

**MANAGEMENT AND FINANCE POLICY COMMITTEE (M&F)  
MEETING**

**TUESDAY, APRIL 28, 2020 1:00 PM,**

**WebEx Meeting**

**Access information provided to Internal Staff**

**Public Participant Dialing Instructions**

**Dial Access Number: 1-877-820-7831**

**Enter Participant Code: 254610#**

Council Member Gruber, Chair

Council Member Marcano, Vice Chair

Council Member Gardner

Deputy City Manager Roberto Venegas

Finance Director Terri Velasquez

The Management and Finance Committee oversees the following Council goal and objectives:

PROVIDE A WELL-MANAGED AND FINANCIALLY STRONG CITY

- Ensure the delivery of high-quality services to residents in an efficient and cost-effective manner.
- Maintain superior financial reporting, financial controls, appropriate reserves, budgeting financial management, and transparency, and invest in capital and infrastructure to support efficient and effective long-term provision of services.
- Maintain a high financial credit (bond) rating, maintain debt policies and debt practices that allow the assessment of appropriate debt levels, and periodically review debt and debt service to minimize costs.
- Provide appropriate stewardship of natural resources to ensure long-term sustainability for the city.

**1. APPROVAL MARCH 24, 2020 DRAFT MINUTES**

**2. CONSENT ITEMS**

- **Sales Tax Chart**

Presenter: Greg Hays, Budget Officer (5 minutes)

**3. AURORA CROSSROADS METRO DISTRICT**

Presenter: Jacob Cox, Senior Development Project Manager

Vinessa Irvin, Manager of Development Assistant (10 minutes)

**4. CHANGE TO CITY CODE SEC.2-66(f) DISQUALIFIED VENDOR OR CONTRACTOR**

Presenter: Bryn Fillinger, Manager of Purchasing & Contracts (5 minutes)

**5. 2019 EXTERNAL AUDIT PRE-AUDIT LETTER**

Presenter: Nancy Wishmeyer, Controller (5 minutes)

**6. COVID-RELATED GRANT OPPORTUNITIES**

Presenter: Nancy Wishmeyer, Controller

Michael Lawson, Manager of Special Projects (10 minutes)

**7. 2020 BALLOT QUESTION TO RETAIN PROPERTY TAX OVER TABOR LIMIT**

Presenter: Michael Lawson, Manager of Special Projects (10 minutes)

**8. INVESTMENT PORTFOLIO AND CASH FLOW UPDATE**

Presenter: Mike Shannon, Debt and Treasury Manager (15 minutes)

**9. INTERNAL AUDIT Q1 REPORT**

Presenter: Wayne Sommer, Internal Audit Manager (15 minutes)

**10. MISCELLANEOUS MATTERS FOR CONSIDERATION**

- Next meeting is on May 26 at 1:00 pm, WebEx Meeting

*Total projected meeting time: 75 minutes*

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**MANAGEMENT AND FINANCE POLICY COMMITTEE  
VIA TELECONFERENCE**

Members Present: Council Member David Gruber – Chair, Council Member Marcano – Vice Chair, Council Member Gardner – Member

Others Present: Council Member Hiltz, T. Velasquez, G. Hays, H. Hernandez, J. Ehmann, K. Claspell and T. Hoyle

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**INTRODUCTIONS AND MINUTES**

February 25, 2020 minutes were approved.

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**CONSENT ITEMS**

January sales tax of 2020 was 11 percent higher than December of 2019.

Council Member (CM) Gardner stated Council was given that COVID shutdown revenue impact was approximately \$4 million a month. Have you done any further analysis or estimates of what might be coming? G. Hays stated Budget has been looking into Shelter in Place and that loss of revenue is between \$8 million to \$12 million a month. T. Velasquez said we might be able to apply for federal grants with FEMA and other federal aid. CM Gardner said that there’s talk at the federal level about Congress back filling budgets for municipalities. I hope it happens and we can take advantage of that. T. Velasquez said staff is already tracking costs and employees time related to COVID, so we are prepared for applying for federal funds.

CM Marcano said with the \$8-million to \$12-million figure, does that loss factor in the potential recession on top of closures? G. Hays replied no.

Outcome

The Committee thanked staff.

Follow-up Action

No follow-up needed.

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**2019/2020 SPRING SUPPLEMENTAL**

Summary of Issue and Discussion

T. Velasquez communicated the 2019 related supplemental is only to be approved that the 2020 supplemental is on hold due to the uncertainty with COVID. The 2020 supplemental will be brought back at a future date depending upon the financial scenarios.

2019 Supplemental Amendments

One-time appropriation increases in the General Fund total **\$11.5 million**, with \$218,400 in revenue offsets. Significant items include:

- A **\$9.5 million** transfer of additional revenue to the Capital Projects Fund (CPF). This item was included in the 2019 projection, although the transfer amount is \$2.2 million higher.
- The appropriation of **\$583,000** for Police overtime costs, primarily associated with protests and events that occurred over the last half of the year. The 2019 projection indicated supplemental appropriation would be required, although the actual need is higher.
- The appropriation of **\$510,000** for Fire fleet repair and preventative maintenance costs in excess of budget. This item was included in the 2019 projection.
- A **\$508,000** transfer of funds from the General Fund to assist balancing in the Fleet Management Fund. This item was included in the 2019 projection, although the balancing need was higher.

Significant supplemental items in other funds include:

- The appropriation of capital grant awards totaling **\$2.7 million** in the Gifts and Grants Fund for the purchase of open space property to create additional buffer near Buckley Air Force Base.
- The appropriation of **\$2.5 million** in the Designated Revenues Fund for Destination Marketing Improvement Fee collections and the associated pass-through to Visit Aurora.
- Appropriations totaling **\$1.5 million** in the Development Review Fund
  - \$500,000 for personnel costs incurred in response to development related workload.
  - \$673,500 for contracted services such as roof inspections and review services.
  - \$326,500 for equipment and credit card fees
- The appropriation of **\$647,300** in the Fleet Management Fund for increased vehicle repairs and fuel costs, predominately associated with higher Fire apparatus repairs.
- The appropriation of **\$515,000** in the Capital Projects Fund to pass-through funds to the metro district for several parks and trails projects.
- The appropriation of **\$429,700** in the E-911 Fund for Public Safety Communications overtime costs to address service demands despite numerous position vacancies. The 2019 projection indicated supplemental appropriation would be required, although the actual need is higher.

CM Marcano stated that he like to see an itemized breakdown of overtime related to the 2019 Police supplemental. T. Velasquez said it can be provided before it moves forward to Study Session.

As a follow up, Budget provided the following information on the breakdown of overtime related to the 2019 Police supplemental.

The 2019 Police overtime overage of \$583,026 can be attributed to the following major events, other untracked smaller events, and general overtime expenditures associated with staffing shortages.

Event	Amount
Bomb Cyclone	\$ 41,000
Beth Chapman Funeral	25,000
Homicide Event	25,000
ICE Facility Protest July	26,000
ICE Facility Protest September	233,000
Subtotal	\$ 350,000
Other	233,026
Total	\$ 583,026

#### Outcome

The Committee recommended that this item be forward to Study Session.

#### Follow-up Action

Staff will forward this item to Study Session, April 2020.

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## **CITIZENS' ADVISORY BUDGET COMMITTEE (CABC) OVERVIEW**

### Summary of Issue and Discussion

Leanne Wheeler, Chair gave a brief review.

- Infrastructure (Transportation)
- Housing (Homelessness)
- Revenue/Capital Generation
- Public Safety (Police & Fire compensation, numbers/retention, youth violence, etc.)
- Venues

CM Gardner asked, did you get a chance to look at what was presented to Council at the Winter Workshop the list of revenue diversification options and some ideals for generating additional revenue that was talked about at CABC? L. Wheeler replied yes, we were anticipating giving a presentation, but things went sideways, and the meeting was moved to offline. We expect that work product and forming the work we do. CM Gardner said I do encourage you to pass onto to the other CABC members that they might want to start reaching out some point to their council appointee to talk about budget priorities going forward. I would encourage us all to start thinking

about that sooner rather than later. We could be looking at making some really tough decisions and CABC obviously plays a role in that being the citizens budget committee.

