at an interest rate of 4.125% and $37,725,000 due December 15, 2041, at an interest rate of 5.00%. The Series 2017B Bonds of $2,180,000 are term bonds due December 15, 2041, at an interest rate of 5.00%. The Series 2017 Refunding Bonds are subject to mandatory sinking fund redemption beginning December 15, 2018. The 2017 Refunding Bonds are subject to redemption prior to maturity at the option of the District, in whole or in part on any date, on or after December 15, 2026, at a redemption price equal to 100% of the principal amount thereof, plus interest with no redemption premium. The Series 2017 Refunding Bonds are subject to special mandatory redemption in whole on any interest payment date when fund on deposit is sufficient to pay 100% of the principal amount then outstanding interest.

The Series 2017A Bonds principal and interest will mature as follows:

| Year Ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 800,000 | $ 2,236,256 | $ 3,036,256 |
| 2021 | 885,000 | 2,203,256 | 3,088,256 |
| 2022 | 955,000 | 2,166,750 | 3,121,750 |
| 2023 | 1,015,000 | 2,127,356 | 3,142,356 |
| 2024 | 1,090,000 | 2,085,488 | 3,175,488 |
| 2025-2029 | 6,670,000 | 9,675,650 | 16,345,650 |
| 2030-2034 | 9,310,000 | 7,828,750 | 17,138,750 |
| 2035-2039 | 14,625,000 | 5,085,750 | 19,710,750 |
| 2040-2041 | 10,860,000 | 890,500 | 11,750,500 |
| Total | $ 46,210,000 | $ 34,299,756 | $ 80,509,756 |

## NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

**$47,095,000 Limited Property Tax Supported Primary Improvements Revenue Refunding Bonds, Series 2017A, and $2,180,000 Limited Property Tax Supported District Improvements Revenue Refunding Bonds, Series 2017B (Continued)**

The Series 2017B Bonds principal and interest will mature as follows:

| Year Ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 40,000 | $ 107,000 | $ 147,000 |
| 2021 | 40,000 | 105,000 | 145,000 |
| 2022 | 45,000 | 103,000 | 148,000 |
| 2023 | 50,000 | 100,750 | 150,750 |
| 2024 | 55,000 | 98,250 | 153,250 |
| 2025-2029 | 325,000 | 447,500 | 772,500 |
| 2030-2034 | 460,000 | 353,500 | 813,500 |
| 2035-2039 | 725,000 | 217,500 | 942,500 |
| 2040-2041 | 400,000 | 30,500 | 430,500 |
| Total | $ 2,140,000 | $ 1,563,000 | $ 3,703,000 |

**$4,510,000 Special Revenue Bonds (Park and Recreation Improvements) Series 2018**

On March 8, 2018, the District issued its $4,510,000 Special Revenue Bonds (Park and Recreation Improvements), Series 2018 (2018 PRI Bonds). The proceeds of the 2018 PRI Bonds were used to reimburse the Developer for a portion of advances made to the District under the Facilities Funding and Acquisition Agreement for construction of Park and Recreation Improvements. The 2018 PRI Bonds are special limited revenue obligations of the District secured by and payable from pledged revenues, consisting of revenues attributable to privately imposed public improvements fees payable with respect to certain retail sales transactions and construction activities occurring within the development. The 2018 PRI Bonds are also secured by funds to be held by the Trustee in the Reserve Fund in the required amount of $346,706.

The 2018 PRI Bonds are term bonds due December 15, 2042, at an interest rate of 5.125%. The 2018 PRI Bonds are subject to mandatory redemption on any interest payment date on which there are sufficient funds to redeem at least one bond in the denomination of $5,000. The 2018 PRI Bonds are subject to redemption prior to maturity at the option of the District, in whole or in part, on any date on or after December 15, 2023, at a redemption price equal to 100% of the principal amount thereof plus interest and a redemption premium until December 15, 2026, after which there is no redemption premium. The 2018 PRI Bonds are also subject to special redemption in whole on any interest payment date when fund on deposit are sufficient to pay 100% of the principal amount then outstanding with interest.

The principal and interest payments for the 2018 PRI Bonds are based on the amount of funds available on 45 calendar days preceding each interest payment date.

## NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

**$4,510,000 Special Revenue Bonds (Park and Recreation Improvements) Series 2018 (Continued)**

The Series 2018 Bonds principal and interest will mature as follows:

| Year Ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 200,000 | $ 207,563 | $ 407,563 |
| 2021 | 215,000 | 197,313 | 412,313 |
| 2022 | 230,000 | 186,294 | 416,294 |
| 2023 | 250,000 | 174,506 | 424,506 |
| 2024 | 265,000 | 161,694 | 426,694 |
| 2025-2029 | 1,615,000 | 585,788 | 2,200,788 |
| 2030-2032 | 1,275,000 | 134,788 | 1,409,788 |
| Total | $ 4,050,000 | $ 1,647,944 | $ 5,697,944 |

**Authorized Debt**

On May 2, 2006, the District's voters authorized total indebtedness of $5,290,000,000 for construction of public improvements and operating and maintenance expenditures and $750,000,000 each for debt refunding and debt related to intergovernmental agreements or other contracts with other public entities.

At December 31, 2019, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

| | Amount Authorized on May 2, 2006 | Authorization Used: Series 2006 Bonds | Series 2007 Bonds | Note 2010 | Series 2017 Refunding | Series 2018 Bonds | Authorized But Unissued |
|---|---|---|---|---|---|---|---|
| Streets | $ 750,000,000 | $ 18,180,000 | $ 40,403,506 | $ 450,000 | $ - | $ - | $ 690,966,494 |
| Water | 750,000,000 | 13,089,600 | 559,022 | - | - | - | 736,351,378 |
| Sewer | 750,000,000 | 5,090,400 | 1,269,163 | - | - | - | 743,640,437 |
| Parks and Recreation | 750,000,000 | - | 750,071 | - | - | 4,510,000 | 744,739,929 |
| Transportation | 750,000,000 | - | - | - | - | - | 750,000,000 |
| Traffic and Safety Controls | 750,000,000 | - | 533,238 | - | - | - | 749,466,762 |
| Mosquito Control | 20,000,000 | - | - | - | - | - | 20,000,000 |
| Tele Relay and Translation | 20,000,000 | - | - | - | - | - | 20,000,000 |
| Operations and Maintenance | 750,000,000 | - | - | 50,000 | - | - | 749,950,000 |
| Intergovernmental Agreements | 750,000,000 | - | - | - | - | - | 750,000,000 |
| Debt Refunding | 750,000,000 | - | - | - | 49,275,000 | - | 700,725,000 |
| Total | $ 6,790,000,000 | $ 36,360,000 | $ 43,515,000 | $ 500,000 | $ 49,275,000 | $ 4,510,000 | $ 6,655,840,000 |

Pursuant to the Service Plans of District Nos. 2–10, the maximum aggregate principal of debt that may be incurred by all of such Districts, together with District No. 1, collectively is $750,000,000. In 2010, the District issued a Subordinate Nonrevolving Line of Credit Note, Series 2010 in the principal sum of $670,125,000, of which $500,000 has been applied to the District's authorized indebtedness and was laterally terminated and transferred in 2017 to Developer Advances.

## NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

**Authorized Debt (Continued)**

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

**Developer Advances**

The District has entered into the Facilities Funding and Acquisition Agreement and Novation of Funding and Reimbursement Agreement (Agreement) with the Developer wherein the District agrees to reimburse the Developer for advances made on behalf of the District. During 2019, total Developer advances recorded was $406,228.

As of December 31, 2019, outstanding advances under the Agreement totaled $1,073,883 for operations and maintenance costs, $2,066,963 for debt service costs, and $20,183,665 for capital costs. Accrued interest on Developer advances as of December 31, 2019, totaled $45,846 for operations and maintenance costs, $1,843,122 for debt service costs, and $14,456,168 for capital costs.

**Funding Fee**

Under the Facilities Funding and Acquisition Agreement and Novation of Funding and Reimbursement Agreement (Agreement), at the Developer's discretion, the District shall pay an additional funding fee on outstanding Developer advances, subject to annual appropriation. As of December 31, 2019, the outstanding Funding Fee is $1,125,816.

## NOTE 6 NET POSITION

The District has net position consisting of three components – net investments in capital interests, restricted, and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. As of December 31, 2019, the District had the following net investment in capital assets, calculated as follows:

| | Governmental Activities |
|---|---|
| Net Investment in Capital Assets: | |
| Capital Assets, Net | $ 11,324,534 |
| Less Capital Related Debt: | |
| Current Portion of Long-Term Obligations | (746,389) |
| Noncurrent Portion of Long-Term Obligations | (16,392,137) |
| Net Investment in Capital Assets | $ (5,813,991) |

## NOTE 6 NET POSITION (CONTINUED)

The restricted component of net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position at December 31, 2019, as follows:

| | Governmental Activities |
|---|---|
| Restricted Net Position: | |
| Emergencies | $ 36,000 |
| Total Restricted Net Position | $ 36,000 |

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements, a portion of which have been conveyed and/or will be conveyed to other governmental entities.

## NOTE 7 INTERFUND TRANSFERS

The transfer from the Capital Projects Fund - Stormwater to the Capital Projects Fund was due to the reimbursement of funding provided from the Capital Projects Fund to the Capital Projects Fund - Stormwater as permitted by the Stormwater IGA.

## NOTE 8 AGREEMENTS

### Facilities Funding, Construction and Operations Agreement (FFCO)

On November 8, 2006, the District entered into the Facilities Funding, Construction and Operations Agreement (as amended on May 11, 2017, the FFCO) with District Nos. 2 and 4-10 establishing certain expectations as to the financing, construction, operation and maintenance of improvements as contemplated in the Service Plans for the purpose of providing, in a timely and coordinated fashion, essential services within the Districts. By Notice dated December 19, 2017, District No. 7 terminated its participation as a party to the FFCO and was released from any obligations thereunder by the other Districts.

Pursuant to the FFCO, the District is designated as the Operating District and agrees to provide the following: 1) project administration services (generally comprised of contracting for and supervising the acquisition, construction, operation and maintenance of public improvements), and 2) district administration services (including, but not limited to, serving as the depository for district records, coordinating board meetings, filing and notices, preparing financial reports and budgets and coordinating legal, accounting, management, engineering and other professional services) for the other Districts which remain parties to the FFCO (Taxing Districts). The FFCO anticipates that the District will enter into intergovernmental agreements with the respective Taxing Districts whereby the Taxing Districts will agree to share in the Districts' administration costs Operations IGAs and/or pledge certain revenues to pay capital projects costs incurred and/or to repay bonds issued by the District (Capital Pledge Agreements).

## NOTE 8 AGREEMENTS (CONTINUED)

### Comprehensive Agreement

The Comprehensive Funding Plan, Master Development Agreement, Pre-Annexation Agreement and Intergovernmental Agreement for Prairie Center (Comprehensive Agreement) was made and entered into, in December 2005, by and between the City of Brighton, the City of Brighton Water, Sewer and Drainage Enterprise, THF Prairie Center Development L.L.C., THF Prairie Center Retail One L.L.C., Prairie Center Metropolitan District No. 1 (District No. 1) and Prairie Center Metropolitan District No. 2 (District No. 2) (collectively the Districts). The Comprehensive Agreement establishes the framework for the construction and financing of public infrastructures required by the Prairie Center Development, and sets forth the terms and provisions pertaining to the imposition, collection and application of the privately imposed Credit Public Improvement Fee (Credit PIF) and privately imposed Add-On Public Improvement Fee (Add-On PIF), and the implementation of the City Sales/Use Tax Credit. The Agreement categorizes the public infrastructure required by the Development and legally permitted to be funded by the Districts into: 1) Primary Public Improvements (PPI), such as major and minor arterial streets and related landscaping and trails, collector streets and related landscaping and trails, traffic signals, certain potable and nonpotable water distribution lines, regional/community/neighborhood parks, trails and open spaces; 2) Parks and Recreation Public Improvements (PRI); and 3) District Public Improvements (DPI) which is comprised of all other improvements that may be provided by the Districts. The Comprehensive Agreement provides that the Districts' receipt of the 1.25% Credit PIF (for which the City grants a credit against the municipal sales and use taxes that would otherwise be payable on sales and use tax transactions) may only be used for PPI improvements. Further, the Comprehensive Agreement allows the Districts to receive a 1% Add-On PIF to finance any other public improvements or services (DPI) that the Districts are authorized by statute and its Service Plans to provide.

On November 8, 2006, an Assignment of Agreement was made between and among District No. 1, District No. 2, and the District. As of the date of the assignment, District No. 1 and District No. 2 assigned to the District, and the District assumed, all their rights, benefits, obligations and duties under the Agreement, with the exception of District No. 1's rights and obligations related to the operation of the London Mine Water Tunnel and Extension Tunnel Facility and activities related to such operation. Such rights and obligations were assigned to District No. 9 on January 1, 2008.

In July 2009, the First Amendment to the Comprehensive Agreement was executed to include certain properties to the Incorporated Property for all purposes under the Comprehensive Agreement and to increase maximum amount of PPI costs that the Districts can finance with Credit PIF Revenues (Cap Amount) from $125,000,000 to $146,476,240.

## NOTE 8 AGREEMENTS (CONTINUED)

**Comprehensive Agreement (Continued)**

In February 2012, the Second Amendment to the Comprehensive Agreement was executed to modify certain terms of the Agreement. The Second Amendment, among other matters, redefined Shared Revenues to include Credit PIF Revenues, Shared City Fees, Shared Sales Tax Incremental Revenues (see Cooperation Agreement below), Shared General Fund Sales Taxes (see General Fund Sales Tax Sharing Agreement below), and other City or Brighton Urban Renewal Authority (BURA) revenues that the parties agree are to be shared by the City or BURA with the District to pay or reimburse Eligible Costs. The terms as to when and how the new Revenues (such as General Fund Sales Taxes) will be shared were also explained in the Second Amendment. Further, the Second Amendment restated and clarified the definitions of Eligible Costs, which is comprised of Hard Costs, Soft Costs, Interest Costs, and Financing Costs, that can be paid from Shared Revenues. With regard to the Interest Costs incurred by the District in connection with a Developer Advance and payable from Shared Revenues, the Second Amendment allows a simple rate of 5% per annum accruing from the date of such Developer Advance.

The Third Amendment to the Comprehensive Agreement was entered into as of June 16, 2015. The Third Amendment reduced the principal amount of the 1.25% Credit PIF to be applied to PRI Improvements from $14 million to $9 million and requires that $2.5 million of such revenues be paid to the City for design and/or construction of the second phase of an adult recreation center and relieved the District of its obligations under the original Cooperation Agreement related to the initial phase of the adult recreation center. The Third Amendment also provides for the City to rebate portions of certain City bridge/crossing and traffic impact fees paid with respect to development of the phase of residential single-family dwelling units known as Prairie Center Residential Village One in the total amount of $2.5 million, which rebated fees shall be applied to specified street improvements and shall count against the Cap Amount. The rebated use tax and rebated building permit fees (or any other rebated fees approved by Council) do not need to be applied to eligible costs related to primary public improvements and do not count against the Cap Amount.

## NOTE 8 AGREEMENTS (CONTINUED)

**Cooperation Agreement**

On July 18, 2012, the District entered into the Cooperation Agreement with the City of Brighton, Colorado (City) and the Brighton Urban Renewal Authority (Authority). Pursuant to the Cooperation Agreement, to the extent that the District designs, finances and constructs Primary Public Improvements to serve the Southeast Brighton Regional Urban Renewal Plan Area, the Authority will reimburse the District for Eligible Costs, according to the terms and provisions of the Comprehensive Agreement and this Cooperation Agreement, by a pledge of certain General Fund Sales Tax Incremental Revenues, subject to the Cap Amount initially commencing when taxable retail sales within the Plan Area are at least $150 million or at least one Qualifying Retailer opens for business. The City shall be obligated to transfer to the Authority only the Allocated Increment Amount, which initially shall be equal to 30% (and increase to 49% as additional development triggers are met) of the City's General Fund Sales Tax of two percent (2.0%) after deduction of (i) the General Fund Sales Tax Base Amount ($2,273,417) and (ii) the proportionate share of costs and expenses related to the collection of the General Fund Sales Tax in the Plan Area. The Authority's obligation to remit the Allocated Increment Amount to the District terminates upon the earlier of (i) the District's repayment of bonds and Developer Advances for Primary Public Improvement Costs, (ii) receipt of Credit PIF, General Fund Sales Tax Incremental Revenues and other Shared Revenues (defined in the Comprehensive Agreement) up to the Cap Amount, or (iii) April 3, 2037.

On September 14, 2017, the District entered into a Memorandum of Understanding (MOU) with the City of Brighton and Brighton Urban Renewal Authority setting forth the terms for administration of the collection and sharing of sales tax incremental revenues to further the intent of the Southeast Brighton Regional Urban Renewal Plan, the Second Amendment to the Comprehensive Agreement, and the Cooperation Agreement. The MOU describes the method for determination of such revenues and when transfers of such revenues are to be made.

**General Fund Sales Tax Sharing Agreement**

The District entered into the General Fund Sales Tax Sharing Agreement (Sharing Agreement) with the City of Brighton, Colorado (City) on July 18, 2012. Pursuant to the Sharing Agreement, the term of this Agreement commences upon the termination or expiration of the Cooperation Agreement to the extent that the District has not repaid in full bonds and Developer Advances for Primary Public Improvement Costs and the Cap Amount has not been fully utilized. Under the Sharing Agreement, the City agrees on an annual appropriation basis to remit to the District Shared General Fund Sales Taxes after retail sales of taxable goods and services equal (i) at least $150 million in any calendar year, one-half of one percent (0.50%) as a portion of the City's 2.0% General Fund Sales Tax collected from the project, and (ii) at least $300 million in any calendar year, three-quarters of one percent (0.75%) as a portion of the City's 2.0% General Fund Sales Tax collected from the project.

The City's obligation to remit Shared General Fund Sales Taxes is subject to annual appropriation and terminates upon the earlier of (i) the District's repayment of bonds and Developer advances for Primary Public Improvements, or (ii) receipt of Shared General Sales Taxes and other Shared Revenues up to Cap Amount.

## NOTE 8 AGREEMENTS (CONTINUED)

### Intergovernmental Agreement Regarding Design, Financing, and Construction of Regional Drainage Improvements

In May 2011, the District entered into the Intergovernmental Agreement Regarding Design, Financing, and Construction of Regional Drainage Improvements (Stormwater IGA) with the City of Brighton (City). Pursuant to the Stormwater IGA, the District will design, finance, and construct drainage improvements subject to reimbursement from the City to the District from certain stormwater impact fees for certain of the District's costs to design, finance, and construct such drainage improvements. With respect to the Over-Detention Ponds, the eligible costs which the City may reimburse the District totaled $1.2 million. With respect to the Outfall Channel/Fulton Ditch Improvements, the eligible costs which the City may reimburse the District will not exceed $3,000,000. The Stormwater IGA also provides the procedures for certifying costs, requesting reimbursement and calculation of applicable interest.

In January 2012, the First Amendment to the Intergovernmental Agreement Regarding Design, Financing, and Construction of Regional Drainage Improvements was executed to, among other matters, amend the District's commencement of construction of the Fulton Ditch Improvements, and increase the maximum costs of the Outfall Channel/Fulton Ditch Improvements to an amount not to exceed $3,600,000.

### Capital Pledge Agreement with District Nos. 4 and 5 and 10

On October 1, 2017, the District entered into an Amended and Restated Capital Pledge Agreement with UMB Bank, District No. 4 and District No. 5 (each a Taxing District; and collectively the Taxing Districts) (Pledge Agreement), which superseded in its entirety a prior Capital Pledge Agreement among the parties dated December 1, 2006 as amended in 2009 and 2010. Pursuant to the Pledge Agreement, the District shall issue Bonds as necessary to finance and construct Improvements for the benefit of the Taxing Districts. The Pledge Agreement obligates the Taxing Districts to impose annually in each years through 2040 a mill levy at a rate of 25.000 mills for District No. 4 and 40.000 mills for District No. 5, subject to certain adjustments, and remit to the District's Trustee tax revenues derived from such mill levies, together with facilities fees and a portion of specific ownership taxes collected by the Taxing Districts, to repay the Bonds. The Taxing Districts' obligation to pay such revenues to the District constitute an irrevocable lien on such revenues, and each Taxing District has agreed not to issue or incur Bonds, notes or other obligations payable in whole or in part from, or constituting a lien upon, the revenues pledged to the District without the District's prior consent. The rate of maximum mill levy permitted to be levied by each Taxing District is 50.000 mills, subject to certain adjustments.

On October 1, 2017, the District entered into an Amended and Restated Capital Pledge Agreement with District No. 10 (Second Pledge Agreement), which superseded in its entirety a prior Capital Pledge Agreement between the parties dated March 1, 2009. Pursuant to the Second Pledge Agreement, the District agrees to finance a portion of the costs of public improvements within District No. 10 through the issuance of bonds; and District No. 10 agrees to pledge to the District, for purposes of paying debt service on the bonds, if needed, and otherwise for funding certain improvements, revenues resulting from the imposition of facilities fees. Prior to March 1, 2009, facilities fees collected by District No. 10 were not pledged to the District for debt service.

## NOTE 8 AGREEMENTS (CONTINUED)

**Operations Financing Intergovernmental Agreements**

On May 11, 2017, the District entered into Amended and Restated Operations Financing IGAs (IGAs), separately, with each of District No. 4 and District No. 5. The IGAs, which superseded in their entirety prior Operations Financing IGAs dated December 19, 2006, require that District No. 4 and District No. 5 impose, collect, and remit to the District an operations mill levy in order to pay for certain administrative and management costs incurred by the District. The operational mill levy imposed individually by District No. 4 and District No. 5, cannot exceed the maximum mill levy for operations and maintenance authorized by the Districts' Service Plans less the number of mills the applicable Taxing District has pledged to levy for payment of debt service under any Capital Pledge Agreement.

On December 4, 2008, the District and District No. 10 entered into an Operations Financing IGA, which requires District No. 10 to impose, collect, and remit an operations mill levy to the District for administrative and management costs. Total mills to be levied by District No. 10 may not exceed 60.000 mills for operations and maintenance and debt service.

**Facilities Funding and Acquisition Agreement and Novation of Funding and Reimbursement Agreement**

On December 26, 2006, the District entered into the Facilities Funding and Acquisition Agreement and Novation of Funding and Reimbursement Agreements (Funding Agreement) with THF Prairie Center Development L.L.C. and THF Prairie Center Retail One L.L.C. (collectively the Developer). Pursuant to the Funding Agreement, the Developer agrees to advance funds to the District to pay for capital and operational expenses when the District's revenues are not sufficient to pay for such expenses. The District will pay the Developer interest compounding semi-annually, from the date of each Developer advance, at the rate of three percent (3%) per annum above the rate announced by Bank of America, N.A., St. Louis, Missouri. In addition, at the Developer's discretion, the District shall pay an additional funding fee of one percent (1%) on amounts outstanding twenty-four (24) months from the funding date, said fee being charged once every twenty-four (24) months while the amounts remain outstanding. The District's payment of Developer advances under this Agreement is subject to annual appropriation.

Upon execution of the Funding Agreement, the District assumed the obligation to acquire certain public infrastructure constructed and financed by the Developer. Additionally, the District assumed the repayment obligations of District No. 1 and District No. 2 under a prior funding agreement with the Developer.

## NOTE 8 AGREEMENTS (CONTINUED)

**Construction Management Agreement**

On June 28, 2018, the District entered into the Construction Management Agreement, with an effective date of July 1, 2018, with R.G. Brinkman Company for Prairie Center Village I Subdivision, Filing No. 1, to supervise the construction of public improvements. This agreement supersedes the previous Construction Management Agreement dated January 18, 2007, as amended September 8, 2015. Under this agreement, the Construction Manager's duties include, but are not limited to, conducting the competitive bid process for public improvements; provide oversight and construction management services and monitoring the progress of the project and budget. In consideration of the Construction Manager's services, the District shall pay, on a monthly basis, a fee of five percent (5%) of the aggregate payments the District makes to approved contractors. Commencing July 2018, the District shall additionally pay the Construction Manager $11,929.00 per month for certain administrative, equipment, and materials expenses incurred in course of performing the work.

**Facilities Management Agreement**

The District entered into the Facilities Management Agreement, effective as of July 1, 2006, with Prairie Management, L.L.C. (Facilities Manager), an entity affiliated with the Developer, pursuant to which the Facilities Manager shall manage the operation, maintenance and repair of public improvements owned by the District or for which the District has operation and maintenance responsibilities. The compensation paid to the Facilities Manager is $3,000 per month.

**Project Management Agreement**

On August 2, 2006, the District entered into the Project Management Agreement (Project Agreement) with Prairie Management L.L.C (Project Manager), an entity affiliated with the Developer. Pursuant to the Project Agreement, the Project Manager shall provide all management services relating to the planning, design, construction, and installation of and obtaining municipal approval of the public improvements. The Project Manager's duties also include supervision, on behalf of the District, of the Construction Manager. As compensation for services provided by the Project Manager, the District shall pay, on a monthly basis, a fee of four percent (4%) of the actual cost of public improvements. Any unpaid fees will accrue interest at the rate of two percent (2%) per annum above the prime rate announced by Bank of America, N.A., St. Louis, Missouri. The Agreement is for one year and shall renew annually thereafter for a period of twenty (20) years. As of December 31, 2019, the outstanding balances of the project management fees and related interest are $634,534 and $234,620, respectively.

## NOTE 8 AGREEMENTS (CONTINUED)

### Intergovernmental Agreement Regarding Facilities Fee Collection

On November 13, 2007, the District entered into the Intergovernmental Agreement Regarding Facilities Fee Collection with District Nos. 2 and 4-10; agreeing to administer and collect facilities fees imposed by District Nos. 2 and 4-10; provided, however, that the revenue derived from facilities fees of a specific District shall remain the property and subject to the control of such District's Board of Directors. To the extent required by any Capital Pledge Agreement, the District will deposit facilities fees collected on behalf of said Districts with the applicable bond trustee. Per an agreement entered into with District No. 7 on December 19, 2017, any fees collected applicable to Village 1 will be transferred by District No. 3 to District No. 7.

### Prairie Center Major Retail 4 Subdivision Development Agreement

On May 15, 2018, the District entered into the Prairie Center Major Retail 4 Subdivision Development Agreement, with an effective date of May 15, 2018, with the City and THF Prairie Center Development, L.L.C., a Colorado limited liability company (the Developer). Under this Agreement, the Developer shall pay all fees related to: development of the Property; engineering services; maintenance of all improvements for one-year from the date of acceptance by the City; inspection or testing; securing any necessary land, right-of ways, or easements; the coordination and installation of all utilities; and those fees related to street improvements. The Developer is compensated based upon the verified costs submitted and approved by the City.

### Infrastructure Reimbursement Agreement

On November 6, 2018, the District entered into the Infrastructure Reimbursement Agreement, effective November 6, 2018, with THF Prairie Center Development, L.L.C. (THF), Bromley & Buckley, L.L.C. and Case 238, L.L.C. (collectively, the Developers), and the City. Under this Agreement, the Parties agreed that in the event the District advanced more than its pro rata share for financing the design and construction of public improvements that benefitted other property or were over-sized to serve the projected growth of the City, the District would be eligible for reimbursement. The City will collect this reimbursement amount from those benefitted landowners on a pro rata basis, to be paid to the District or Developers as needed. The Developers, THF, and the District agree that Developer's pro rata share of cost of the public improvements is $231,628 as of November 6, 2018.

### Intergovernmental Agreement Regarding Assignment of Revenues (IGA)

On May 23, 2019, the District and District No. 7 entered into an Intergovernmental Agreement Regarding Assignment of Revenues (the IGA) with an effective date of December 19, 2017. Per the IGA, the District agrees to transfer to District No. 7 its rights to receive revenues as set forth in the IGA that are directly attributable to Village I. The District is relieved from providing any public improvements or management services related to Village I as it is being developed by the District, separately from the remaining development.

## NOTE 9 ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay capital expenditures. Until an independent revenue base is established, funding of District capital improvements will be dependent upon the Developer.

## NOTE 10 RELATED PARTY

The developer of the property which constitutes the District is collectively THF Prairie Center Development, L.L.C., a Colorado limited liability company, and THF Prairie Center Retail One, L.L.C., a Missouri limited liability company (Developer). All members of the Board of Directors are officers or employees of an entity affiliated with the Developer or the majority owner of the Developer and may have conflicts of interest in dealing with the District (see Note 8).

In September 2010, THF Prairie Center Development, L.L.C. purchased and became the owner of the District's Series 2007 Subordinate Bonds. Such bonds were partially refunded by the issuance of the District's Series 2017A and Series 2017B Bonds.

## NOTE 11 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District was a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

## NOTE 12 TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the state of Colorado and all local governments, except Enterprises.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or benefit increases.

On May 2, 2006, a majority of the District's electors authorized the District to increase property taxes $10,000,000 annually, without limitation to rate, to pay the District's operations and maintenance costs. Additionally, the District's voters authorized the District to collect, retain and spend all revenue in excess of TABOR spending, revenue raising or other limitations.