Outcome

The Committee thanked staff.

Follow-up Action

No follow up is necessary as this item was informational only.

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**MISCELLANEOUS MATTERS FOR CONSIDERATION**

Discussed were Finance actions for COVID.

- LEED School of Business – update revenue forecast model
- Have conversations with executive team
- Consider delaying Capital Projects
- Potential use of Reserves
- Grant funds for operations
- Restrict travel
- Consider fleet purchases
- Consider delaying Consulting Services

Summary of Issue and Discussion

- The next meeting is on Tuesday, April 28, 2020 at 1:00 PM (WebEx).

THESE MINUTES WERE APPROVED AS SUBMITTED

\_\_\_\_\_  
David Gruber, Chair of the Management & Finance (M&F) Committee

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Date

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## Management and Finance Policy Committee Agenda Item Commentary

<b>Item Title:</b> Sales Tax Chart
<b>Item Initiator:</b> Greg Hays
<b>Staff Source:</b> Greg Hays, Budget Officer
<b>Deputy City Manager Signature:</b> Roberto Venegas
<b>Outside Speaker:</b>
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### **ACTIONS(S) PROPOSED** *(Check all appropriate actions)*

- Approve Item and Move Forward to Study Session
- Approve Item and Move Forward to Regular Meeting
- Information Only

### **HISTORY** *(Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)*

Members of the M&F Committee have asked for the monthly sales tax performance chart.

### **ITEM SUMMARY** *(Brief description of item, discussion, key points, recommendations, etc.)*

Attached is the February sales tax performance chart. February of 2020 was 13.9 percent higher than February of 2019.

### **QUESTIONS FOR Committee**

Information only

### **EXHIBITS ATTACHED:**

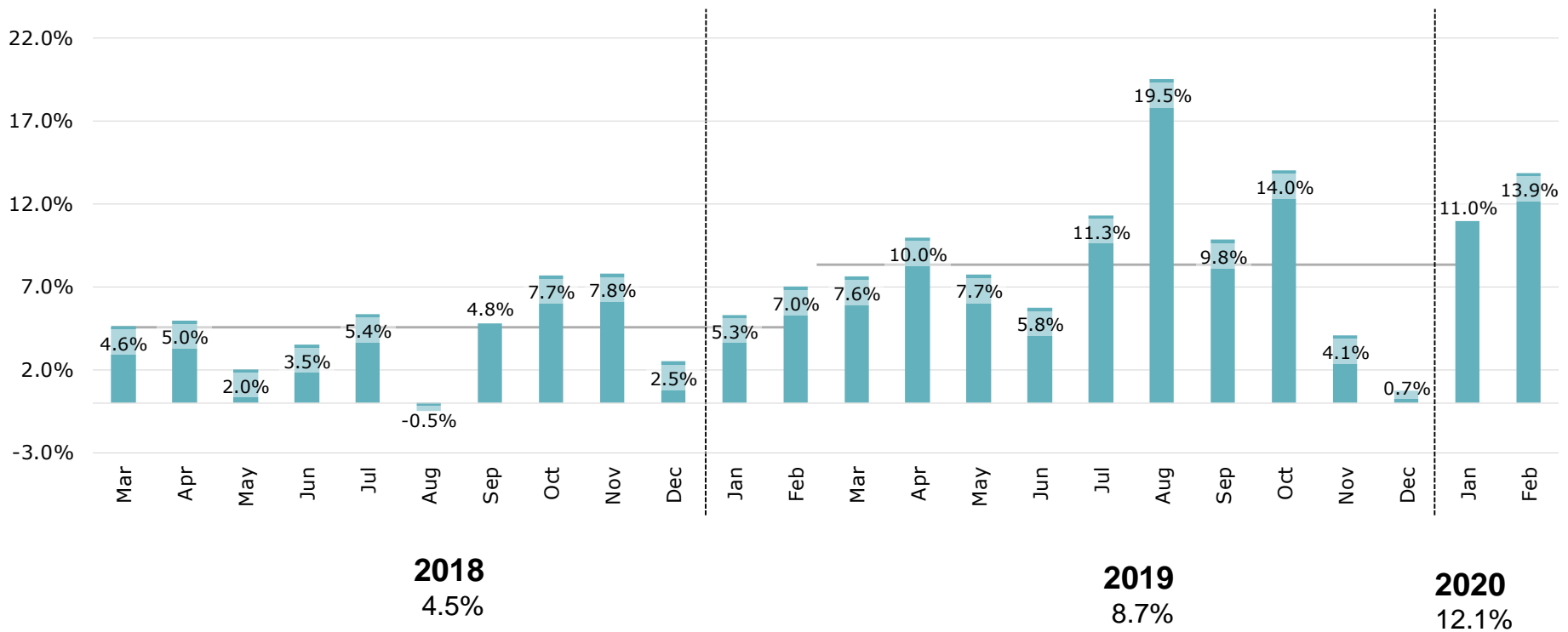
Sales Tax Chart\_Feb (FINAL).pdf



# February 2020 Sales Tax Performance



## Percent Change from Prior Year By Month



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## Management and Finance Policy Committee Agenda Item Commentary

<b>Item Title:</b> Aurora Crossroads Metro District Service Plan Amendment
<b>Item Initiator:</b> Vinessa Irvin
<b>Staff Source:</b> Vinessa Irvin - Manager of Development Assistance
<b>Deputy City Manager Signature:</b> Jason Batchelor
<b>Outside Speaker:</b>
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

**ACTIONS(S) PROPOSED** *(Check all appropriate actions)*

- Approve Item and Move Forward to Study Session
- Approve Item and Move Forward to Regular Meeting
- Information Only

**HISTORY** *(Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)*

The Aurora Crossroads Metropolitan District Nos. 1-3 have requested an amended and restated service plan be considered by the city.

The proposed development served by these districts is proposed as follows: Mixed Use with approximately ten percent (10%) residential development (non-single family detached), seventy-five percent (75%) commercial development and fifteen percent (15%) open space and rights-of-way areas. It is anticipated that formal submission of the Master Plan will occur in April 2020. Zoning for the project is already in place, MU-R.

**ITEM SUMMARY** *(Brief description of item, discussion, key points, recommendations, etc.)*

The Districts have recently been approached by the Sisters of Charity of Leavenworth Health Systems, Inc. about constructing several Class A Medical Office Buildings in the Districts' commercial area and, once those have been established and have a solid customer base, they wish to proceed with building a hospital. For this development to occur, adoption of the Proposed Service Plan is required. This is because the Initial Debt Limitation in the existing Service Plan prohibits the issuance of Debt and the imposition of a mill levy to repay that Debt until such time that the Districts have in place an Approved Development Plan.

While the Districts are actively pursuing an Approved Development Plan with the City, approval of such a plan is not anticipated until later in the year. If the Districts were required to wait until the plan was approved the opportunity presented by the Sisters of Charity of Leavenworth Health Systems, Inc. would likely be lost. In order to proceed with

the development of the Class A Medical Buildings and hospital, the Districts first need to issue Debt necessary to finance the spine infrastructure needed to serve the development. The Districts are therefore requesting a revision to the Initial Debt Limitation provision that would allow the issuance of Debt and the imposition of mill levies to repay that Debt between now and December 31, 2020 without the requirement of having an Approved Development Plan, as currently defined. Any future debt issuance beyond 12/31/2020 will require an approved development plan.

Please refer to the attached summary letter for reference to the specific changes to the service plan being requested.

**QUESTIONS FOR Committee**

Does the Committee wish to move this item forward to City Council Study Session as proposed?