The District's management has taken steps it believes are necessary to comply with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

## NOTE 13 SUBSEQUENT EVENT

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the District, the impact of COVID-19 could be a potential decline or reduction in PIF or sales taxes revenues in 2020. PIF revenues are pledged to pay debt service on the Series 2017 Refunding Bonds and the Series 2018 PRI Bonds. This financial impact is not reflected in the financial statements as of and for the year ended December 31, 2019 as these events occurred subsequent to year end. Management believes the District is taking appropriate actions to mitigate this negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

## SUPPLEMENTARY INFORMATION

## PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
## DEBT SERVICE FUND – PPI/DPI
## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
## YEAR ENDED DECEMBER 31, 2019

| | Budget Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| **REVENUES** | | | | |
| Credit Public Improvement Fees from Retail Sales | $ 1,674,200 | $ 1,850,000 | $ 1,838,693 | $ (11,307) |
| Add-On Public Improvement Fees from Retail Sales | 1,681,500 | 1,900,000 | 1,910,397 | 10,397 |
| Credit Public Improvement Fees from Building Permits | 100,000 | 130,000 | 113,016 | (16,984) |
| Add-On Public Improvement Fees from Building Permits | 100,000 | 130,000 | 113,016 | (16,984) |
| Facilities Fees | 78,000 | 92,000 | 87,382 | (4,618) |
| Net Investment Income | 70,000 | 120,000 | 138,697 | 18,697 |
| Transfer from Other Districts | 758,774 | 770,340 | 772,048 | 1,708 |
| Shared Sales Tax Increment | 320,000 | 452,000 | 426,502 | (25,498) |
| Total Revenues | 4,782,474 | 5,444,340 | 5,399,751 | (44,589) |
| **EXPENDITURES** | | | | |
| Bond Principal - Series 2017 | 720,000 | 720,000 | 720,000 | - |
| Bond Interest - Series 2007 | 1,700,000 | 2,200,000 | 2,129,307 | 70,693 |
| Bond Interest - Series 2017 | 2,373,219 | 2,373,219 | 2,373,219 | - |
| Contingency | 6,781 | - | - | - |
| Paying Agent Fees | 10,000 | 6,000 | 6,000 | - |
| Total Expenditures | 4,810,000 | 5,299,219 | 5,228,526 | 70,693 |
| **NET CHANGE IN FUND BALANCE** | (27,526) | 145,121 | 171,225 | 26,104 |
| Fund Balance - Beginning of Year | 4,631,785 | 5,166,600 | 5,166,600 | - |
| **FUND BALANCE - END OF YEAR** | $ 4,604,259 | $ 5,311,721 | $ 5,337,825 | $ 26,104 |

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3**
**DEBT SERVICE FUND – PRI**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**
**YEAR ENDED DECEMBER 31, 2019**

| | Budget Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| **REVENUES** | | | | |
| Credit Public Improvement Fees from Retail Sales | $ 419,000 | $ 462,500 | $ 460,183 | $ (2,317) |
| Credit Public Improvement Fees from Building Permits | 25,000 | 32,500 | 28,250 | 28,250 |
| Net Investment Income | 6,000 | 12,000 | 11,597 | (403) |
| Total Revenues | 450,000 | 507,000 | 500,030 | 25,530 |
| **EXPENDITURES** | | | | |
| Bond Principal - Series 2018 | 185,000 | 285,000 | 285,000 | - |
| Bond Interest - Series 2018 | 226,525 | 220,000 | 218,709 | 1,291 |
| Contingency | 14,975 | 6,500 | - | 6,500 |
| Paying Agent Fees | 3,500 | 3,500 | 3,500 | - |
| Total Expenditures | 430,000 | 515,000 | 507,209 | 7,791 |
| **NET CHANGE IN FUND BALANCE** | 20,000 | (8,000) | (7,179) | 33,321 |
| Fund Balance - Beginning of Year | 529,153 | 484,920 | 484,920 | - |
| **FUND BALANCE - END OF YEAR** | $ 549,153 | $ 476,920 | $ 477,741 | $ 33,321 |

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3**
**CAPITAL PROJECTS FUND**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) – BUDGET AND ACTUAL**
**YEAR ENDED DECEMBER 31, 2019**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| **REVENUES** | | | |
| Net Investment Income | $ 1,500 | $ - | $ (1,500) |
| Total Revenues | 1,500 | - | (1,500) |
| **EXPENDITURES** | | | |
| Primary Public Improvements | 1,200,000 | 584,015 | 615,985 |
| PPI Overhead | 22,100 | 20,367 | 1,733 |
| DPI Overhead | 92,800 | 68,101 | 24,699 |
| PRI Overhead | 100 | 80 | 20 |
| Miscellaneous/Contingency | 11,050 | - | 11,050 |
| Total Expenditures | 1,326,050 | 672,563 | 653,487 |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | (1,324,550) | (672,563) | 651,987 |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers from Other Funds | 646,304 | 868,805 | 222,501 |
| Developer Advances | 678,246 | 406,228 | (272,018) |
| Total Other Financing Sources (Uses) | 1,324,550 | 1,275,033 | (49,517) |
| **NET CHANGE IN FUND BALANCE** | - | 602,470 | 602,470 |
| Fund Balance (Deficit) - Beginning of Year | - | (1,181,729) | (1,181,729) |
| **FUND BALANCE (DEFICIT) - END OF YEAR** | $ - | $ (579,259) | $ (579,259) |

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
## CAPITAL PROJECTS FUND – STORMWATER
## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
## YEAR ENDED DECEMBER 31, 2019

| | Budget Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| **REVENUES** | | | | |
| City Reimbursement - Outfall Channel | $ 646,304 | $870,000 | $868,805 | $ (1,195) |
| Total Revenues | 646,304 | 870,000 | 868,805 | (1,195) |
| **EXPENDITURES** | | | | |
| Total Expenditures | - | - | - | - |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | 646,304 | 870,000 | 868,805 | (1,195) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers (to) Other Funds | (646,304) | (870,000) | (868,805) | 1,195 |
| Total Other Financing Sources (Uses) | (646,304) | (870,000) | (868,805) | 1,195 |
| **NET CHANGE IN FUND BALANCE** | - | - | - | - |
| Fund Balance - Beginning of Year | - | - | - | - |
| **FUND BALANCE - END OF YEAR** | $ - | $ - | $ - | $ - |

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
# SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
# DECEMBER 31, 2019

| Bonds and Interest Maturing in the Year Ending December 31, | $40,610,000 Subordinate Limited Property Tax Supported Primary Improvements Revenue Bonds, Series 2007A Dated June 7, 2007 Interest Rate at 8.75% - 9.50% Interest Payable June 15 and December 15 Principal Due December 15 | | | $2,905,000 Subordinate Limited Property Tax Supported District Improvements Revenue Bonds, Series 2007B Dated June 7, 2007 Interest Rate at 8.75% - 9.50% Interest Payable June 15 and December 15 Principal Due December 15 | | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2020 | $ 3,205,000 | $ 25,766,843 | $ 28,971,843 | $ 230,000 | $ 2,069,589 | $ 2,299,589 |
| 2021 | 1,260,000 | 2,702,275 | 3,962,275 | 85,000 | 192,375 | 277,375 |
| 2022 | 1,465,000 | 2,582,575 | 4,047,575 | 105,000 | 184,300 | 289,300 |
| 2023 | 1,745,000 | 2,443,400 | 4,188,400 | 120,000 | 174,325 | 294,325 |
| 2024 | 2,000,000 | 2,277,625 | 4,277,625 | 145,000 | 162,925 | 307,925 |
| 2025 | 2,335,000 | 2,087,625 | 4,422,625 | 165,000 | 149,150 | 314,150 |
| 2026 | 2,655,000 | 1,865,800 | 4,520,800 | 190,000 | 133,475 | 323,475 |
| 2027 | 2,905,000 | 1,613,575 | 4,518,575 | 205,000 | 115,425 | 320,425 |
| 2028 | 3,130,000 | 1,337,600 | 4,467,600 | 225,000 | 95,950 | 320,950 |
| 2029 | 3,375,000 | 1,040,250 | 4,415,250 | 240,000 | 74,575 | 314,575 |
| 2030 | 3,645,000 | 719,625 | 4,364,625 | 260,000 | 51,775 | 311,775 |
| 2031 | 3,930,000 | 373,350 | 4,303,350 | 285,000 | 27,075 | 312,075 |
| 2032 | - | - | - | - | - | - |
| 2033 | - | - | - | - | - | - |
| 2034 | - | - | - | - | - | - |
| 2035 | - | - | - | - | - | - |
| 2036 | - | - | - | - | - | - |
| 2037 | - | - | - | - | - | - |
| 2038 | - | - | - | - | - | - |
| 2039 | - | - | - | - | - | - |
| 2040 | - | - | - | - | - | - |
| 2041 | - | - | - | - | - | - |
| Total | $ 31,650,000 | $ 44,810,543 | $ 76,460,543 | $ 2,255,000 | $ 3,430,939 | $ 5,685,939 |

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
# SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
# DECEMBER 31, 2019

| Bonds and Interest Maturing in the Year Ending December 31, | $47,095,000 Limited Property Tax Supported Revenue Bonds, Series 2017A Dated October 26, 2017 Interest Rate at 4.125% - 5.000% Interest Payable June 15 and December 15 Principal Due December 15 | | | $2,180,000 Limited Property Tax Supported Revenue Bonds, Series 2017B Dated October 26, 2017 Interest Rate at 5.000% Interest Payable June 15 and December 15 Principal Due December 15 | | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2020 | $ 800,000 | $ 2,236,256 | $ 3,036,256 | $ 40,000 | $ 107,000 | $ 147,000 |
| 2021 | 885,000 | 2,203,256 | 3,088,256 | 40,000 | 105,000 | 145,000 |
| 2022 | 955,000 | 2,166,750 | 3,121,750 | 45,000 | 103,000 | 148,000 |
| 2023 | 1,015,000 | 2,127,356 | 3,142,356 | 50,000 | 100,750 | 150,750 |
| 2024 | 1,090,000 | 2,085,488 | 3,175,488 | 55,000 | 98,250 | 153,250 |
| 2025 | 1,165,000 | 2,040,525 | 3,205,525 | 55,000 | 95,500 | 150,500 |
| 2026 | 1,250,000 | 1,992,469 | 3,242,469 | 60,000 | 92,750 | 152,750 |
| 2027 | 1,325,000 | 1,940,906 | 3,265,906 | 65,000 | 89,750 | 154,750 |
| 2028 | 1,415,000 | 1,886,250 | 3,301,250 | 70,000 | 86,500 | 156,500 |
| 2029 | 1,515,000 | 1,815,500 | 3,330,500 | 75,000 | 83,000 | 158,000 |
| 2030 | 1,625,000 | 1,739,750 | 3,364,750 | 80,000 | 79,250 | 159,250 |
| 2031 | 1,735,000 | 1,658,500 | 3,393,500 | 85,000 | 75,250 | 160,250 |
| 2032 | 1,860,000 | 1,571,750 | 3,431,750 | 90,000 | 71,000 | 161,000 |
| 2033 | 1,975,000 | 1,478,750 | 3,453,750 | 100,000 | 66,500 | 166,500 |
| 2034 | 2,115,000 | 1,380,000 | 3,495,000 | 105,000 | 61,500 | 166,500 |
| 2035 | 2,250,000 | 1,274,250 | 3,524,250 | 110,000 | 56,250 | 166,250 |
| 2036 | 2,615,000 | 1,161,750 | 3,776,750 | 130,000 | 50,750 | 180,750 |
| 2037 | 2,780,000 | 1,031,000 | 3,811,000 | 140,000 | 44,250 | 184,250 |
| 2038 | 3,305,000 | 892,000 | 4,197,000 | 165,000 | 37,250 | 202,250 |
| 2039 | 3,675,000 | 726,750 | 4,401,750 | 180,000 | 29,000 | 209,000 |
| 2040 | 3,910,000 | 543,000 | 4,453,000 | 190,000 | 20,000 | 210,000 |
| 2041 | 6,950,000 | 347,500 | 7,297,500 | 210,000 | 10,500 | 220,500 |
| Total | $ 46,210,000 | $ 34,299,756 | $ 80,509,756 | $ 2,140,000 | $ 1,563,000 | $ 3,703,000 |

## PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
## SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
## DECEMBER 31, 2019

| Bonds and Interest Maturing in the Year Ending December 31, | $4,510,000 Special Revenue Bonds Series 2018 Dated March 8, 2018 Interest Rate at 5.125% Interest Payable June 15 and December 15 Principal Due December 15 | | | Totals | | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2020 | $ 200,000 | $ 207,563 | $ 407,563 | $ 4,475,000 | $ 30,387,251 | $ 34,862,251 |
| 2021 | 215,000 | 197,313 | 412,313 | 2,485,000 | 5,400,219 | 7,885,219 |
| 2022 | 230,000 | 186,294 | 416,294 | 2,800,000 | 5,222,919 | 8,022,919 |
| 2023 | 250,000 | 174,506 | 424,506 | 3,180,000 | 5,020,338 | 8,200,338 |
| 2024 | 265,000 | 161,694 | 426,694 | 3,555,000 | 4,785,981 | 8,340,981 |
| 2025 | 280,000 | 148,113 | 428,113 | 4,000,000 | 4,520,913 | 8,520,913 |
| 2026 | 305,000 | 133,763 | 438,763 | 4,460,000 | 4,218,256 | 8,678,256 |
| 2027 | 320,000 | 118,131 | 438,131 | 4,820,000 | 3,877,788 | 8,697,788 |
| 2028 | 345,000 | 101,731 | 446,731 | 5,185,000 | 3,508,031 | 8,693,031 |
| 2029 | 365,000 | 84,050 | 449,050 | 5,570,000 | 3,097,375 | 8,667,375 |
| 2030 | 390,000 | 65,344 | 455,344 | 6,000,000 | 2,655,744 | 8,655,744 |
| 2031 | 415,000 | 45,356 | 460,356 | 6,450,000 | 2,179,531 | 8,629,531 |
| 2032 | 470,000 | 24,088 | 494,088 | 2,420,000 | 1,666,838 | 4,086,838 |
| 2033 | - | - | - | 2,075,000 | 1,545,250 | 3,620,250 |
| 2034 | - | - | - | 2,220,000 | 1,441,500 | 3,661,500 |
| 2035 | - | - | - | 2,360,000 | 1,330,500 | 3,690,500 |
| 2036 | - | - | - | 2,745,000 | 1,212,500 | 3,957,500 |
| 2037 | - | - | - | 2,920,000 | 1,075,250 | 3,995,250 |
| 2038 | - | - | - | 3,470,000 | 929,250 | 4,399,250 |
| 2039 | - | - | - | 3,855,000 | 755,750 | 4,610,750 |
| 2040 | - | - | - | 4,100,000 | 563,000 | 4,663,000 |
| 2041 | - | - | - | 7,160,000 | 358,000 | 7,518,000 |
| Total | $ 4,050,000 | $ 1,647,944 | $ 5,697,944 | $ 86,305,000 | $ 85,752,182 | $ 172,057,182 |

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4
## Adams County, Colorado

## FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

## YEAR ENDED DECEMBER 31, 2019

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**
**TABLE OF CONTENTS**
**YEAR ENDED DECEMBER 31, 2019**

WIPFLI

14143 Denver W Parkway #450
Lakewood, CO 80401

303 988 1900
wipfli.com

Board of Directors
Prairie Center Metropolitan District No. 4
Adams County, Colorado

Independent Auditor's Report

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Prairie Center Metropolitan District No. 4 (the "District") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Prairie Center Metropolitan District No. 4 as of December 31, 2019, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States.

## Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Wipfli LLP*

July 13, 2020
Lakewood, Colorado

# BASIC FINANCIAL STATEMENTS

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**
**STATEMENT OF NET POSITION**
**DECEMBER 31, 2019**

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Receivable - County Treasurer | $ 9,537 |
| Property Taxes Receivable | 1,888,079 |
| Total Assets | 1,897,616 |
| **LIABILITIES** | |
| Due to District No. 3 | 9,537 |
| Total Liabilities | 9,537 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Property Tax Revenue | 1,888,079 |
| Total Deferred Inflows of Resources | 1,888,079 |
| **NET POSITION** | |
| Total Net Position | $ - |

*See accompanying Notes to Basic Financial Statements.*

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4
## STATEMENT OF ACTIVITIES
## YEAR ENDED DECEMBER 31, 2019

| | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net Revenues (Expenses) and Change in Net Position: Governmental Activities |
|---|---|---|---|---|---|
| **FUNCTIONS/PROGRAMS** | | | | | |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General Government | $ 963,199 | $ - | $ - | $ - | $ (963,199) |
| Interest and Related Costs on Long-Term Debt | 687,999 | - | - | - | (687,999) |
| Total Governmental Activities | $ 1,651,198 | $ - | $ - | $ - | (1,651,198) |
| **GENERAL REVENUES** | | | | | |
| Property Taxes | | | | | 1,525,584 |
| Specific Ownership Taxes | | | | | 123,680 |
| Net Investment Income | | | | | 1,934 |
| Total General Revenues | | | | | 1,651,198 |
| **CHANGE IN NET POSITION** | | | | | - |
| Net Position - Beginning of Year | | | | | - |
| **NET POSITION - END OF YEAR** | | | | | $ - |

*See accompanying Notes to Basic Financial Statements.*

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4
# BALANCE SHEET
# GOVERNMENTAL FUNDS
# DECEMBER 31, 2019

| | General | Debt Service | Total Governmental Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Receivable - County Treasurer | $ 5,563 | $ 3,974 | $ 9,537 |
| Property Taxes Receivable | 1,101,379 | 786,700 | 1,888,079 |
| Total Assets | $ 1,106,942 | $ 790,674 | $ 1,897,616 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES** | | | |
| **LIABILITIES** | | | |
| Due to District No. 3 | 5,563 | 3,974 | 9,537 |
| Total Liabilities | 5,563 | 3,974 | 9,537 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Property Tax Revenue | 1,101,379 | 786,700 | 1,888,079 |
| Total Deferred Inflows of Resources | 1,101,379 | 786,700 | 1,888,079 |
| **FUND BALANCES** | | | |
| Total Fund Balances | - | - | - |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | $ 1,106,942 | $ 790,674 | $ 1,897,616 |

Amounts reported for governmental activities in the Statement of Net Position are the same as above.

*See accompanying Notes to Basic Financial Statements.*

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**GOVERNMENTAL FUNDS**
**YEAR ENDED DECEMBER 31, 2019**

| | General | Debt Service | Total Governmental Funds |
|---|---|---|---|
| **REVENUES** | | | |
| Property Taxes | $ 889,924 | $ 635,660 | $ 1,525,584 |
| Specific Ownership Taxes | 72,147 | 51,533 | 123,680 |
| Net Investment Income | 1,128 | 806 | 1,934 |
| Total Revenues | 963,199 | 687,999 | 1,651,198 |
| **EXPENDITURES** | | | |
| County Treasurer's Fees | 13,373 | 9,552 | 22,925 |
| Transfer to District No. 3 | 949,826 | 678,447 | 1,628,273 |
| Total Expenditures | 963,199 | 687,999 | 1,651,198 |
| **NET CHANGE IN FUND BALANCES** | - | - | - |
| Fund Balances - Beginning of Year | - | - | - |
| **FUND BALANCES - END OF YEAR** | $ - | $ - | $ - |

Amounts reported for governmental activities in the Statement of Activities
are the same as above.

*See accompanying Notes to Basic Financial Statements.*

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**
**GENERAL FUND**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**
**BUDGET AND ACTUAL**
**YEAR ENDED DECEMBER 31, 2019**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| **REVENUES** | | | |
| Property Taxes | $ 892,979 | $ 889,924 | $ (3,055) |
| Specific Ownership Taxes | 53,600 | 72,147 | 18,547 |
| Net Investment Income | - | 1,128 | 1,128 |
| Other Revenue | 50,000 | - | (50,000) |
| Total Revenues | 996,579 | 963,199 | (33,380) |
| **EXPENDITURES** | | | |
| County Treasurer's Fees | 13,395 | 13,373 | 22 |
| Contingency | 50,000 | - | 50,000 |
| Transfer to District No. 3 | 933,184 | 949,826 | (16,642) |
| Total Expenditures | 996,579 | 963,199 | 33,380 |
| **NET CHANGE IN FUND BALANCE** | - | - | - |
| Fund Balance - Beginning of Year | - | - | - |
| **FUND BALANCE - END OF YEAR** | $ - | $ - | $ - |

*See accompanying Notes to Basic Financial Statements.*

## NOTE 1 DEFINITION OF REPORTING ENTITY

Prairie Center Metropolitan District No. 4 (District) is a quasi-municipal corporation located in the City of Brighton, Adams County, Colorado and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized on June 6, 2006, concurrently with Prairie Center Metropolitan District Nos. 3 and 5-10, pursuant to an order and decree of the Adams County District Court. The Service Plan for the District was approved by the City of Brighton on February 21, 2006, modified on November 13, 2006, and amended and restated on November 4, 2008 and modified on April 14, 2013.

District Nos. 3-10 were established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including streets, transportation, drainage improvements, traffic and safety controls, park and recreation facilities, water, sewer, television relay and translation and mosquito and pest control services.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

The District has no employees and all operations and administrative functions are contracted.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

### Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District’s operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and transferred to District No. 3 (Operating District) for the payment of principal, interest and other related costs on bonds issued by the Operating District for the benefit of the District.

### Budgets

In accordance with the State Budget Law, the District’s Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year end. The District’s Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

### Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *property tax revenue,* is deferred and recognized as an inflow of resources in the period that the amount becomes available.

### Equity

#### Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

#### Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

*Nonspendable Fund Balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

*Restricted Fund Balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Equity (Continued)

Fund Balance (Continued)

*Committed Fund Balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

*Assigned Fund Balance* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*Unassigned Fund Balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balances is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

## NOTE 3 CASH AND INVESTMENTS

### Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2019, the District had no cash deposits.

### Investments

The District has adopted a formal investment policy wherein the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

## NOTE 3 CASH AND INVESTMENTS (CONTINUED)

**Investments (Continued)**

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2019, the District had no investments.

## NOTE 4 AUTHORIZED DEBT

On May 2, 2006, the District's voters authorized total indebtedness of $6,790,000,000 for construction of public improvements, operations and maintenance expenditures and debt refunding. At December 31, 2019, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

| | Amount Authorized on May 2, 2006 | Authorized But Unissued |
|---|---|---|
| Streets | $ 750,000,000 | $ 750,000,000 |
| Water | 750,000,000 | 750,000,000 |
| Sewer | 750,000,000 | 750,000,000 |
| Parks and Recreation | 750,000,000 | 750,000,000 |
| Public Transportation | 750,000,000 | 750,000,000 |
| Traffic and Safety Control | 750,000,000 | 750,000,000 |
| Television Relay and Translation | 20,000,000 | 20,000,000 |
| Mosquito Control | 20,000,000 | 20,000,000 |
| Operations and Maintenance | 750,000,000 | 750,000,000 |
| Debt Refunding | 750,000,000 | 750,000,000 |
| Intergovernmental Agreements | 750,000,000 | 750,000,000 |
| Total | $ 6,790,000,000 | $ 6,790,000,000 |

## NOTE 4 AUTHORIZED DEBT (CONTINUED)

Pursuant to the Service Plans of District Nos. 2-10, the maximum aggregate principal of debt that may be incurred by all of such Districts, together with District No. 1, collectively is $750,000,000.

## NOTE 5 AGREEMENTS

**Facilities Funding, Construction and Operations Agreement (FFCO)**

On November 8, 2006, the District entered into the Facilities Funding, Construction and Operations Agreement (as amended on May 11, 2017, the FFCO) with District Nos. 2-3 and 5-10 establishing certain expectations as to the financing, construction, operation and maintenance of improvements as contemplated in the Service Plans for the purpose of providing, in a timely and coordinated fashion, essential services within the Districts. The FFCO sets forth the agreement among such Districts relating to the provision of improvements contemplated in the Service Plans. By Notice dated December 19, 2017, District No. 7 terminated its participation as a party to the FFCO and was released from any obligations thereunder by the other Districts.

Pursuant to the FFCO, District No. 3 is designated as the Operating District and agrees to provide the following: 1) project administration services (generally comprised of contracting for and supervising the acquisition, construction, operation and maintenance of public improvements), and 2) district administration services (including, but not limited to, serving as the depository of district records, coordinating board meetings, filing and notices, preparing financial reports and budgets and coordinating legal, accounting, management, engineering and other professional services) for the other Districts that remain parties to the FFCO (Taxing Districts). The FFCO anticipates that District No. 3 will enter into intergovernmental agreements with the respective Taxing Districts whereby the Taxing Districts will agree to share in the District No. 3's administration costs (Operations IGAs) and/or pledge certain revenues to pay capital projects costs incurred and/or to repay bonds issued by District No. 3 (Capital Pledge Agreements).

**Intergovernmental Agreement Regarding Facilities Fee Collection**

On November 13, 2007, the District entered into the Intergovernmental Agreement Regarding Facilities Fee Collection with District Nos. 2-3 and 5-10, whereby District No. 3 agrees to administer and collect facilities fees imposed by District Nos. 2 and 4-10; provided, however, that the revenue derived from facilities fees of a specific District shall remain the property and subject to the control of such District's Board of Directors. To the extent required by any Capital Pledge Agreement, the District will deposit facilities fees collected on behalf of said Districts with the applicable bond trustee. The Agreement was amended on September 4, 2019 to remove District No. 9 as a party, due to that District's dissolution.

## NOTE 5 AGREEMENTS (CONTINUED)

**Capital Pledge Agreement**

On October 1, 2017, District No. 3 entered into an Amended and Restated Capital Pledge Agreement with UMB Bank, n.a., the District and District No. 5 (each a Taxing District; and, collectively, the Taxing Districts) (Agreement), which superseded in its entirety a prior Capital Pledge Agreement among the parties dated December 1, 2006, as amended in 2009 and 2010. Pursuant to the Agreement, District No. 3 shall issue Bonds as necessary to finance and construct Improvements for the benefit of the Taxing Districts. The Agreement obligates the Taxing Districts to impose annually in each year through 2040 a mill levy at a rate of 25.000 mills for the District and 40.000 mills for District No. 5, subject to certain adjustments, and remit to the Trustee for bonds issued by District No. 3 tax revenues derived from such mill levies, together with facilities fees and a portion of specific ownership taxes collected by the Taxing Districts, to repay District No. 3 bonds.

The Taxing Districts' obligation to pay such revenues to the District constitute an irrevocable lien on such revenues, and each Taxing District has agreed not to issue or incur bonds, notes or other obligations payable in whole or in part from, or constituting a lien upon, the revenues pledged to District No. 3 without District No. 3's prior consent. The rate of maximum mill levy permitted to be levied by each Taxing District is 50.000 mills, subject to certain adjustments.

**Operations Financing Intergovernmental Agreement**

On May 11, 2017, the District entered into an Amended and Restated Operations Financing Intergovernmental Agreement (IGA) with District No. 3. The IGA, which supersedes in its entirety the prior Operations Financing IGA between the parties, dated December 19, 2006, requires that the District impose, collect, and remit to District No. 3 operations mill levy in order to pay for certain administrative and management costs incurred by District No. 3. The operations mill levy imposed by the District, cannot exceed the maximum mill levy for operations and maintenance authorized by the District's Service Plan less the number of mills the District has pledged to levy for payment of debt service under any Capital Pledge Agreement.

## NOTE 6 RELATED PARTIES

The developer of the property which constitutes the District is collectively THF Prairie Center Development, L.L.C., a Colorado limited liability company, and THF Prairie Center Retail One, L.L.C., a Missouri limited liability company (Developer). All members of the Board of Directors are officers or employees of an entity affiliated with the Developer or the majority owner of the Developer and may have conflicts of interest in dealing with the District.

In September 2010, THF Prairie Center Development, L.L.C. purchased and became the owner of District No. 3's (Operating District) Series 2007 Subordinate Bonds, in the amount of $43,515,000. Such bonds were partially refunded by the issuance of District No. 3's Series 2017A and 2017B Bonds

## NOTE 7 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

## NOTE 8 TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. As of December 31, 2019, the District has not provided for an emergency reserve fund equal to at least 3% of fiscal year spending, as defined under TABOR, because net tax revenue is transferred to District No. 3, which provides for the required reserve amount.

The District's management has taken steps it believes are necessary to comply with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

## SUPPLEMENTARY INFORMATION

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**
**DEBT SERVICE FUND**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**
**YEAR ENDED DECEMBER 31, 2019**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| **REVENUES** | | | |
| Property Taxes | $ 637,842 | $ 635,660 | $ (2,182) |
| Specific Ownership Taxes | 38,300 | 51,533 | 13,233 |
| Net Investment Income | - | 806 | 806 |
| Other Revenue | 40,000 | - | (40,000) |
| Total Revenues | 716,142 | 687,999 | (28,143) |
| **EXPENDITURES** | | | |
| County Treasurer's Fees | 9,568 | 9,552 | 16 |
| Contingency | 40,000 | - | 40,000 |
| Transfers to District No. 3 | 666,574 | 678,447 | (11,873) |
| Total Expenditures | 716,142 | 687,999 | 28,143 |
| **NET CHANGE IN FUND BALANCE** | - | - | - |
| Fund Balance - Beginning of Year | - | - | - |
| **FUND BALANCE - END OF YEAR** | $ - | $ - | $ - |

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**
**SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED**
**DECEMBER 31, 2019**

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied General | Mills Levied Debt Service | Total Property Taxes Levied | Total Property Taxes Collected | Percent Collected to Levied |
|---|---|---|---|---|---|---|
| 2015 | $ 22,200,630 | 35.000 | 25.000 | $ 1,332,037 | $ 1,332,038 | 100.00 % |
| 2016 | 22,228,040 | 35.000 | 25.000 | 1,333,682 | 1,327,000 | 99.50 |
| 2017 | 22,145,990 | 35.000 | 25.000 | 1,328,760 | 1,327,341 | 99.89 |
| 2018 | 23,997,880 | 35.000 | 25.000 | 1,439,873 | 1,432,496 | 99.49 |
| 2019 | 25,513,680 | 35.000 | 25.000 | 1,530,821 | 1,525,584 | 99.66 |
| Estimated for the Year Ending December 31, 2020 | $ 31,467,980 | 35.000 | 25.000 | $ 1,888,079 | | |

**DRAFT**
**McGeady Becher P.C.**
**(revised 7/9/2020)**

# AMENDED AND RESTATED INTERGOVERNMENTAL AGREEMENT REGARDING ASSIGNMENT OF REVENUES

**THIS AMENDED AND RESTATED INTERGOVERNMENTAL AGREEMENT REGARDING ASSIGNMENT OF REVENUES** ("**Agreement**") is made and entered into as of this ___ day of __________, 2020, with an effective date of December 19, 2017 ("**Effective Date**"), by and between **PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3**, a quasi-municipal corporation and political subdivision of the State of Colorado ("**District No. 3**") and **PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7**, a quasi-municipal corporation and political subdivision of the State of Colorado ("**District No. 7**") (District No. 3 and District No. 7 may be referred to herein each as a "**Party**" and collectively, the "**Parties**").

## RECITALS

WHEREAS, District No. 3 and District No. 7 were organized to work cooperatively with Prairie Center Metropolitan District No. 2 ("**District No. 2**"), Prairie Center Metropolitan District No. 4 ("**District No. 4**"), Prairie Center Metropolitan District No. 5 ("**District No. 5**"), Prairie Center Metropolitan District No. 6 ("**District No. 6**"), Prairie Center Metropolitan District No. 8 ("**District No. 8**"), Prairie Center Metropolitan District No. 9 ("**District No. 9**") and Prairie Center Metropolitan District No. 10 ("**District No. 10**") (each of District Nos. 2-10, a "**District**" and collectively, the "**Districts**") with respect to the provision of public improvements to the 2,150 acre master plan community known as Prairie Center (the "**Development**");

WHEREAS, in furtherance thereof, the Districts entered into that certain Facilities Funding, Construction and Operations Agreement dated as of November 8, 2006 as amended by that certain First Amendment dated May 11, 2017 (the "**FFCO**");

WHEREAS, the FFCO established District No. 3 as the entity to coordinate the financing, construction, operation and maintenance of public improvements to serve the Development;

WHEREAS, certain property within the Development and located solely within District No. 7 was platted as Prairie Center Village I Subdivision Filing No. 1 ("**Village I**") which is comprised of 370 single family detached lots and tracts;

WHEREAS, Village I is capable of being developed separately from the remaining Development on a cost-effective basis; and, accordingly, District No. 7 determined that it would provide the public improvements necessary for Village I and enter into funding agreements with the developer of Village I to accomplish the same;

WHEREAS, certain community wide improvements are being installed by or on behalf of District No. 7, which improvements are necessary for the development of and benefit property within District No. 7 and also other portions of the Development outside the boundaries of District No. 7 (the "**Community Wide Improvements**");

WHEREAS, since District No. 7 was not relying on District No. 3 and the other Districts to design, finance, construct, own or operate the public improvements for Village I, District No. 7 removed itself as a party to the FFCO by virtue of that certain Notice of Termination of Facilities Funding, Construction, and Operations Agreement dated December 19, 2017 (the "**Termination Notice**");

WHEREAS, pursuant to that certain Acknowledgment, Release and Waiver dated December 19, 2017 (the "**Release**"), District Nos. 2-6 and 8-10 acknowledged District No. 7's termination as a party to the FFCO and released District No. 7 from any Management Costs or Project Costs (both as defined in the FFCO);

WHEREAS, certain revenues that District No. 3 is entitled to receive are directly attributable to Village I;

WHEREAS, since District No. 3 has been relieved of providing any public improvements or management to District No. 7, in consideration of such release of obligations and further in consideration of District No. 7's installation or acquisition of the Community Wide Improvements, District No. 3 hereby agrees to assign its right to receive certain revenues generated by or attributable to Village I to District No. 7, as more particularly described herein;

WHEREAS, District No. 7 has requested such assignment of revenues in order to provide public improvements to Village I as well as the Community Wide Improvements;

WHEREAS, it is in the best interest of the residents and taxpayers of District No. 3 and District No. 7 that District No. 3 assign certain revenues generated from property within Village I to District No. 7 in consideration of District No. 3 being relieved of providing Project Costs or Management Costs (as defined under the FFCO) for or on behalf of District No. 7 and in consideration of District No. 7's provision of the Community Wide Improvements;

WHEREAS, in furtherance of the foregoing recitals, District No. 3 and District No. 7 entered into that certain Intergovernmental Agreement Regarding Assignment of Revenues, dated as of May 23, 2019 (the "**Original IGA**");

WHEREAS, District No. 3 hereby acknowledges that District No. 7 intends to issue debt from time to time secured in part by a pledge of all or a portion of the Assigned Revenues (as defined herein) to finance or refinance costs it has incurred and will incur in the future for construction and acquisition of the Community Wide Improvements and certain other public improvements which benefit property and residents within District No. 7 ("**Bonds**"); and

WHEREAS, each Party has determined that it is in its interests to amend and restate the Original IGA to accomplish the foregoing and clarify certain ambiguities contained therein as set forth herein.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, District No. 3, as assignor, and District No. 7, as assignee, agree as follows:

## COVENANTS AND AGREEMENTS

1. Amendment. This Agreement amends, supersedes and replaces in its entirety the Original IGA, and the Original IGA is of no further force or effect; provided, however, that the Parties agree and reaffirm that the assignment of all Assigned Revenues (defined below), whether collected, received and remitted by District No. 3 to District No. 7 prior to or after the date hereof, is and shall remain effective as of the Effective Date.