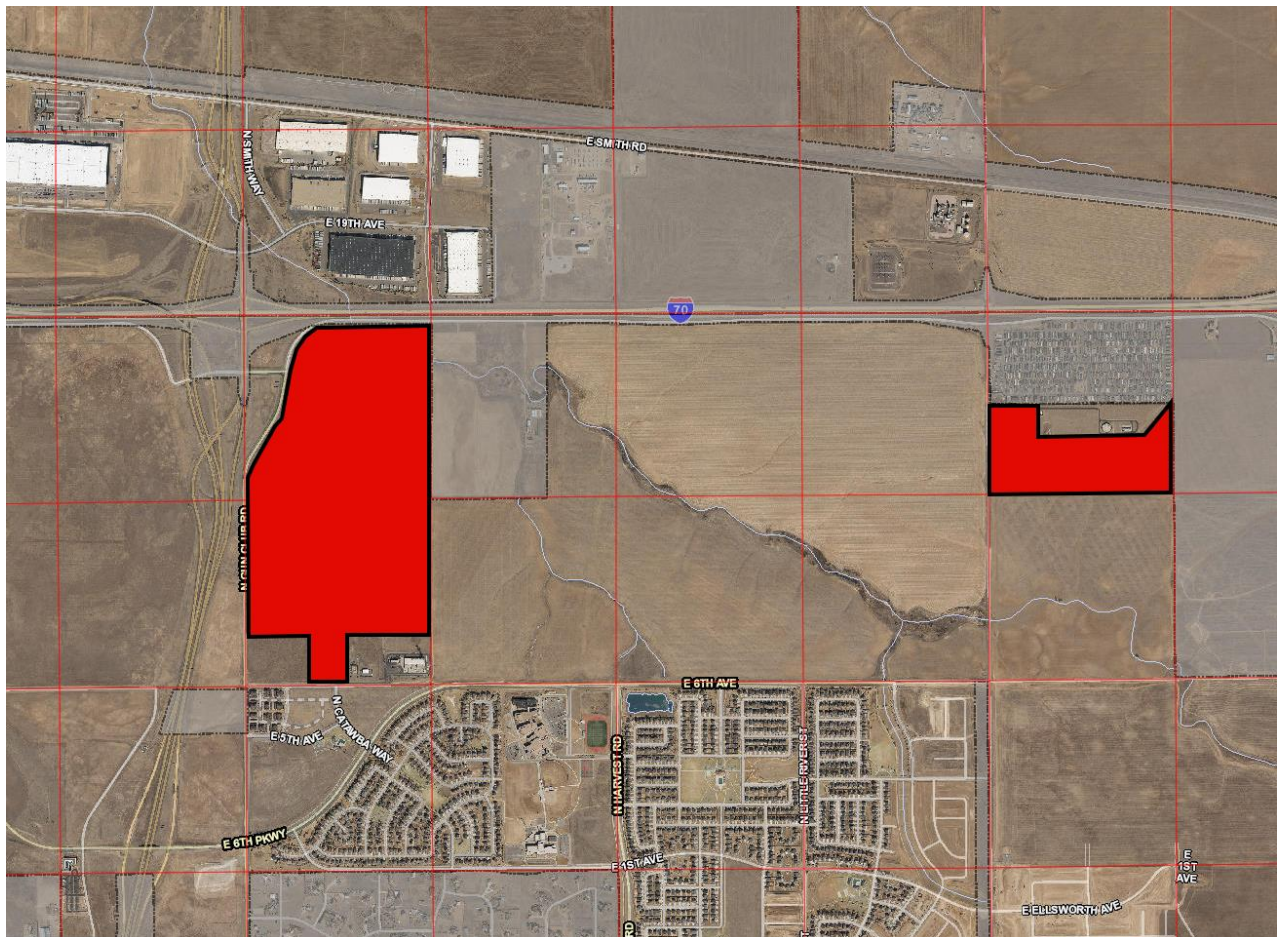
**EXHIBITS ATTACHED:**

- Amended and Restated Service Plan Nos. 1-3, CLEAN 2020-04-22.PDF
- Letter of Proposal Amended Service Plan 2020-04-22.pdf
- Summary Letter to City Council 2020-04-22.pdf
- Vicinity Map - Aurora Crossroads.pdf



City of Aurora  
Office of Development Assistance  
City Manager's Office

Vicinity Map - Aurora Crossroads Metro District



WILLIAM P. ANKELE, JR.  
JENNIFER GRUBER TANAKA  
CLINT C. WALDRON  
KRISTIN BOWERS TOMPKINS  
ROBERT G. ROGERS  
BLAIR M. DICKHONER

OF COUNSEL:  
KRISTEN D. BEAR  
K. SEAN ALLEN  
GEORGE M. ROWLEY



ZACHARY P. WHITE  
TRISHA K. HARRIS  
HEATHER L. HARTUNG  
MEGAN J. MURPHY  
EVE M. G. VELASCO  
JENNIFER C. ROGERS  
LAURA S. HEINRICH  
AUDREY G. JOHNSON  
CHRISTOPHER T. McMICHAEL

April 22, 2020

**VIA E-MAIL**

City of Aurora  
Attention: Vinessa Irvin  
Office of Development Assistance  
15151 E Alameda Parkway, Suite 5200  
Aurora, Colorado 80012  
[virvin@auroragov.org](mailto:virvin@auroragov.org)

Re: Proposed Amended and Restated Service Plan Submission for Aurora Crossroads  
Metropolitan District Nos. 1-3

Dear Ms. Irvin:

Our firm serves as general legal counsel to the Aurora Crossroads Metropolitan District Nos. 1-3 (the “Districts”). We are writing on behalf of the Districts’ Boards of Directors to submit the enclosed proposed amended and restated service plan (the “Proposed Service Plan”) for consideration by the City Council of the City of Aurora, Colorado (the “City Council”). This action is being taken to amend the Initial Debt Limitation in the Districts’ current service plan, to update the information contained in the service plan due to the passage of time and change in planned development within the Districts, and in the interest of updating and streamlining that service plan to more closely conform to the City of Aurora’s preferred form of model service plan.

The Districts are quasi-municipal corporations and political subdivisions of the State of Colorado organized in May 2008 pursuant to and in accordance with the provisions of §§ 32-1-101, et seq., C.R.S. for the purpose of constructing, financing, operating and maintaining certain public facilities and improvements for itself, its taxpayers, residents and users. Due to the downturn in the economy around the time of organization, development ceased and the Districts declared inactive status in November 2010. The need for new development and the sale of the property from the original developer to the current developer, the Districts returned to active status in July 2019 and proceeded with an inclusion of approximately fifty-seven (57) acres bringing the Districts to an approximate total acreage of two hundred ninety-six (296) acres. For your reference, an updated map of the Districts’ current boundaries is attached hereto as **Exhibit A**.

The Districts are currently anticipated to consist of approximately ten percent (10%) residential development, seventy-five percent (75%) commercial/data center development and fifteen percent (15%) open spaces and rights-of-way areas. The residential development may

contain approximately one thousand two hundred twenty-six (1,226) multi-family dwelling units and the commercial component of the development is envisioned to contain office, data centers and retail spaces as well as three select service hotels with three hundred and sixty (360) keys. Attached at **Exhibit B** is a draft land-use planning map detailing the intended different property uses for the development within the Districts. Not included in this map is the approximate seventeen (17) acres of rights-of-way.

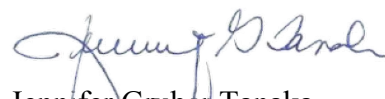
Within the Districts, there will be three Master Plans (formerly known as Framework Development Plans). The JP Morgan site within the Districts has already obtained approval of its Master Plan while the Master Plan for the Jamaso parcel that was included into the Districts last year is expected to receive approval in September or October of this year and a Master Plan for the remaining one hundred and thirty-nine (139) acres within the Districts that is owned by the current developer is expected to be submitted this month. Zoning for the project is currently in place.