2. Assignment. From and after the Effective Date hereof, District No. 3 hereby irrevocably and unconditionally sells, transfers, assigns, quitclaims and conveys to District No. 7 all right, title, interest and benefits of District No. 3 in and to, arising under or relating to the Assigned Revenues, including the immediate and continuing right to receive the same, and, in the event and to the extent, District No. 3 fails to perform its obligations hereunder, the right, power and authority to enforce the provisions of the agreements and other instruments pursuant to which such Assigned Revenues are generated with respect to the collection and receipt of the Assigned Revenues. "**Assigned Revenues**" shall mean those revenues set forth in **Exhibit A** attached hereto and incorporated herein by reference and any other revenues received by District No. 3 that are directly attributable to Village I, including, but not limited to, any reimbursements, fees, credits or other revenues received as a result of the development, use or occupancy of Village I.

3. Remittance Procedures. As assignor of the Assigned Revenues, District No. 3 shall act solely as an agent of District No. 7 when it receives any Assigned Revenues from the City or any other entity or person, it being acknowledged and agreed by the Parties that District No. 3's receipt of any Assigned Revenues is solely for the purpose of remitting the Assigned Revenues to District No. 7 in accordance with this Agreement. On or before the twentieth (20th) day of each calendar month following the execution hereof, District No. 3 shall perform an accounting of any Assigned Revenues it received during the prior calendar month (inclusive of any Assigned Revenues received as a result of enforcing the collection of delinquent or otherwise unpaid Assigned Revenues not received when due) and shall remit such Assigned Revenues to District No. 7. Upon not less than sixty (60) days' notice to District No. 3, District No. 7 shall have the right, but not the obligation, to audit District No. 3's financial records to confirm that all Assigned Revenues are being transferred as required hereunder. If such audit discloses any Assigned Revenues that have not been transferred, District No. 3 shall transfer such Assigned Revenues within ten (10) days following receipt of such audit.

4. Special Covenants of District No. 3. Any capitalized term used, but not defined in this Section 4, shall be as defined in **Exhibit A**.

(a) District No. 3 hereby agrees that to the extent the Comprehensive Funding Plan provides for the remittance by the City to District No. 3 of all or any portion of the City Fees, Credit PIF Revenues (on building materials only), Prairie Center Residential Village One Fees and other Shared Revenues derived from development of property within Village I, such revenues constitute Assigned Revenues and District No. 3 is obligated to collect or cause the collection of such revenue and remittance thereof to District No. 7 in accordance with the procedures set forth in Section 3.

(b) The Parties acknowledge that as of the Effective Date, upon receipt of a building permit application and prior to issuing a building permit for any structure within Village I, the City requires the applicant to remit by check payable to District No. 7 the (i) Facilities Fee, (ii) Credit PIF, as such term is defined in the Comprehensive Agreement (referred to herein as the "**Credit PIF**") (on building materials only) and (iii) Add-On PIF, as such term is defined in the Comprehensive Agreement (referred to herein as the "**Add-On PIF**") (on building materials only). District No. 3 hereby covenants that, in the event the City shall ever stop requiring building permit applicants to pay any or all of such revenues to District No. 7, District No. 3 is and shall remain obligated to establish alternate procedures for the collection and remittance of such revenues to District No. 7.

(c) The Parties acknowledge that, pursuant to the Comprehensive Agreement, one-fifth of the revenues derived from the Credit PIF (the "**PRI Credit PIF Revenues**") must be applied to the cost of certain "Primary Park and Recreation Improvements," as such term is defined in the Comprehensive Agreement (referred to hereafter as the "**PRIs**"), which PRIs have been or will be constructed or financed by District No. 3. Notwithstanding the foregoing, the Parties acknowledge and agree that the costs incurred by District No. 7 for the Community Wide Improvements exceed the amount of PRI Credit PIF Revenues (on building materials only) derived from development within Village I and, therefore, District No. 3 hereby agrees that it shall remit to District No. 7 funds in an amount equal to the amount of PRI Credit PIF Revenues (on building materials only) derived from development of property within Village I.

(d) The Parties acknowledge that pursuant to that certain Resolution No. 2017-09-01, Amended and Restated Joint Resolution of Prairie Center Metropolitan District No. 1 and the Districts, dated September 25, 2017 (the "**Joint Resolution**"), all such districts pledged all PIF Revenues (as defined in the Joint Resolution and which include the PIF Revenues assigned by District No. 3 to District No. 7 herein) to District No. 3 to pay bonds issued by District No. 3 "and any other ***agreements*** . . . entered into by District No. 3 for the purpose of paying, financing or refinancing [public improvements costs] to the extent authorized under the PIF Covenants [as such term is defined in the Joint Resolution, which include the PIF Covenant as defined in **<u>Exhibit A</u>**] . . ." (Emphasis added.) District No. 3 hereby agrees that this Agreement and the assignment to District No. 7 of the PIF Revenues as set forth herein constitutes an "agreement" entered into by District No. 3 as contemplated in and authorized by the Joint Resolution.

(e) District No. 3 covenants that it shall not agree nor consent to the amendment of any agreement, instrument or other document that would reduce or otherwise affect the amount of Assigned Revenues and/or the timing of collection and remittance of the Assigned Revenues to District No. 7 hereunder, including without limitation the Comprehensive Funding Plan, the Stormwater IGA, the Facilities Fee Agreement, the Joint Resolution, the PIF Covenant and the Village I DA (it being acknowledged that, although District No. 3 is not a party to the Village I DA, amendments to other instruments to which District No. 3 is a party could have the effect of affecting the amount, timing of collection and/or remittance of the Assigned Revenues). District No. 3 expressly agrees that it shall not reduce the currently applicable rate of the Credit PIF or the Add-On PIF while any Bonds secured by such revenues remain outstanding.

5. Mutual Covenants. District No. 3 and District No. 7 each covenant for and on behalf of the other Party that it has taken or performed all requisite acts or actions which may be required by its organizational or operational documents to confirm its respective authority to execute, deliver and perform each of its obligations under this Agreement.

6. Notices. All notices, demands, requests or other communications to be sent by one Party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same (i) on the date of delivery if in person to the addressee; (ii) one business day after delivery if by courier via FedEx or other nationally-recognized overnight air courier service; (iii) if delivered by 5:00 p.m. Denver time on a business day by electronically-confirmed email transmission (or if delivered after 5:00 p.m. Denver time, on the next business day); or (iv) three days after depositing same in the United States mail, return receipt requested, postage prepaid, addressed as follows:

| | |
|---|---|
| District No. 3: | Prairie Center Metropolitan District No. 3<br>141 Union Boulevard, Suite 150<br>Lakewood, CO 80228<br>Phone: 303-987-0835<br>Email: afinn@sdmsi.com<br>Attn: Ann Finn |
| With a copy to: | McGeady Becher P.C.<br>450 E. 17th Avenue, Suite 400<br>Denver, CO 80203<br>Phone: 303-592-4380<br>Email: ecortese@specialdistrictlaw.com<br>Attn: Elisabeth Cortese |
| District No. 7: | Prairie Center Metropolitan District No. 7<br>141 Union Boulevard, Suite 150<br>Lakewood, CO 80228<br>Phone: 303-987-0835<br>Email: afinn@sdmsi.com<br>Attn: Ann Finn |
| With a copy to: | McGeady Becher P.C.<br>450 E. 17th Avenue, Suite 400<br>Denver, CO 80203<br>Phone: 303-592-4380<br>Email: pwilliams@specialdistrictlaw.com<br>Attn: Paula Williams |

7. Certification of Costs; Enforcement. Certain of the Assigned Revenues are dependent on District No. 3 certifying costs and providing such information to the City. District No. 3 agrees to use reasonable efforts to cause such costs to be timely certified and submitted to the City. In addition, District No. 3 agrees to use good faith efforts to timely collect any and all

Assigned Revenues, provided that District No. 3 shall not be obligated to commence any litigation in such collection efforts unless District No. 7 has agreed to pay for the same.

8. Default/Remedies. In the event of a breach or default of this Agreement by either Party, the non-defaulting Party shall be entitled to exercise all remedies available at law or in equity. In the event of any proceeding to enforce the terms, covenants or conditions hereof, the prevailing Party in such proceeding shall be entitled to obtain as part of its judgment or award its reasonable attorneys' fees and costs.

9. Execution. This Assignment may be executed in counterparts as originals or by facsimile copies of executed originals; provided however, if executed and evidence of execution is made by facsimile copy, then an original shall be provided to the other Party within seven days of receipt of said facsimile copy.

10. Integration. This Agreement constitutes the final, complete and exclusive statement of the terms of the agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior and contemporaneous understandings or agreement of the Parties. This Agreement may not be contradicted by evidence of any prior or contemporaneous statements or agreements. No Party has been induced to enter into this Agreement by, nor is any Party relying on, any representation, understanding, agreement, commitment, or warranty outside those expressly set forth in this Agreement.

11. Unenforceability; Severability; Cure. If any term or provision of this Agreement is determined to be illegal, unenforceable or invalid in whole or in part for any reason, such illegal, unenforceable, or invalid provisions or part thereof shall be stricken from this Agreement, and such provision shall not affect the legality, enforceability or validity of the remainder of this Agreement. If any provision or part thereof of this Agreement is stricken in accordance with the provisions hereof, then such stricken provision shall be replaced, to the extent possible, with a legal, enforceable, and valid provision that is as similar tenor to the stricken provision as is legally possible.

12. Third Party Beneficiaries. It is intended that there be no third-party beneficiaries of this Agreement; provided, however, that the trustee for and the owners of Bonds shall be third-party beneficiaries for so long as any such bonds are outstanding, but only with respect to that portion of Assigned Revenues pledged to the payment of such Bonds. Nothing contained herein, expressed or implied, is intended to give to any other person any claim, remedy, or right under or pursuant hereto, and any agreement, condition, covenant or term contained herein required to be observed or performed by or on behalf of any Party hereto shall be for the sole and exclusive benefit of the other Party.

13. Governing Law. This Agreement shall be governed by and construed under the applicable laws of the State of Colorado.

14. Amendment; Modification. This Agreement may be amended or supplemented by the Parties by written instrument executed by the Parties and, to the extent required under any indenture of trust or other instrument pursuant to which Bonds are issued, the consent of the trustee and/or owners of such Bonds.

15. Authorship. Each Party has participated fully in the review and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Agreement. The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any Party.

16. Further Assurances. Each Party covenants that it will do, execute, acknowledge, and deliver or cause to be done, executed and acknowledged, and delivered such acts, instruments, and documents as may reasonably be required for the performance of its obligations hereunder.

17. Attorney's Fees. In the event a dispute should arise between the Parties hereto under this Agreement, the prevailing party in such a dispute shall be entitled to recover from the other party, all reasonable fees, costs and expenses, including without limitation, its reasonable attorney's fees and expenses.

18. Successor and Assigns. This Agreement and all rights and obligations of District No. 3 and District No. 7 hereunder shall be binding upon and inure to the benefit of District No. 3, District No. 7 and the heirs, successors and assigns of each such party.

19. Electronic Execution and Storage. The Parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first set forth above.

**DISTRICT NO. 3:**

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3**

By: ______________________________

Title: Michael Tamblyn, President

Attest:

______________________________
Ann Finn, Secretary

**DISTRICT NO. 7:**

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7**

By: ______________________________

Title: Michael Tamblyn, President

Attest:

______________________________
Ann Finn, Secretary

## EXHIBIT A

| | Agreement | Assigned Revenues |
|---|---|---|
| 1 | The Comprehensive Funding Plan, Master Development Agreement, Pre-Annexation Agreement and Intergovernmental Agreement for Prairie Center, Brighton, Colorado dated December 5, 2005 by and among The City of Brighton (the "**City**"), Prairie Center Development, THF Prairie Center Retail One, L.L.C., Prairie Center Metropolitan District Nos. 1 and 2 and the City of Brighton Water, Sewer and Drainage Enterprise (the "**Original Comprehensive Funding Plan**"). The Original Comprehensive Funding Plan was subsequently assigned by Prairie Center metropolitan District Nos. 1 and 2 to District No. 3 and amended by that certain First Amendment to Comprehensive Funding Plan, Master Development Agreement, Pre-Annexation Agreement, and Intergovernmental Agreement for Prairie Center, Brighton, Colorado dated July 7, 2009 (the "**First Amendment**"), that certain Second Amendment to Comprehensive Funding Plan, Master Development Agreement, Pre-Annexation Agreement, and Intergovernmental Agreement for Prairie Center, Brighton, Colorado dated February 8, 2012 (the "**Second Amendment**") and that certain Third Amendment to Comprehensive Funding Plan, Master Development Agreement, Pre-Annexation Agreement, and Intergovernmental Agreement for Prairie Center, Brighton, Colorado dated June 16, 2015 (the "**Third Amendment**" and together with the Original Comprehensive Funding Plan, First Amendment, Second Amendment, and any future amendments to the foregoing, the "**Comprehensive Funding Plan**"). | As defined in the Comprehensive Funding Plan:<br>• City Fees received by District No. 3 derived from or attributable to development of Village I (Section 4.7).<br>• Credit PIF Revenues (on building materials only) paid in connection with development of Village I (Section 4.3).<br>• Prairie Center Residential Village One Fees comprised of Building Permit Fee, Use Taxes, Traffic Impact Fee, Bridge/Crossing Impact Fees and such other fees and taxes designated by the City Manager from time to time as constituting Prairie Center Residential Village One Fees under the Comprehensive Funding Plan (Section 4.12).<br>• Any other Shared Revenues (Section 4.1) for Eligible Costs (defined in the Comprehensive Funding Plan) incurred in connection with development of Village I. |

| | Agreement | Assigned Revenues |
|---|---|---|
| 2 | The Intergovernmental Agreement Regarding Design, Financing and Construction of Regional Drainage Improvements dated May 17, 2011 by and between the City and District No. 3, as amended by that certain First Amendment to Intergovernmental Agreement Regarding Design, Financing and Construction of Regional Drainage Improvements dated January 24, 2012 (as may be further amended, the "**Stormwater IGA**"). | Any Pledged Stormwater Impact Fees (as defined in the Stormwater IGA) received by District No. 3 pursuant to Section 4 of the Stormwater IGA paid in connection with development of property within Village I. |
| 3 | Resolution 2006-08-06 adopted on August 2, 2006 - Prairie Center Metropolitan District No. 7 Facilities Fee Resolution (the "**Facilities Fee Resolution**") and Intergovernmental Agreement Regarding Facilities Fee Collection dated November 13, 2007 by and among the Districts (the "**Facilities Fee Agreement**"). | Any Facilities Fees created by the Facilities Fee Resolution and collected or caused to be collected by District No. 3 pursuant to the Facilities Fee Agreement for real property within Village I are hereby irrevocably assigned and shall be transferred to District No. 7 pursuant to Section 4 of the Facilities Fee Agreement. |
| 4 | Prairie Center Village I Subdivision Filing No. 1 Development Agreement dated December 19, 2017, as may be amended (the "**Village I DA**") | Although District No. 3 is not a party to the Village I DA, for avoidance of doubt, Assigned Fees shall include any Park Impact Fees (as defined in the Village I DA) rebated by the City to pay for neighborhood park construction costs for such park(s) located within Village I to the extent that District No. 3 may have any claim or right to receive such revenues under any other agreement or instrument. |
| 5 | Declaration of Covenants Imposing and Implementing the Prairie Center Primary Public Improvements Fee dated December 26, 2006, as amended and as may be further amended ("**PIF Covenant**") | As set forth herein, revenues derived from PIF (as defined in the PIF Covenant) on Construction Activities (as defined in the PIF Covenant) occurring in connection with development of Village I in the event and to the extent, such revenues are collected or caused to be collected or otherwise received by District No. 3. |

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
Adams County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2019

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2019

**SERVICE AGREEMENT FOR**
**LANDSCAPE MAINTENANCE SERVICES FOR THE VILLAGE NO. 5 PARK**

THIS SERVICE AGREEMENT FOR LANDSCAPE MAINTENANCE SERVICES FOR THE VILLAGE NO. 5 PARK ("**Agreement**") is effective as of the 1st day of July, 2020, by and between **PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3**, a quasi-municipal corporation and political subdivision of the State of Colorado (the "**District**"), and **VARGAS PROPERTY SERVICES, INC.**, a ____________________ (the "**Consultant**") (each a "**Party**" and, collectively, the "**Parties**").

**RECITALS**

A. The District was organized pursuant to the laws of the State of Colorado in order to construct, operate and maintain certain public facilities and improvements in accordance with its service plan.

B. Pursuant to Section 32-1-1001(1)(d)(I), C.R.S., the District is permitted to enter into contracts and agreements affecting the affairs of the District.

C. The Consultant has experience in providing the services, as set forth in **Exhibit A** hereto, attached and incorporated herein (the "**Services**"), and is willing to provide such Services to the District for reasonable consideration.

D. The Parties desire to enter into this Agreement to establish the terms by which the Consultant will provide the Services to the District.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

**I. CONSULTANT DUTIES AND AUTHORITY**

1.1 Duties of Consultant. The Consultant shall:

(a) Perform the Services, safely and in accordance with the highest standard of care, skill, and diligence provided by a professional consultant in performance of work similar to the Services.

(b) Be properly qualified to perform the Services. The Consultant does hereby warrant that the quality of the Services shall be as specified in this Agreement, shall conform in all respects to the requirements of this Agreement and shall be free of defects and deficiencies.

(c) Take all precautions necessary for safely and prudently conducting the Services required by this Agreement, including maintaining insurance as required under Section 4.2 hereof.

(d) Advise the District of the status of the Services required by this Agreement on a regular basis and work in coordination with the District's consultants to assure that the District has the most complete information available for the exercise of the District's powers and discretionary authority.

(e) Refrain from entering into any contract, oral or written, in the name of the District, and from incurring any debt, liability or obligation for or on behalf of the District. All obligations incurred by the Consultant shall be obligations of the Consultant and the Consultant shall hold the District harmless therefrom.

1.2 Limitations on Authority.

(a) The Consultant shall have no right or authority, expressed or implied, to take any action, expend any sum, incur any obligation, or otherwise obligate the District in any manner whatsoever, except to the extent specifically provided in this Agreement or specifically authorized or ratified by the board of directors of the District as reflected in the minutes of the District board meetings. The Consultant shall at all times conform to the stated policies established and approved by the District.

(b) Independent Contractor Status. The Consultant is an independent contractor, as provided in Section 8-40-202(2)(b)(I)-(IV), C.R.S., as amended, and nothing herein contained shall constitute or designate the Consultant or any of its employees, agents, subcontractors or suppliers as employees of the District. The Services to be performed by the Consultant shall be at its sole cost, risk and expense, and no part of the cost thereof shall be charged to the District, except the payments to be made by the District to the Consultant for the Services performed as provided herein. The District shall not be responsible for the Consultant's means, methods, techniques, sequences or procedures of work or for safety precautions incident thereto. **The Consultant is not entitled to workers' compensation benefits and the Consultant is obligated to pay federal and state income taxes on moneys earned pursuant to this Agreement.**

1.3 Compliance with Applicable Law. The Consultant shall provide the Services set forth herein in full compliance with all applicable laws, rules, and regulations of any federal, state, county, or municipal body or agency thereof having jurisdiction over the activities of the District.

1.4 No Right or Interest in District Assets. The Consultant shall have no right or interest in any of the District's assets, nor any claim or lien with respect thereto, arising out of this Agreement or the performance of the Services contemplated herein.

1.5 Certification of Compliance with Illegal Alien Statute. By its execution hereof, the Consultant confirms and ratifies all of the certifications, statements, representations and warranties set forth in **Exhibit C** attached hereto and made a part hereof by this reference.

1.6 Work Product. "**Work Product**" shall consist of all written materials maintained by the Consultant in connection with performance of this Agreement, including, but not limited to, all test results, logs, surveys, maps, plans, drawings, specifications, reports, PDF formatted electronic files and other documents, in whatever form. The Consultant shall maintain reproducible copies of any test results and logs which it obtains and shall make them available for the District's use, and shall provide such copies to the District upon request at reasonable commercial printing rates. Consultant agrees all right, title and interest in the Work Product is and shall remain the property of the District. If requested by the District, Consultant shall execute and deliver such documents as shall be necessary in the District's sole discretion, to assign, transfer and convey all rights in the Work Product to the District or its assignee. If Consultant fails to execute any documents required under this Section 1.6, then Consultant hereby irrevocably appoints the District its attorney-in-fact for the purpose of executing any required transfers of ownership or interests and any other documents necessary to effectuate this Section 1.6. Further, all Work Product, whether in paper or electronic form, reproductions thereof, or any information or instruments derived therefrom, shall be provided to the District immediately upon termination of this Agreement.

## II. COMPENSATION

2.1 Compensation. The Consultant shall be paid as set forth in **Exhibit B** attached hereto on a time and materials basis, unless otherwise approved in advance by the District through a written change order in form substantially as attached hereto as **Exhibit D** ("**Change Order**").

2.2 Monthly Invoices and Payments. The Consultant shall submit to the District a monthly invoice, in a form acceptable to the District. Invoices shall be submitted and paid no more frequently than once a month.

2.3 Expenses. The Consultant is responsible for all expenses it incurs in performance of this Agreement and shall not be entitled to any reimbursement or compensation except as set forth in **Exhibit B**, unless otherwise approved in advance by the District in writing.

2.4 Subject to Annual Budget and Appropriation; District Debt. The District does not intend hereby to create a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever. The performance of those obligations of the District hereunder requiring budgeting and appropriation of funds is subject to annual budgeting and appropriation. Nothing herein constitutes or creates an indebtedness or debt of the District within the meaning of any Colorado constitutional provision or statutory limitation.

## III. TERM AND TERMINATION

3.1 Term. The term of this Agreement shall begin on the date set forth above, and shall expire on **December 31, 2021**. Extensions of this Agreement must be pursuant to a Change Order executed by both Parties.

3.2 Termination. The District may terminate this Agreement for convenience or for cause, in whole or in part, by written notice of termination given to the Consultant at least thirty (30) days prior to the effective date of such termination. The Consultant may terminate this Agreement for convenience or for cause, in whole or in part, by written notice of termination given to the District at least thirty (30) days prior to the effective date of such termination. Any termination notice provided pursuant to this Section 3.2 shall specify the extent of termination and the effective date of the same.

The District shall pay the Consultant for all Services satisfactorily performed through the termination date.

## IV. INDEMNIFICATION AND INSURANCE

4.1 Indemnification. The Consultant hereby agrees to indemnify, defend and hold the District and its affiliated entities or other persons or entities designated by the District, and their respective directors, trustees, officers, members, managers, agents and employees (collectively, the "**Indemnitees**"), harmless from any and all liability for damage, including, but not limited to, the reimbursement of attorneys' fees and costs, arising out of death or bodily injury to persons or damage to property, in such amount that is represented by the degree or percentage of negligence or fault attributable to the Consultant and/or its agents, representatives, subcontractors, or suppliers.

4.2 Insurance Requirements. The Consultant shall procure, at its sole cost and expense, the insurance coverages set forth below, which insurance shall be placed with insurance companies rated at least "A:XIII" by A.M. Best Company. The Consultant shall give notice to the District at least thirty (30) days prior to the cancellation or nonrenewal of such policies. The Consultant shall give notice to the District within five (5) business days, or as soon as practicable, of any modification of any such policies. Consultant's cost of maintaining the insurances required hereunder shall not be considered a reimbursable expense of the Consultant. The Consultant shall, upon request, promptly furnish the District with copies of policies obtained pursuant to this Section 4.2. Prior to commencing the Services, the Consultant shall furnish the District with certificates evidencing such insurance and provided further, however, with respect to the Workers' Compensation Insurance required below, the Consultant must furnish to the District, prior to the commencement of any Services, duly executed and validated forms as prescribed by the state authority having jurisdiction evidencing that such insurance is in full force and effect. The District shall not pay any invoices until Consultant provides the certificates evidencing such insurance and Workers' Compensation coverage.

(a) Liability Insurance Coverage.

(i) Workers' Compensation Insurance. A Workers' Compensation Insurance Policy in form and substance reasonably acceptable to the District and in an amount not less than the statutory benefits, including Employer's Liability Insurance with limits of liability of not less than (i) $500,000 for bodily injury by accident, each accident; (ii) $500,000 for bodily injury by disease, each employee; and (iii) $500,000 aggregate liability for disease. The Workers' Compensation Insurance Policy, or an endorsement to such policy, must include a waiver of subrogation in favor of the District.

(ii) Commercial General Liability Insurance. A Commercial General Liability Insurance Policy written on an occurrence basis, in form and substance reasonably acceptable to the District, which policy shall include, without limitation, the District as an additional insured, a waiver of subrogation endorsement in favor of the District, cross liability and severability of interest endorsements, endorsements providing that the coverage afforded by the insurance policy or policies is primary and non-contributing with any other insurance maintained by or available to the District, and appropriate language providing the following coverages: Premises and Operations Liability; Personal Injury Liability; Broad Form Property Damage Liability; Contractual Liability supporting the Consultant's indemnification agreements in favor of the District; Completed Operations and Products Liability; and Independent Contractor's Protective Liability. The Commercial General Liability Insurance Policy must be written with a combined single limit of liability of not less than \$1,000,000 for each occurrence of bodily injury and/or property damage and an annual aggregate of liability of not less than \$2,000,000 for bodily injury and/or property damage, and an annual aggregate of liability of not less than \$2,000,000 for Completed Operations and Products Liability.

(iii) Automobile Liability Insurance. An Automobile Liability Insurance Policy written on a per accident basis, in form and substance reasonably acceptable to the District. The Automobile Liability Insurance Policy must provide coverage for all owned, hired, rented and nonowned automobiles, and must include uninsured motorist coverages. The Automobile Liability Insurance Policy must be written with a combined single limit of liability of not less than \$1,000,000 for each accident for bodily injury and/or property damage.

(iv) Excess Liability Insurance. An Excess Liability Insurance Policy written in excess of the coverages provided by the insurance policies described in the preceding Subsections 4.2(a)(i) - (iii), in form and substance reasonably acceptable to the District, which policy will include the District as additional insured. The Excess Liability Insurance Policy must be written with a combined single limit of not less than \$1,000,000 for each occurrence of bodily injury/or property damage and annual aggregate.

(b) Failure to Obtain and Obligation to Maintain Insurance. If the Consultant fails to furnish and maintain insurance as required by this Section 4.2, the District may purchase such insurance on behalf of the Consultant and deduct the cost of such insurance premium(s) from the compensation otherwise owed to the Consultant, and the Consultant shall furnish to the District any information needed to obtain such insurance. Except as otherwise expressly provided herein, all insurance policies required by the terms of this section shall be kept in full force and effect until the date of final payment to the Consultant for the Services specified in this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the foregoing insurance requirements are in no way intended to, and will not in any manner, limit or qualify the liabilities and/or indemnities assumed by the Consultant under or pursuant to this Agreement.

(c) Effect of Approval or Acceptance of Insurance. District acceptance and/or approval of any or all of the insurances required hereunder does not and shall not be construed to relieve Consultant from any obligations, responsibilities or liabilities under this Agreement.

## V. MISCELLANEOUS

5.1 Assignment. The Consultant shall not assign any of its rights or delegate any of its duties hereunder to any person or entity. Any purported assignment or delegation in violation of the provisions hereof shall be void and of no effect.

5.2 Modification; Amendment. This Agreement may be amended from time to time by agreement between the Parties hereto; provided, however, that no amendment, modification, or alteration of the terms or provisions hereof shall be binding upon the District or the Consultant unless the same is in writing and duly executed by the Parties.

5.3 Integration. This Agreement constitutes the entire agreement between the Parties with respect to the matters addressed herein. All prior discussions and negotiations regarding the subject matter hereof are merged herein.

5.4 Severability. If any covenant, term, condition, or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition, or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

5.5 Governing Law and Jurisdiction. This Agreement shall be governed and construed under the laws of the State of Colorado. Venue for any legal action relating to this Agreement shall be exclusive to the State District Court in and for the County of Adams, Colorado.

5.6 Paragraph Headings. Paragraph headings are inserted for convenience of reference only.

5.7 Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the District and the Consultant any right, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions, or provisions thereof, and all the covenants, terms, conditions, and provisions in this Agreement by and on behalf of the District and the Consultant shall be for the sole and exclusive benefit of the District and the Consultant.

5.8 Notices. All notices, demands, requests or other communications to be sent by one Party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the addressee or by courier delivery via Federal Express or other nationally recognized overnight air courier service, by electronically-confirmed email transmission, or by depositing same in the United States mail, postage prepaid, addressed as follows:

| | |
|---|---|
| To District: | Prairie Center Metropolitan District No. 3<br>c/o Special District Management Service, Inc.<br>141 Union Blvd., Suite 150<br>Lakewood, CO 80228<br>Phone: 303-987-0835<br>Fax: 303-987-2032<br>Email: afinn@sdmsi.com<br>Attn: Ann Finn |
| With a Copy To: | McGeady Becher P.C.<br>450 E. 17th Avenue, Suite 400<br>Denver, Colorado 80203<br>Phone: (303) 592-4380<br>Fax: (303) 592-4385<br>Email: mmcgeady@specialdistrictlaw.com<br>Attn: MaryAnn M. McGeady |
| To Consultant: | VARGAS PROPERTY SERVICES, INC.<br>270 Interlocken Blvd.<br>Broomfield, CO 80021<br>Phone: 303-466-9196<br>Fax: 303-438-9579<br>Email: Elena@vargasvps.com<br>Attn: Elena Vargas |

All notices, demands, requests or other communications shall be effective upon such personal delivery or one (1) business day after being deposited with Federal Express or other nationally recognized overnight air courier service, upon electronic confirmation of email transmission, or three (3) business days after deposit in the United States mail. By giving the other Party hereto at least ten (10) days' written notice thereof in accordance with the provisions hereof, each of the Parties shall have the right from time to time to change its address.