The Districts have recently been approached by the Sisters of Charity of Leavenworth Health Systems, Inc. about constructing several Class A Medical Office Buildings in the Districts' commercial area and, once those have been established and have a solid customer base, they wish to proceed with building a hospital. With the nearest hospital to the Districts being Fitzsimmons General Hospital and the nearest Class A Medical Office Buildings being in Green Valley Ranch, there is an immediate need in the area within and surrounding the Districts for this type of development. However, for development to occur, adoption of the Proposed Service Plan is required. This is because the Initial Debt Limitation in the existing Service Plan prohibits the issuance of Debt and the imposition of a mill levy to repay that Debt until such time that the Districts have in place an Approved Development Plan. While the Districts are actively pursuing an Approved Development Plan with the City, approval of such a plan is not anticipated until later in the year. If the Districts were required to wait until the plan was approved the opportunity presented by the Sisters of Charity of Leavenworth Health Systems, Inc. would likely be lost. In order to proceed with the development of the Class A Medical Buildings and hospital, the Districts first need to issue Debt necessary to finance the spine infrastructure needed to serve the development. The Districts are therefore requesting a revision to the Initial Debt Limitation provision that would allow the issuance of Debt and the imposition of mill levies to repay that Debt between now and December 31, 2020 without the requirement of having an Approved Development Plan, as currently defined.

The Districts wish to move into an immediate phase of development that will result in the addition of much needed medical facilities as well as taxable revenue that could be utilized to assist in funding regional infrastructure improvements in the surrounding areas. The Districts therefore respectfully request that the City Council approve the enclosed Proposed Service Plan.

Sincerely,

WHITE BEAR ANKELE TANAKA & WALDRON



Jennifer Gruber Tanaka  
Shareholder

Enclosures

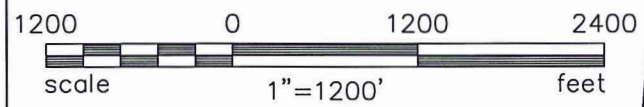
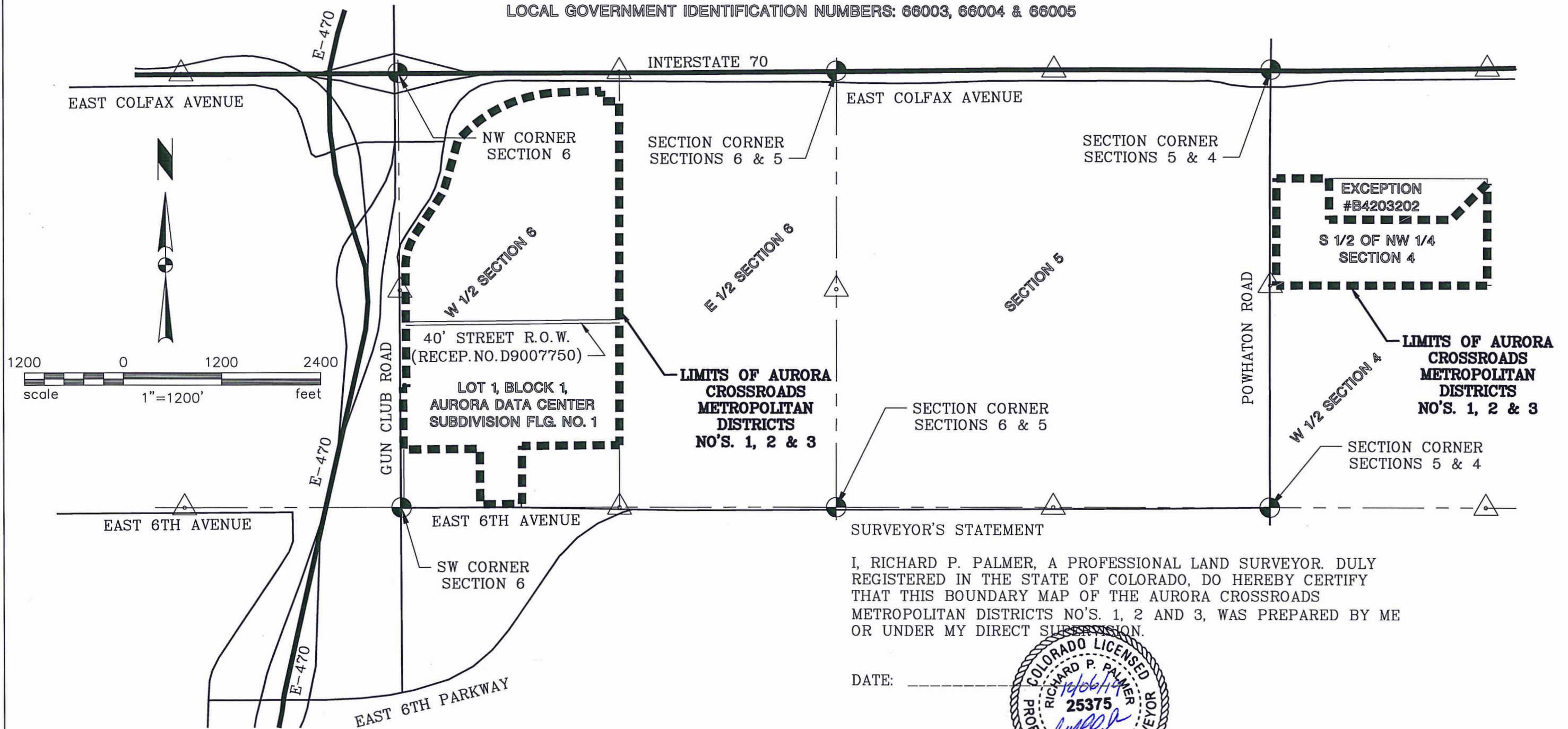
cc: Boards of Directors, Aurora Crossroads Metropolitan District Nos. 1-3



**EXHIBIT A**  
Boundary Map

**BOUNDARY MAP**  
**AURORA CROSSROADS METROPOLITAN DISTRICT NO'S. 1, 2 & 3**  
**LOCATED IN THE WEST 1/2 OF SECTION 6 & IN THE NORTHWEST 1/4 OF SECTION 4,**  
**T. 4 S., R. 65 W. OF THE 6TH P.M., ARAPAHOE COUNTY, COLORADO**

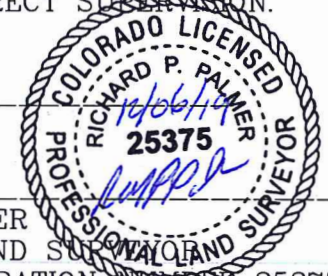
LOCAL GOVERNMENT IDENTIFICATION NUMBERS: 66003, 66004 & 66005



**PWSI, INC**  
 7550 W. YALE AVENUE, SUITE B-110  
 DENVER, CO 80227  
 PHONE: (303) 904-1345

**SURVEYOR'S STATEMENT**  
 I, RICHARD P. PALMER, A PROFESSIONAL LAND SURVEYOR. DULY REGISTERED IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT THIS BOUNDARY MAP OF THE AURORA CROSSROADS METROPOLITAN DISTRICTS NO'S. 1, 2 AND 3, WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION.