5.9 Default/Remedies. If either Party fails to perform any of its responsibilities, obligations or agreements to be performed in accordance with the provisions of this Agreement, and if such failure of performance continues for a period of thirty (30) days following written notice of default from the other Party (or such additional period of time as may reasonably be required to cure such default; provided that the curative action is commenced within such thirty (30) day period and is diligently and continuously pursued to completion), then the non-defaulting Party, at its option, may elect (i) to treat this Agreement as remaining in full force and effect; or (ii) terminate this Agreement as of any specified date. The non-defaulting Party shall additionally be entitled to exercise all remedies available at law or in equity. In the event of any litigation or other proceeding to enforce the terms, covenants or conditions hereof, the non-defaulting Party in any such litigation or other proceeding shall obtain as part of its judgment or award its reasonable attorneys' fees.

5.10 Instruments of Further Assurance. Each Party covenants it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, such acts, instruments, and transfers as may reasonably be required for the performance of their obligations hereunder.

5.11 Compliance with Law. This Agreement is intended to be performed in accordance with and only to the extent permitted by all applicable laws, ordinances, rules, and regulations of the jurisdiction in which the Agreement is performed. The Consultant declares it has complied and will comply with all federal, state and local laws regarding business permits, certificates and licenses required to perform the Services.

5.12 Non-Waiver. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided herein, nor shall the waiver of any default hereunder be deemed to be a waiver of any subsequent default hereunder. Notwithstanding any provision to the contrary in this Agreement, no term or condition of this Agreement shall be construed or interpreted as a waiver, either expressed or implied, of any of the immunities, rights, benefits or protection provided to the District under the Colorado Governmental Immunity Act.

5.13 Inurement. This Agreement shall inure to and be binding on the heirs, executors, administrator, successors, and permitted assigns of the Parties hereto.

5.14 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

5.15 Conflicts. If any term or provision(s) in any Exhibit attached as part of this Agreement conflicts with any term or provision(s) in the body of this Agreement, the term or provision(s) contained in the body of this Agreement shall control.

**[SIGNATURE PAGE FOLLOWS]**

**[SIGNATURE PAGE TO SERVICE AGREEMENT]**

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

Consultant:
**VARGAS PROPERTY SERVICES, INC.**

By: ______________________________
Its: ______________________________

STATE OF COLORADO )
) ss.
COUNTY OF ____________________ )

The foregoing instrument was acknowledged before me this _____ day of __________, 2020, by ____________________, as ____________________ of Vargas Property Services, Inc..

Witness my hand and official seal.

My commission expires: __________________

______________________________
Notary Public

District:
**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3**

By: ______________________________
President

STATE OF COLORADO )
) ss.
COUNTY OF ____________________ )

The foregoing instrument was acknowledged before me this _____ day of __________, 2020, by Michael Tamblyn, as President of Prairie Center Metropolitan District No. 3.

Witness my hand and official seal.

My commission expires: __________________

______________________________
Notary Public

**EXHIBIT A AND B**
**SCOPE OF SERVICES/ COMPENSATION**

Vargas
Property Services, Inc.
**270 Interlocken Blvd**
**Broomfield, CO 80021**
**Phone: 303.466.9196**

# Proposal

| | |
|---|---|
| Date | 6/23/2020 |
| Quote # | 2016721 |
| Project | 313 - 6300 - Metropolitan |
| Site Location | |
| Prairie Center Metropolitan District #3 | |

THF Realty
Prairie Center Metropolitan District #3
16888 E. 144th Ave.
Brighton, CO 80601

| Description | Qty | Rate | Total |
|---|---|---|---|
| Contract Maintenance for a 12 month period, beginning ~~August~~ July 1st, 2020<br>*Per attached specifications | 12 | 542.50 | 6,510.00 |

***You may approve this estimate via email.***

**Total:** **$6,510.00**

***Approval Signature*** ______________________

Vargas
Property Services, Inc.

## *Plant & Tree Care:*

Pruning: Shade and ornamental trees under 15' tall will be pruned annually according to Best Management Practices as defined in the attached link http://www.greenco.org/best-management-practices.html. Shrubs and perennials will be pruned as needed April – September, and once in the dormant season according to Best Management Practices.

Tree Wrapping: If approved, all shade trees less than 2" caliper and/or susceptible to sunscald will be wrapped in late October. The cost per tree is $12.

Staking & Guying: Tree stakes, straps, and guy wires will be inspected and adjusted/removed to protect tree from girdling when necessary.

Removal/Replacement: Dead/dying trees and shrubs shall be removed at the direction of the Management Agency and its consultants. An estimate for replacement shall be supplied to Management Agency.

Weed Control: Beds will be kept reasonably clear of weeds. This will occur weekly from April – September and monthly, as able, October – March. Weed control shall consist of hand pulling and the use of pre and post emergent as necessary and per the label throughout the year. Commercial applicators are licensed by the Colorado Department of Agriculture.

## *Lawn Care:*

Aerating: Turf shall be aerated twice a year: once in Spring and once in Fall.

Mowing: All sod shall be mowed every 12-14 days in April and October, and every 7 days May – September, at the maximum possible mower deck height. Turf will not be mowed when wet. Sidewalks, bed areas, and tree saucers shall be maintained free of grass (bagging is not necessary). String trimmers shall not be used near tree trunks.

Edging: Turf shall be edged twice a month April – September, or as needed.

Fertilization: All sod shall be fertilized with a slow release fertilizer two (2) times per year.

Weed Control: All turf areas shall be kept reasonably free of weeds throughout the year. All turf areas will be inspected and controlled at least weekly from April to September. Weed control shall consist of hand pulling and the use of pre and post emergent as necessary and per the label throughout the year. Commercial applicators are licensed by the Colorado Department of Agriculture.

## *Irrigation System Management:*

Activation: The system will be activated in April. In the event extensive repairs are determined to be required, a notification shall be submitted to the Management Agency prior to commencing any work. Upon activation, the system will be programmed to comply with any water mandates of the City.

Monitoring: Monitoring will occur as needed throughout the season, but not less than weekly while the system is in service. Monitoring shall include inspection and alignment of all heads as needed to properly direct water and prevent watering sidewalks, streets or non-HOA areas.

Repairs: Repairs will be billed at Time & Materials rates.

Programming: Programming will be modified as needed throughout the season and to ensure zones are being watered appropriately (not over or under watered). Vargas Property Services, Inc. will carry out all direction by the Management Agency concerning the watering schedules or operation of the irrigation system.

Emergency Service: Vargas Property Services, Inc. will provide an emergency after hours contact: work_req@vventuresco.com, 303-466-9196. Vargas Property Services, Inc. will respond within 4 (four) hours of contact. After hours rates will apply.

Winterization: The system will be deactivated in October. They system will have forced air injected through the lines.

## *Miscellaneous Services:*

Leaf/Needle Removal: All turf and bed areas will have leaves/needles removed twice in the fall.

Insect & Disease Control: Contractor will monitor for insects and disease. Should control be necessary, a method will be recommended and a proposal submitted to the Management Agency for consideration and approval.

Debris & Litter Removal: All debris and trash shall be removed throughout the year. This does not include dog excrement.

Winter Watering: Winter watering shall occur up to five (5) times per winter for plant material, if needed. In the event Vargas Property Services, Inc. believes there is a need for winter watering, a proposal shall be submitted to the Management Agency for consideration and approval. If Vargas Property Services, Inc. believes there is a need for turf watering resulting in the need to activate the irrigation system, Management Agency's approval must be received.

Spring Clean-Up: General cleanup of the property will begin in April and should be completed as soon as practical but no later than May 31st of the contract year. The cleanup shall include removal of trash, leaves and any debris.

Fall Clean-Up: Fall leaves will be removed from the center including planting beds, shrubs, turf areas and paved surfaces to continue a manicured appearance.

## EXHIBIT C
## CERTIFICATION OF CONSULTANT

1. Pursuant to the requirements of Section 8-17.5–102(1), C.R.S., the Consultant hereby certifies to the District that the Consultant does not knowingly employ or contract with an illegal alien who will perform work under the Agreement and that it will participate in the E-Verify Program or Department Program (as defined in Sections 8-17.5-101(3.3) and (3.7), C.R.S.) in order to confirm the employment eligibility of all employees of the Consultant who are newly hired to perform work under the Agreement.

2. In accordance with Section 8-17.5-102(2)(a), C.R.S., the Consultant shall not:

(a) Knowingly employ or contract with an illegal alien to perform work under the Agreement; or

(b) Enter into a contract with a subcontractor that fails to certify to the Consultant that the subcontractor shall not knowingly employ or contract with an illegal alien to perform work under the Agreement.

3. The Consultant represents and warrants it has confirmed the employment eligibility of all employees who are newly hired for employment to perform work under the Agreement through participation in either the E-Verify Program or the Department Program.

4. The Consultant is prohibited from using either the E-Verify Program or the Department Program procedures to undertake pre-employment screening of job applicants while the Agreement is in effect.

5. If the Consultant obtains actual knowledge that a subcontractor performing work under the Agreement knowingly employs or contracts with an illegal alien, the Consultant shall:

(a) Notify the subcontractor and the District within three (3) days that the Consultant has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and

(b) Terminate the subcontract with the subcontractor if within three (3) days of receiving the notice the subcontractor does not stop employing or contracting with the illegal alien; except that the Consultant shall not terminate the contract with the subcontractor if during such three days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

6. The Consultant shall comply with any reasonable request by the Colorado Department of Labor and Employment ("**Department**") made in the course of an investigation that the Department is undertaking, pursuant to the law.

7. If the Consultant violates any provision of Section 8-17.5–102(1), C.R.S., the District may terminate the Agreement immediately and the Consultant shall be liable to the District for actual and consequential damages of the District resulting from such termination, and the District shall report such violation by the Consultant to the Colorado Secretary of State, as required by law.

# EXHIBIT D

## FORM OF CHANGE ORDER

| | |
|---|---|
| **Change Order No:** | **Date Issued:** |
| **Name of Agreement:** | |
| **Date of Agreement:** | **District(s):** |
| **Other Party/Parties:** | |

| |
|---|
| **CHANGE IN SCOPE OF SERVICES (describe):** |

| | |
|---|---|
| **CHANGE IN AGREEMENT PRICE:** | **CHANGE IN TERM OF AGREEMENT:** |
| | |
| Original Price:<br>$ | Original Term:<br>Expires , 20 |
| | |
| Increase of this Change Order:<br>$ | New Term:<br>Expires , 20 |
| | |
| Price with all Approved Change Orders:<br>$ | Agreement Time with all Approved Change Orders: |
| | |

| | | | |
|---|---|---|---|
| **APPROVED:** | | **APPROVED:** | |
| | | | |
| By: | | By: | |
| | **District** | | **Consultant** |

# SERVICE AGREEMENT FOR
# REMOTE WATER LEVEL MONITORING AND EQUIPMENT

THIS SERVICE AGREEMENT FOR REMOTE WATER LEVEL MONITORING AND EQUIPMENT ("**Agreement**") is effective as of the ____ day of July, 2020, by and between **PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3**, a quasi-municipal corporation and political subdivision of the State of Colorado (the "**District**"), and **COLORADO WATER WELL CORP.** a ____________________ (the "**Consultant**") (each a "**Party**" and, collectively, the "**Parties**").

## RECITALS

A. The District was organized pursuant to the laws of the State of Colorado in order to construct, operate and maintain certain public facilities and improvements in accordance with its service plan.

B. Pursuant to Section 32-1-1001(1)(d)(I), C.R.S., the District is permitted to enter into contracts and agreements affecting the affairs of the District.

C. The Consultant has experience in providing the services, as set forth in **Exhibit A** hereto, attached and incorporated herein (the "**Services**"), and is willing to provide such Services to the District for reasonable consideration.

D. The Parties desire to enter into this Agreement to establish the terms by which the Consultant will provide the Services to the District.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

## I. CONSULTANT DUTIES AND AUTHORITY

1.1 Duties of Consultant. The Consultant shall:

(a) Perform the Services, safely and in accordance with the highest standard of care, skill, and diligence provided by a professional consultant in performance of work similar to the Services.

(b) Be properly qualified to perform the Services. The Consultant does hereby warrant that the quality of the Services shall be as specified in this Agreement, shall conform in all respects to the requirements of this Agreement and shall be free of defects and deficiencies.

(c) Take all precautions necessary for safely and prudently conducting the Services required by this Agreement, including maintaining insurance as required under Section 4.2 hereof.

(d) Advise the District of the status of the Services required by this Agreement on a regular basis and work in coordination with the District's consultants to assure that the District has the most complete information available for the exercise of the District's powers and discretionary authority.

(e) Refrain from entering into any contract, oral or written, in the name of the District, and from incurring any debt, liability or obligation for or on behalf of the District. All obligations incurred by the Consultant shall be obligations of the Consultant and the Consultant shall hold the District harmless therefrom.

1.2 Limitations on Authority.

(a) The Consultant shall have no right or authority, expressed or implied, to take any action, expend any sum, incur any obligation, or otherwise obligate the District in any manner whatsoever, except to the extent specifically provided in this Agreement or specifically authorized or ratified by the board of directors of the District as reflected in the minutes of the District board meetings. The Consultant shall at all times conform to the stated policies established and approved by the District.

(b) Independent Contractor Status. The Consultant is an independent contractor, as provided in Section 8-40-202(2)(b)(I)-(IV), C.R.S., as amended, and nothing herein contained shall constitute or designate the Consultant or any of its employees, agents, subcontractors or suppliers as employees of the District. The Services to be performed by the Consultant shall be at its sole cost, risk and expense, and no part of the cost thereof shall be charged to the District, except the payments to be made by the District to the Consultant for the Services performed as provided herein. The District shall not be responsible for the Consultant's means, methods, techniques, sequences or procedures of work or for safety precautions incident thereto. **The Consultant is not entitled to workers' compensation benefits and the Consultant is obligated to pay federal and state income taxes on moneys earned pursuant to this Agreement.**

1.3 Compliance with Applicable Law. The Consultant shall provide the Services set forth herein in full compliance with all applicable laws, rules, and regulations of any federal, state, county, or municipal body or agency thereof having jurisdiction over the activities of the District.

1.4 No Right or Interest in District Assets. The Consultant shall have no right or interest in any of the District's assets, nor any claim or lien with respect thereto, arising out of this Agreement or the performance of the Services contemplated herein.

1.5 Certification of Compliance with Illegal Alien Statute. By its execution hereof, the Consultant confirms and ratifies all of the certifications, statements, representations and warranties set forth in **Exhibit C** attached hereto and made a part hereof by this reference.

1.6 Work Product. "**Work Product**" shall consist of all written materials maintained by the Consultant in connection with performance of this Agreement, including, but not limited to, all test results, logs, surveys, maps, plans, drawings, specifications, reports, PDF formatted electronic files and other documents, in whatever form. The Consultant shall maintain reproducible copies of any test results and logs which it obtains and shall make them available for the District's use, and shall provide such copies to the District upon request at reasonable commercial printing rates. Consultant agrees all right, title and interest in the Work Product is and shall remain the property of the District. If requested by the District, Consultant shall execute and deliver such documents as shall be necessary in the District's sole discretion, to assign, transfer and convey all rights in the Work Product to the District or its assignee. If Consultant fails to execute any documents required under this Section 1.6, then Consultant hereby irrevocably appoints the District its attorney-in-fact for the purpose of executing any required transfers of ownership or interests and any other documents necessary to effectuate this Section 1.6. Further, all Work Product, whether in paper or electronic form, reproductions thereof, or any information or instruments derived therefrom, shall be provided to the District immediately upon termination of this Agreement.

## II. COMPENSATION

2.1 Compensation. The Consultant shall be paid as set forth in **Exhibit B** attached hereto on a time and materials basis, unless otherwise approved in advance by the District through a written change order in form substantially as attached hereto as **Exhibit D** ("**Change Order**").

2.2 Monthly Invoices and Payments. The Consultant shall submit to the District a monthly invoice, in a form acceptable to the District. Invoices shall be submitted and paid no more frequently than once a month.

2.3 Expenses. The Consultant is responsible for all expenses it incurs in performance of this Agreement and shall not be entitled to any reimbursement or compensation except as set forth in **Exhibit B**, unless otherwise approved in advance by the District in writing.

2.4 Subject to Annual Budget and Appropriation; District Debt. The District does not intend hereby to create a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever. The performance of those obligations of the District hereunder requiring budgeting and appropriation of funds is subject to annual budgeting and appropriation. Nothing herein constitutes or creates an indebtedness or debt of the District within the meaning of any Colorado constitutional provision or statutory limitation.

## III. TERM AND TERMINATION

3.1 Term. The term of this Agreement shall begin on the date set forth above, and shall expire on **July 31, 2021**. Extensions of this Agreement must be pursuant to a Change Order executed by both Parties.

3.2 Termination. The District may terminate this Agreement for convenience or for cause, in whole or in part, by written notice of termination given to the Consultant at least thirty (30) days prior to the effective date of such termination. The Consultant may terminate this Agreement for convenience or for cause, in whole or in part, by written notice of termination given to the District at least thirty (30) days prior to the effective date of such termination. Any termination notice provided pursuant to this Section 3.2 shall specify the extent of termination and the effective date of the same.

The District shall pay the Consultant for all Services satisfactorily performed through the termination date.

## IV. INDEMNIFICATION AND INSURANCE

4.1 Indemnification. The Consultant hereby agrees to indemnify, defend and hold the District and its affiliated entities or other persons or entities designated by the District, and their respective directors, trustees, officers, members, managers, agents and employees (collectively, the "**Indemnitees**"), harmless from any and all liability for damage, including, but not limited to, the reimbursement of attorneys' fees and costs, arising out of death or bodily injury to persons or damage to property, in such amount that is represented by the degree or percentage of negligence or fault attributable to the Consultant and/or its agents, representatives, subcontractors, or suppliers.

4.2 Insurance Requirements. The Consultant shall procure, at its sole cost and expense, the insurance coverages set forth below, which insurance shall be placed with insurance companies rated at least "A:XIII" by A.M. Best Company. The Consultant shall give notice to the District at least thirty (30) days prior to the cancellation or nonrenewal of such policies. The Consultant shall give notice to the District within five (5) business days, or as soon as practicable, of any modification of any such policies. Consultant's cost of maintaining the insurances required hereunder shall not be considered a reimbursable expense of the Consultant. The Consultant shall, upon request, promptly furnish the District with copies of policies obtained pursuant to this Section 4.2. Prior to commencing the Services, the Consultant shall furnish the District with certificates evidencing such insurance and provided further, however, with respect to the Workers' Compensation Insurance required below, the Consultant must furnish to the District, prior to the commencement of any Services, duly executed and validated forms as prescribed by the state authority having jurisdiction evidencing that such insurance is in full force and effect. The District shall not pay any invoices until Consultant provides the certificates evidencing such insurance and Workers' Compensation coverage.

(a) Liability Insurance Coverage.

(i) Workers' Compensation Insurance. A Workers' Compensation Insurance Policy in form and substance reasonably acceptable to the District and in an amount not less than the statutory benefits, including Employer's Liability Insurance with limits of liability of not less than (i) $500,000 for bodily injury by accident, each accident; (ii) $500,000 for bodily injury by disease, each employee; and (iii) $500,000 aggregate liability for disease. The Workers' Compensation Insurance Policy, or an endorsement to such policy, must include a waiver of subrogation in favor of the District.

(ii) Commercial General Liability Insurance. A Commercial General Liability Insurance Policy written on an occurrence basis, in form and substance reasonably acceptable to the District, which policy shall include, without limitation, the District as an additional insured, a waiver of subrogation endorsement in favor of the District, cross liability and severability of interest endorsements, endorsements providing that the coverage afforded by the insurance policy or policies is primary and non-contributing with any other insurance maintained by or available to the District, and appropriate language providing the following coverages: Premises and Operations Liability; Personal Injury Liability; Broad Form Property Damage Liability; Contractual Liability supporting the Consultant's indemnification agreements in favor of the District; Completed Operations and Products Liability; and Independent Contractor's Protective Liability. The Commercial General Liability Insurance Policy must be written with a combined single limit of liability of not less than $1,000,000 for each occurrence of bodily injury and/or property damage and an annual aggregate of liability of not less than $2,000,000 for bodily injury and/or property damage, and an annual aggregate of liability of not less than $2,000,000 for Completed Operations and Products Liability.

(iii) Automobile Liability Insurance. An Automobile Liability Insurance Policy written on a per accident basis, in form and substance reasonably acceptable to the District. The Automobile Liability Insurance Policy must provide coverage for all owned, hired, rented and nonowned automobiles, and must include uninsured motorist coverages. The Automobile Liability Insurance Policy must be written with a combined single limit of liability of not less than $1,000,000 for each accident for bodily injury and/or property damage.

(iv) Excess Liability Insurance. An Excess Liability Insurance Policy written in excess of the coverages provided by the insurance policies described in the preceding Subsections 4.2(a)(i) - (iii), in form and substance reasonably acceptable to the District, which policy will include the District as additional insured. The Excess Liability Insurance Policy must be written with a combined single limit of not less than $1,000,000 for each occurrence of bodily injury/or property damage and annual aggregate.

(b) Failure to Obtain and Obligation to Maintain Insurance. If the Consultant fails to furnish and maintain insurance as required by this Section 4.2, the District may purchase such insurance on behalf of the Consultant and deduct the cost of such insurance premium(s) from the compensation otherwise owed to the Consultant, and the Consultant shall furnish to the District any information needed to obtain such insurance. Except as otherwise expressly provided herein, all insurance policies required by the terms of this section shall be kept in full force and effect until the date of final payment to the Consultant for the Services specified in this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the foregoing insurance requirements are in no way intended to, and will not in any manner, limit or qualify the liabilities and/or indemnities assumed by the Consultant under or pursuant to this Agreement.

(c) Effect of Approval or Acceptance of Insurance. District acceptance and/or approval of any or all of the insurances required hereunder does not and shall not be construed to relieve Consultant from any obligations, responsibilities or liabilities under this Agreement.

## V. MISCELLANEOUS

5.1 Assignment. The Consultant shall not assign any of its rights or delegate any of its duties hereunder to any person or entity. Any purported assignment or delegation in violation of the provisions hereof shall be void and of no effect.

5.2 Modification; Amendment. This Agreement may be amended from time to time by agreement between the Parties hereto; provided, however, that no amendment, modification, or alteration of the terms or provisions hereof shall be binding upon the District or the Consultant unless the same is in writing and duly executed by the Parties.

5.3 Integration. This Agreement constitutes the entire agreement between the Parties with respect to the matters addressed herein. All prior discussions and negotiations regarding the subject matter hereof are merged herein.

5.4 Severability. If any covenant, term, condition, or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition, or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

5.5 Governing Law and Jurisdiction. This Agreement shall be governed and construed under the laws of the State of Colorado. Venue for any legal action relating to this Agreement shall be exclusive to the State District Court in and for the County of Adams, Colorado.

5.6 Paragraph Headings. Paragraph headings are inserted for convenience of reference only.

5.7 Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the District and the Consultant any right, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions, or provisions thereof, and all the covenants, terms, conditions, and provisions in this Agreement by and on behalf of the District and the Consultant shall be for the sole and exclusive benefit of the District and the Consultant.

5.8 Notices. All notices, demands, requests or other communications to be sent by one Party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the addressee or by courier delivery via Federal Express or other nationally recognized overnight air courier service, by electronically-confirmed email transmission, or by depositing same in the United States mail, postage prepaid, addressed as follows:

To District:

Prairie Center Metropolitan District No. 3
c/o Special District Management Service, Inc.
141 Union Blvd., Suite 150
Lakewood, CO 80228
Phone: 303-987-0835
Fax: 303-987-2032
Email: afinn@sdmsi.com
Attn: Ann Finn

With a Copy To:

McGeady Becher P.C.
450 E. 17th Avenue, Suite 400
Denver, Colorado 80203
Phone: (303) 592-4380
Fax: (303) 592-4385
Email: mmcgeady@specialdistrictlaw.com
Attn: MaryAnn M. McGeady

To Consultant:

COLORADO WATER WELL CORP.
2001 East 58th Avenue
Denver, CO 80216
Phone: 303-892-9053
Fax: ________________
Email: ________________
Attn: ________________

All notices, demands, requests or other communications shall be effective upon such personal delivery or one (1) business day after being deposited with Federal Express or other nationally recognized overnight air courier service, upon electronic confirmation of email transmission, or three (3) business days after deposit in the United States mail. By giving the other Party hereto at least ten (10) days' written notice thereof in accordance with the provisions hereof, each of the Parties shall have the right from time to time to change its address.

5.9 Default/Remedies. If either Party fails to perform any of its responsibilities, obligations or agreements to be performed in accordance with the provisions of this Agreement, and if such failure of performance continues for a period of thirty (30) days following written notice of default from the other Party (or such additional period of time as may reasonably be required to cure such default; provided that the curative action is commenced within such thirty (30) day period and is diligently and continuously pursued to completion), then the non-defaulting Party, at its option, may elect (i) to treat this Agreement as remaining in full force and effect; or (ii) terminate this Agreement as of any specified date. The non-defaulting Party shall additionally be entitled to exercise all remedies available at law or in equity. In the event of any litigation or other proceeding to enforce the terms, covenants or conditions hereof, the non-defaulting Party in any such litigation or other proceeding shall obtain as part of its judgment or award its reasonable attorneys' fees.

5.10 Instruments of Further Assurance. Each Party covenants it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, such acts, instruments, and transfers as may reasonably be required for the performance of their obligations hereunder.

5.11 Compliance with Law. This Agreement is intended to be performed in accordance with and only to the extent permitted by all applicable laws, ordinances, rules, and regulations of the jurisdiction in which the Agreement is performed. The Consultant declares it has complied and will comply with all federal, state and local laws regarding business permits, certificates and licenses required to perform the Services.

5.12 Non-Waiver. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided herein, nor shall the waiver of any default hereunder be deemed to be a waiver of any subsequent default hereunder. Notwithstanding any provision to the contrary in this Agreement, no term or condition of this Agreement shall be construed or interpreted as a waiver, either expressed or implied, of any of the immunities, rights, benefits or protection provided to the District under the Colorado Governmental Immunity Act.

5.13 Inurement. This Agreement shall inure to and be binding on the heirs, executors, administrator, successors, and permitted assigns of the Parties hereto.

5.14 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

5.15 Conflicts. If any term or provision(s) in any Exhibit attached as part of this Agreement conflicts with any term or provision(s) in the body of this Agreement, the term or provision(s) contained in the body of this Agreement shall control.

**[SIGNATURE PAGE FOLLOWS]**

**[SIGNATURE PAGE TO SERVICE AGREEMENT]**

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

Consultant:
**COLORADO WATER WELL CORP.**

By: ______________________________
Its: ______________________________

STATE OF COLORADO )
) ss.
COUNTY OF ____________________ )

The foregoing instrument was acknowledged before me this _____ day of __________, 2020, by ____________________, as ____________________ of Colorado Water Well Corp.

Witness my hand and official seal.

My commission expires: ________________

______________________________
Notary Public

District:
**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3**

By: ______________________________
President

STATE OF COLORADO )
) ss.
COUNTY OF ____________________ )

The foregoing instrument was acknowledged before me this _____ day of __________, 2020, by Michael Tamblyn, as President of Prairie Center Metropolitan District No. 3.

Witness my hand and official seal.

My commission expires: ________________

______________________________
Notary Public

## EXHIBIT A AND B
## SCOPE OF SERVICES/ COMPENSATION

Drill hole for a 1" PVC access pipe through the concrete top of the 4' diameter manhole cover.

Mount a 4" X 4" steel riser box on top of the concrete manhole lid immediately outside the manhole.

1 - Freeze Proof Submersible Pressure Transmitter, 4-20mA Output, 0-10 psig range

15' of 'Vented' 18 Gauge Poly Cable (For Slimline Submersible Transmitter)

MP11 nitrogen-filled reference volume for moisture control
Signal Fire Ranger battery powered cellular telemetry system for polling frequency of 15 seconds or greater with customer defined electronic alarming capability based on input hi/lo set points.

12 months - Cloud Hosted Application Service for SignalFire Ranger – Annual Subscription includes cellular airtime, cloud-hosted user interface, and SMS e-mail real time event alarms

Supply, Install, Start up and Testing

The total cost to install a transducer, logger and program lump sum **$5,600.00.**

**EXHIBIT C**
**CERTIFICATION OF CONSULTANT**

1. Pursuant to the requirements of Section 8-17.5–102(1), C.R.S., the Consultant hereby certifies to the District that the Consultant does not knowingly employ or contract with an illegal alien who will perform work under the Agreement and that it will participate in the E-Verify Program or Department Program (as defined in Sections 8-17.5-101(3.3) and (3.7), C.R.S.) in order to confirm the employment eligibility of all employees of the Consultant who are newly hired to perform work under the Agreement.

2. In accordance with Section 8-17.5-102(2)(a), C.R.S., the Consultant shall not:

(a) Knowingly employ or contract with an illegal alien to perform work under the Agreement; or

(b) Enter into a contract with a subcontractor that fails to certify to the Consultant that the subcontractor shall not knowingly employ or contract with an illegal alien to perform work under the Agreement.

3. The Consultant represents and warrants it has confirmed the employment eligibility of all employees who are newly hired for employment to perform work under the Agreement through participation in either the E-Verify Program or the Department Program.

4. The Consultant is prohibited from using either the E-Verify Program or the Department Program procedures to undertake pre-employment screening of job applicants while the Agreement is in effect.

5. If the Consultant obtains actual knowledge that a subcontractor performing work under the Agreement knowingly employs or contracts with an illegal alien, the Consultant shall:

(a) Notify the subcontractor and the District within three (3) days that the Consultant has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and

(b) Terminate the subcontract with the subcontractor if within three (3) days of receiving the notice the subcontractor does not stop employing or contracting with the illegal alien; except that the Consultant shall not terminate the contract with the subcontractor if during such three days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

6. The Consultant shall comply with any reasonable request by the Colorado Department of Labor and Employment ("**Department**") made in the course of an investigation that the Department is undertaking, pursuant to the law.

7. If the Consultant violates any provision of Section 8-17.5–102(1), C.R.S., the District may terminate the Agreement immediately and the Consultant shall be liable to the District for actual and consequential damages of the District resulting from such termination, and the District shall report such violation by the Consultant to the Colorado Secretary of State, as required by law.

# EXHIBIT D

# FORM OF CHANGE ORDER

| | |
|---|---|
| **Change Order No:** | **Date Issued:** |
| **Name of Agreement:** | |
| **Date of Agreement:** | **District(s):** |
| **Other Party/Parties:** | |

| |
|---|
| **CHANGE IN SCOPE OF SERVICES** (describe): |

| | |
|---|---|
| **CHANGE IN AGREEMENT PRICE:** | **CHANGE IN TERM OF AGREEMENT:** |
| | |
| Original Price:<br>$ | Original Term:<br>Expires , 20 |
| | |
| Increase of this Change Order:<br>$ | New Term:<br>Expires , 20 |
| | |
| Price with all Approved Change Orders:<br>$ | Agreement Time with all Approved Change Orders: |
| | |

| | | | |
|---|---|---|---|
| **APPROVED:** | | **APPROVED:** | |
| | | | |
| By: | | By: | |
| | **District** | | **Consultant** |