DATE: \_\_\_\_\_  
 RICHARD P. PALMER  
 PROFESSIONAL LAND SURVEYOR  
 COLORADO REGISTRATION NUMBER 25375



DATE OF PREPARATION:  
 11/30/2019

**EXHIBIT B**

Land-Use Planning Map



**AURORA CROSSROADS**  
 MASTER PLAN  
 CITY OF AURORA, COLORADO

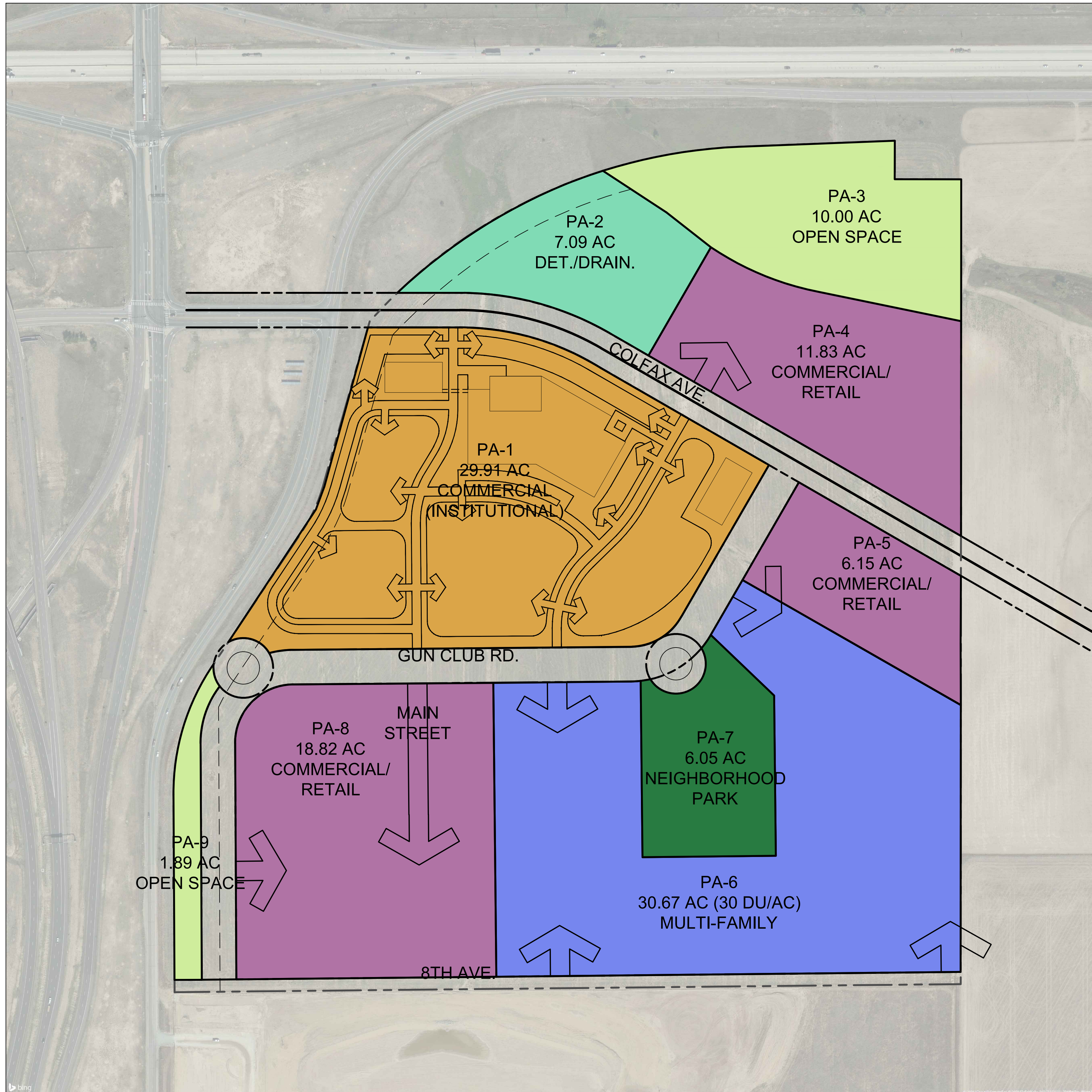
OWNER:  
 WESTSIDE INVESTMENT PARTNERS INC.  
 4100 E MISSISSIPPI AVE, STE. 500  
 DENVER, CO 80246

NOT FOR CONSTRUCTION

DATE:

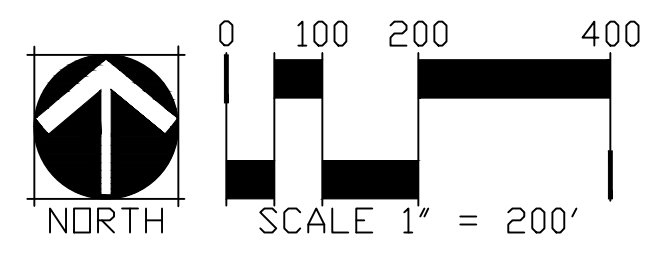
**DRAFT**

SHEET TITLE:



LAND USE MATRIX				
PLANNING AREA	ACREAGE	LAND USE	LAND USE FORMULA	DENSITY / INTENSITY
PA-1	29.91	COMMERCIAL/OFFICE	N/A	570,000
PA-2	7.09	DETENTION/DRAINAGE	N/A	0
PA-3	10.0	OPEN SPACE	N/A	0
PA-4	11.83	COMMERCIAL/RETAIL	0.18 FAR	92,756 SF
PA-5	6.15	COMMERCIAL/RETAIL	0.18 FAR	48,220 SF
PA-6	30.67	MULTI-FAMILY	40 DU / AC	1,226 DU
PA-7	6.05	NEIGHBORHOOD PARK	N/A	0
PA-8	18.82	COMMERCIAL/RETAIL/ 360 HOTEL KEYS*	0.39 FAR	HOTEL: 270,533 SF RETAIL: 100,519 SF
PA-9	1.89	OPEN SPACE	N/A	0

\* 360 HOTEL KEYS (3 SELECT SERVICE FLAGS - 120 KEYS EACH)



CHECKED BY:  
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WILLIAM P. ANKELE, JR.  
JENNIFER GRUBER TANAKA  
CLINT C. WALDRON  
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AUDREY G. JOHNSON  
CHRISTOPHER T. McMICHAEL

April 22, 2020

**VIA E-MAIL**

City of Aurora  
Attention: Vinessa Irvin  
Office of Development Assistance  
15151 E Alameda Parkway, Suite 5200  
Aurora, Colorado 80012  
[virvin@auroragov.org](mailto:virvin@auroragov.org)

Re: Submittal Letter for Proposed Amended and Restated Service Plan Submission  
for Aurora Crossroads Metropolitan District Nos. 1-3

Dear Ms. Irvin:

Our firm serves as general legal counsel to the Aurora Crossroads Metropolitan District Nos. 1-3 (the “Districts”). We are writing on behalf of the Districts’ Boards of Directors to formally submit the enclosed proposed amended and restated service plan (the “Proposed Service Plan”) for consideration by the City Council of the City of Aurora, Colorado (the “City Council”). Following is the requested information relating to the formal submittal.

- A. **Name of Districts**: Aurora Crossroads Metropolitan District No. 1; Aurora Crossroads Metropolitan District No. 2; Aurora Crossroads Metropolitan District No. 3.
- B. **Contact Information**: Legal Counsel: Jennifer G. Tanaka, Esq., White Bear Ankele Tanaka & Waldron, 2154 E. Commons Avenue, Suite 2000, Centennial, Colorado 80122. (303) 858-1800; [jtanaka@wpabc.com](mailto:jtanaka@wpabc.com). Developer: Mark J. Witkiewicz, Principal, Westside Investment Partners, Inc., 7100 E Belleview Avenue, Englewood, Colorado 80111. (303) 984-9800; [markw@westsideinv.com](mailto:markw@westsideinv.com).
- C. **Form of Service Plan**: Consolidated amended and restated service plan for three districts.
- D. **Type of Development**: Mixed Use with approximately ten percent (10%) residential development, seventy-five percent (75%) commercial development and fifteen percent (15%) open space and rights-of-way areas.

- E. **Status of Aurora Development Review Process**: It is anticipated that submission of the Master Plan will occur in April 2020. Zoning for the project is already in place.
- F. **Justification for Request**: The Districts have recently been approached by the Sisters of Charity of Leavenworth Health Systems, Inc. about constructing several Class A Medical Office Buildings in the Districts’ commercial area and, once those have been established and have a solid customer base, they wish to proceed with building a hospital. With the nearest hospital to the Districts being Fitzsimmons General Hospital and the nearest Class A Medical Office Buildings being in Green Valley Ranch, there is an immediate need in the area within and surrounding the Districts for this type of development. However, for development to occur, adoption of the Proposed Service Plan is required. This is because the Initial Debt Limitation in the existing Service Plan prohibits the issuance of Debt and the imposition of a mill levy to repay that Debt until such time that the Districts have in place an Approved Development Plan. While the Districts are actively pursuing an Approved Development Plan with the City, approval of such a plan is not anticipated until later in the year. If the Districts were required to wait until the plan was approved the opportunity presented by the Sisters of Charity of Leavenworth Health Systems, Inc. would likely be lost. In order to proceed with the development of the Class A Medical Buildings and hospital, the Districts first need to issue Debt necessary to finance the spine infrastructure needed to serve the development. The Districts are therefore requesting a revision to the Initial Debt Limitation provision that would allow the issuance of Debt and the imposition of mill levies to repay that Debt between now and December 31, 2020 without the requirement of having an Approved Development Plan, as currently defined.
- G. **Statement Certifying Compliance with Aurora Model Service Plan**: The Proposed Service Plan contains a proposed change to the Initial Debt Limitation. All changes from the model service plan are clearly identified.
- H. **Statement on Debt Limit**: The debt limits reported in Sections V.A. 10 (Total Debt Issuance Limitation) and VII. A (Financial Plan – General) do not include any debt associated with regional improvements described in the last sentence of VI C.
- I. **Any Special Requests**: The Districts respectfully request that the City Council approve the proposed amended and restated service plan with a change to the Initial Debt Limitation to the following:

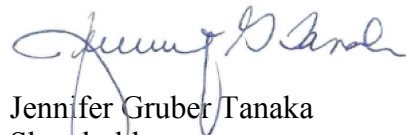
J. **Summary Table**:

Name of Districts	Public Improvements	Debt Limit	Debt Limit Includes ARI	ARI Debt Limit	Total Debt Capacity	Organizing and Operating Reimbursements	1 <sup>st</sup> Year Operating and Maintenance
(Location in Service Plan)	V.B	V.A.10	From Transmittal Letter	VII. C	Calculated	VII. I	VII. I

Aurora Crossroads Metropolitan Districts Nos. 1-3	\$45,000,000	\$45,000,000	No. Debt Limit is in addition to any Debt issued for ARI Regional Improvements	\$45,000,000	\$45,000,000	\$100,000	\$50,000
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Sincerely,

WHITE BEAR ANKELE TANAKA & WALDRON



Jennifer Gruber Tanaka  
 Shareholder

Enclosures

cc: Boards of Directors, Aurora Crossroads Metropolitan District Nos. 1-3

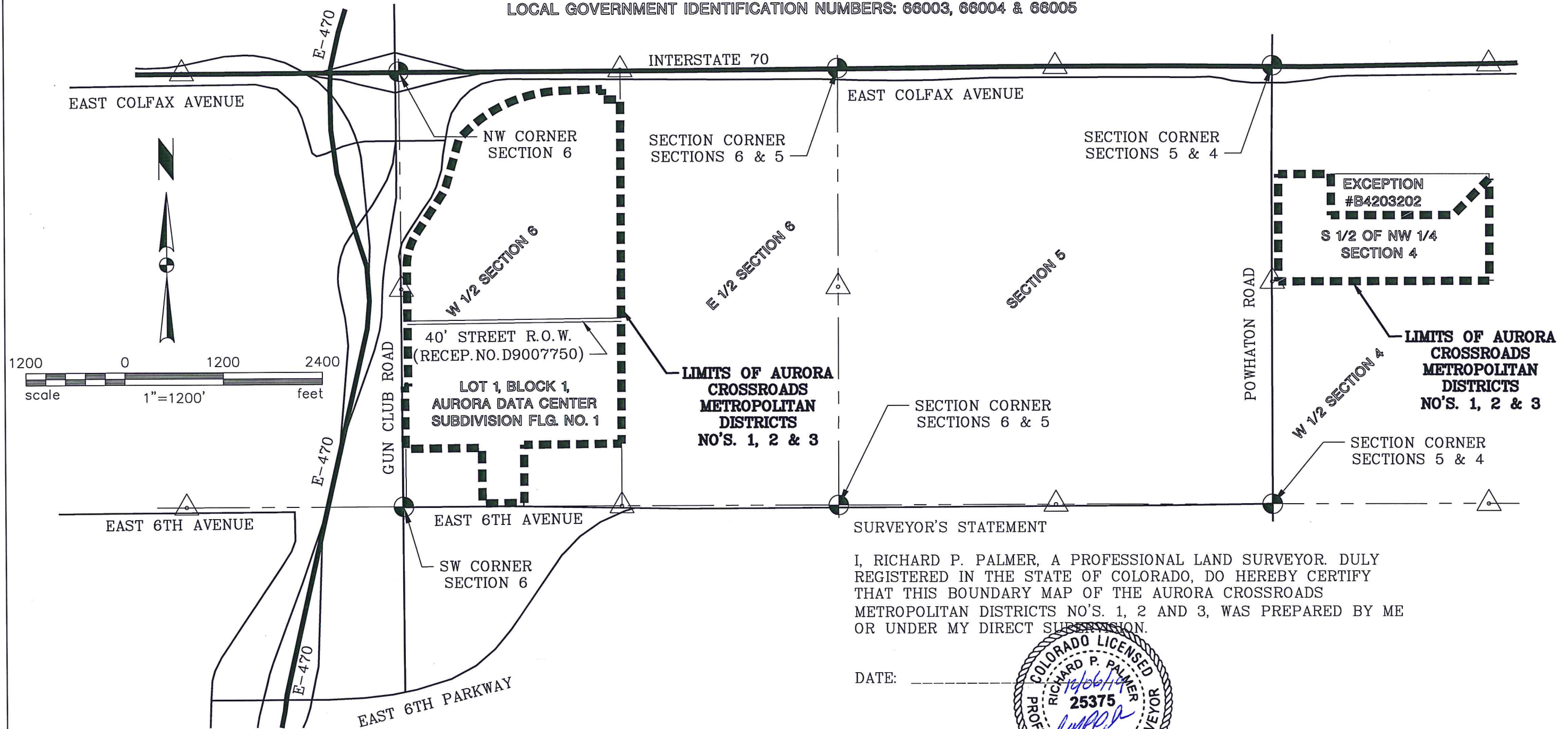
**EXHIBIT A**

Boundary Map



**BOUNDARY MAP**  
**AURORA CROSSROADS METROPOLITAN DISTRICT NO'S. 1, 2 & 3**  
**LOCATED IN THE WEST 1/2 OF SECTION 6 & IN THE NORTHWEST 1/4 OF SECTION 4,**  
**T. 4 S., R. 65 W. OF THE 6TH P.M., ARAPAHOE COUNTY, COLORADO**

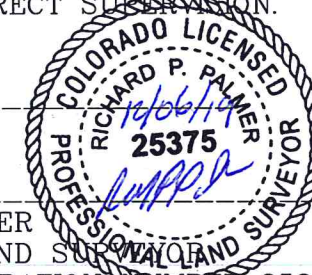
LOCAL GOVERNMENT IDENTIFICATION NUMBERS: 66003, 66004 & 66005



**SURVEYOR'S STATEMENT**

I, RICHARD P. PALMER, A PROFESSIONAL LAND SURVEYOR, DULY REGISTERED IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT THIS BOUNDARY MAP OF THE AURORA CROSSROADS METROPOLITAN DISTRICTS NO'S. 1, 2 AND 3, WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION.

DATE: \_\_\_\_\_



RICHARD P. PALMER  
 PROFESSIONAL LAND SURVEYOR  
 COLORADO REGISTRATION NUMBER 25375

DATE OF PREPARATION:  
 11/30/2019

**PWSI, INC**  
 7550 W. YALE AVENUE, SUITE B-110  
 DENVER, CO 80227  
 PHONE: (303) 904-1345

**EXHIBIT B**

Land-Use Planning Map



**AURORA CROSSROADS**  
 MASTER PLAN  
 CITY OF AURORA, COLORADO

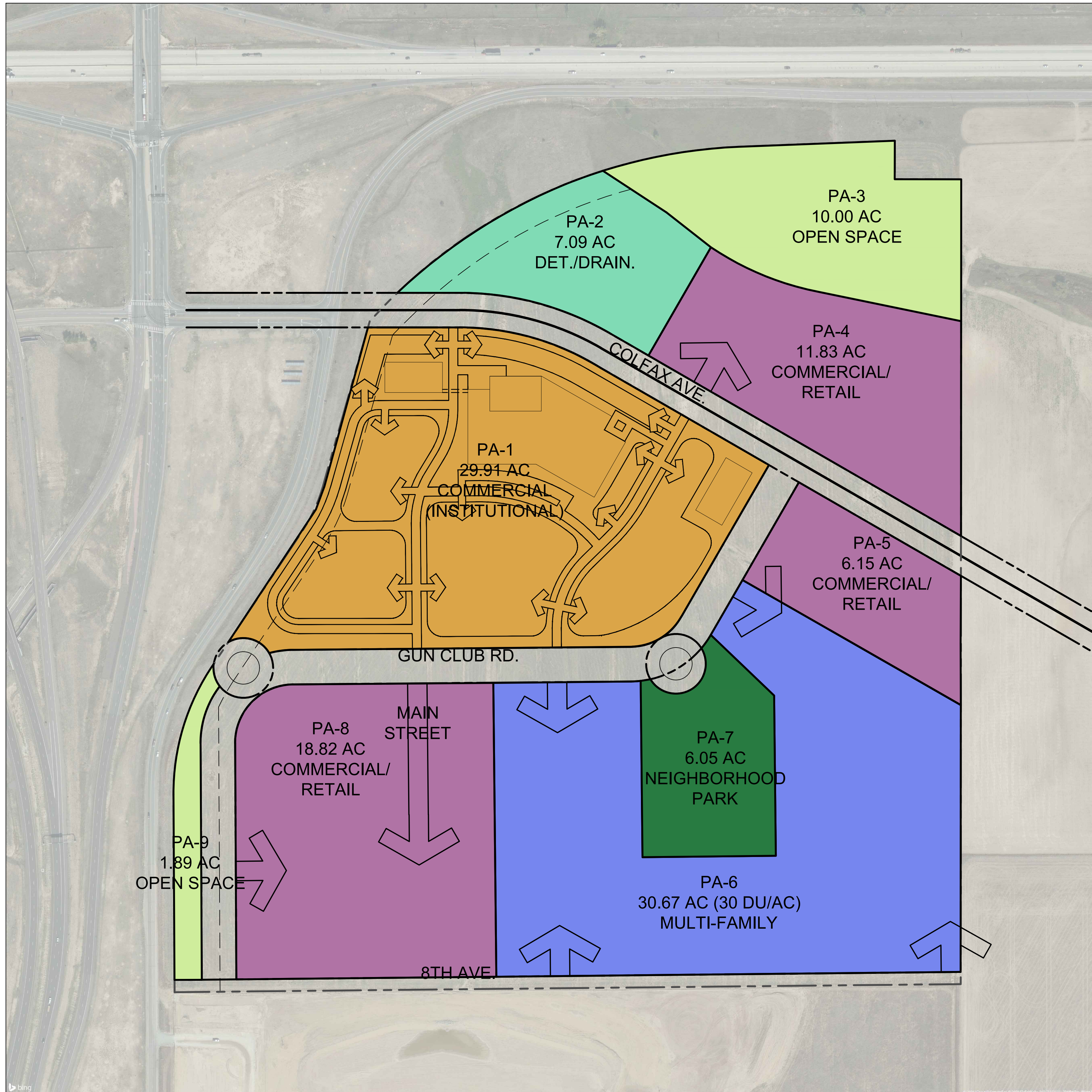
OWNER:  
 WESTSIDE INVESTMENT PARTNERS INC.  
 4100 E MISSISSIPPI AVE, STE. 500  
 DENVER, CO 80246

NOT FOR CONSTRUCTION

DATE:

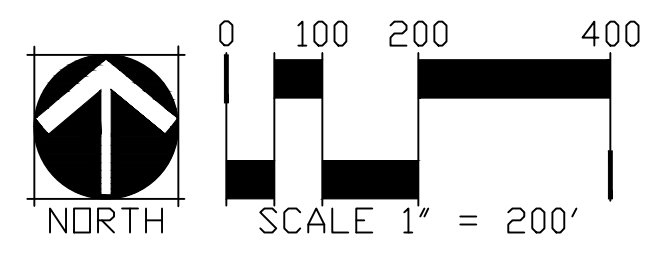
**DRAFT**

SHEET TITLE:



LAND USE MATRIX				
PLANNING AREA	ACREAGE	LAND USE	LAND USE FORMULA	DENSITY / ITENSITY
PA-1	29.91	COMMERCIAL/OFFICE	N/A	570,000
PA-2	7.09	DETENTION/DRAINAGE	N/A	0
PA-3	10.0	OPEN SPACE	N/A	0
PA-4	11.83	COMMERCIAL/RETAIL	0.18 FAR	92,756 SF
PA-5	6.15	COMMERCIAL/RETAIL	0.18 FAR	48,220 SF
PA-6	30.67	MULTI-FAMILY	40 DU / AC	1,226 DU
PA-7	6.05	NEIGHBORHOOD PARK	N/A	0
PA-8	18.82	COMMERCIAL/RETAIL/ 360 HOTEL KEYS*	0.39 FAR	HOTEL: 270,533 SF RETAIL: 100,519 SF
PA-9	1.89	OPEN SPACE	N/A	0

\* 360 HOTEL KEYS (3 SELECT SERVICE FLAGS - 120 KEYS EACH)



CHECKED BY:  
 DRAWN BY:  
 AW



**AMENDED AND RESTATED SERVICE PLAN  
FOR  
AURORA CROSSROADS METROPOLITAN DISTRICT NO. 1  
AURORA CROSSROADS METROPOLITAN DISTRICT NO. 2  
AND  
AURORA CROSSROADS METROPOLITAN DISTRICT NO. 3  
CITY OF AURORA, COLORADO**

Prepared

by

White Bear Ankele Tanaka & Waldron, Professional Corporation  
2154 East Commons Avenue, Suite 2000  
Centennial, Colorado 80122

April 3, 2020

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<b>EXHIBIT A</b>	Legal Descriptions
<b>EXHIBIT B</b>	Aurora Vicinity Map
<b>EXHIBIT C-1</b>	Initial Districts Boundary Maps
<b>EXHIBIT C-2</b>	Inclusion Area Boundary Map
<b>EXHIBIT C-3</b>	Jamaso Inclusion Map
<b>EXHIBIT D</b>	Intergovernmental Agreement between the Districts and Aurora

## I. INTRODUCTION

### A. Purpose and Intent.

The Districts are independent units of local government, separate and distinct from the City, and, except as may otherwise be provided for by State or local law or this Service Plan, their activities are subject to review by the City only insofar as they may deviate in a material matter from the requirements of the Service Plan. It is intended that the Districts will provide a part or all of the Public Improvements for the use and benefit of all anticipated inhabitants and taxpayers of the Districts. The primary purpose of the Districts will be to finance the construction of these Public Improvements.

The Districts are not being created to provide ongoing operations and maintenance services other than as specifically set forth in this Service Plan.

### B. Need for the Districts.

There are currently no other governmental entities, including the City, located in the immediate vicinity of the Districts that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment and financing of the Public Improvements needed for the Project. Formation of the Districts is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.

### C. Objective of the City Regarding Districts Service Plans.

The City's objective in approving the Service Plan for the Districts is to authorize the Districts to provide for the planning, design, acquisition, construction, installation, relocation and redevelopment of the Public Improvements from the proceeds of Debt to be issued by the Districts. All Debt is expected to be repaid by taxes imposed and collected for no longer than the Maximum Debt Mill Levy Imposition Term for residential properties and at a tax mill levy no higher than the Maximum Debt Mill Levy for commercial and residential properties, and/or repaid by Fees, as long as such Fees are not imposed upon or collected from Taxable Property owned or occupied by an End User for the purpose of creating a capital cost payment obligation as further described in Section V.A.11. Debt which is issued within these parameters and, as further described in the Financial Plan, will insulate property owners from excessive tax and Fee burdens to support the servicing of the Debt and will result in a timely and reasonable discharge of the Debt.

This Service Plan is intended to establish a limited purpose for the Districts and explicit financial constraints that are not to be violated under any circumstances. The primary purpose is to provide for the Public Improvements associated with development and regional needs. Operational activities are allowed, but only through an intergovernmental agreement with the City.

It is the intent of the Districts to dissolve upon payment or defeasance of all Debt incurred or upon a court determination that adequate provision has been made for the payment of



all Debt, and if any District has authorized operating functions under an intergovernmental agreement with the City, to retain only the power necessary to impose and collect taxes or Fees to pay for these costs.

The Districts shall be authorized to finance the Public Improvements that can be funded from Debt to be repaid from Fees or from tax revenues collected from a mill levy which shall not exceed the Maximum Debt Mill Levy on commercial and residential properties and which shall not exceed the Maximum Debt Mill Levy Imposition Term on residential properties. It is the intent of this Service Plan to assure to the extent possible that no commercial or residential property bear an economic burden that is greater than that associated with the Maximum Debt Mill Levy in amount and that no property developed for a residential use bear an economic burden that is greater than that associated with the Maximum Debt Mill Levy Imposition Term in duration even under bankruptcy or other unusual situations. Generally, the cost of Public Improvements that cannot be funded within these parameters are not costs to be paid by the Districts. With regard to Regional Improvements, this Service Plan also provides for the Districts to pay a portion of the cost of regional infrastructure as part of ensuring that development and those that benefit from development pay for the associated costs.

## **II. DEFINITIONS**

In this Service Plan, the following terms shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

Approved Development Plan: means a Framework Development Plan or other process established by the City for identifying, among other things, Public Improvements necessary for facilitating development for property within the Service Area as approved by the City pursuant to the City Code and as amended pursuant to the City Code from time to time.

ARI or Regional Improvements: means Aurora Regional Improvements.

ARI Authority: means one or more Authorities established by an ARI Authority Establishment Agreement.

ARI Establishment Agreement: means an intergovernmental agreement establishing an ARI Authority which has, at minimum, Title 32 special districts from three (3) or more Approved Development Plan areas as parties to the Agreement.

ARI Master Plan: means one or more master plans adopted by an ARI Authority establishing Regional Improvements which will benefit the taxpayers and service users of the districts which constitute such ARI Authority, which master plan will change from time to time.

ARI Mill Levy: means the following:

A. For districts with property within their boundaries developed with any residential uses means the mill levy imposed for payment of the costs of the planning, design,

permitting, construction, acquisition and financing of the improvements described in the ARI Master Plan, which: (i) shall be one (1) mill for collection beginning for each district in the first year of collection of a debt service mill levy by such district and continuing in each year thereafter through the twentieth (20<sup>th</sup>) year; and (ii) shall be five (5) mills from the twenty-first (21<sup>st</sup>) year through the fortieth (40<sup>th</sup>) year or the date of repayment of the debt incurred for Public Improvements, other than Regional Improvements, which ever first occurs; and (iii) for an additional ten (10) years, the mill levy shall be equal to the average debt service mill levy imposed by such district in the ten (10) years prior to the date of repayment of the debt incurred for Public Improvements other than Regional Improvements; and

B. For districts with property within their boundaries developed solely for commercial uses means the mill levy imposed for payment of the costs of the planning, design, permitting, construction, acquisition and financing of the improvements described in the ARI Master Plan, which: (i) shall be one (1) mill for collection beginning for each district in the first year of collection of a debt service mill levy by such district and continuing in each year thereafter through the twentieth (20<sup>th</sup>) year; (ii) shall be one and one-half (1.5) mills from the twenty-first (21<sup>st</sup>) year through the date of repayment of debt incurred for Public Improvements, other than Regional Improvements; and (iii) for five (5) years thereafter, the mill levy shall be the lesser of twenty (20) mills or a mill levy equal to the average debt service mill levy imposed by such district in the ten (10) years prior to the date of repayment of debt issued for Public Improvements, other than Regional Improvements; and

C. Any district may, pursuant to any intergovernmental agreement with the City, extend the term for application of the ARI Mill Levy beyond the years set forth in A and B above. The Maximum Mill levy Imposition Term shall include the terms set forth in A and B above and any extension of the term as approved in an intergovernmental agreement as described herein.

D. All mills described in this ARI Mill Levy definition shall be subject to adjustment as follows: On or after January 1, 2004, if there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the one (1) mill levy described above may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2004, are neither diminished nor enhanced as a result of such changes, for purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

Board: means the board of directors of one District or the boards of directors of all Districts, in the aggregate.

Bond, Bonds or Debt: means bonds or other obligations for the payment of which any District has promised to impose an *ad valorem* property tax mill levy, and/or collect Fee revenue.

City: means the City of Aurora, Colorado.

City Code: means the City Code of the City of Aurora, Colorado.

City Council: means the City Council of the City of Aurora, Colorado.

District: means any one of the Aurora Crossroads Metropolitan District Nos. 1 through 3.

District No. 1: means the Aurora Crossroads Metropolitan District No. 1.

District No. 2: means the Aurora Crossroads Metropolitan District No. 2

District No. 3: means the Aurora Crossroads Metropolitan District No. 3.

Districts: means District No. 1 and District Nos. 2 and 3, collectively.

End User: means any owner, or tenant of any owner, of any taxable improvement within the Districts who is intended to become burdened by the imposition of ad valorem property taxes subject to the Maximum Debt Mill Levy. By way of illustration, a resident homeowner, renter, commercial property owner, or commercial tenant is an End User. The business entity that constructs homes or commercial structures is not an End User.

External Financial Advisor: means a consultant that: (i) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (ii) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer's Municipal Market Place; and (iii) is not an officer or employee of the District and has not been otherwise engaged to provide services in connection with the transaction related to the applicable Debt.

Fees: means any fee imposed by the Districts for services, programs or facilities provided by the Districts, as described in Section V.A.11. below.

Financial Plan: means the Financial Plan described in Section VII which describes (i) how the Public Improvements are to be financed; (ii) how the Debt is expected to be incurred; and (iii) the estimated operating revenue derived from property taxes for the first budget year.

Inclusion Area Boundaries: means the boundaries of the area described in the Inclusion Area Boundary Map.

Inclusion Area Boundary Map: means the map attached hereto as **Exhibit C-2**, describing the property proposed for inclusion within one, but not any more than one, of the boundaries of the Districts.

Initial District Boundaries: means the boundaries of the area described in the Initial District Boundary Map.

Initial District Boundary Map: means the map attached hereto as **Exhibit C-1**, describing the initial boundaries of the Districts.

Jamaso Inclusion Map: means the map attached hereto as **Exhibit C-3**, describing the property included into the boundaries of the Districts on November 22, 2019.

Maximum Debt Mill Levy: means the maximum mill levy any of the Districts is permitted to impose for payment of Debt as set forth in Section VII.C below.

Maximum Debt Mill Levy Imposition Term: means the maximum term for imposition of a mill levy on a particular property developed for residential uses as set forth in Section VII.D below.

Operating District: means Aurora Crossroads Metropolitan District No. 1.

Project: means the development or property commonly referred to as Aurora Crossroads.

Public Improvements: means a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, relocated, redeveloped and financed as generally described in the Special District Act, except as specifically limited in Section V below, to serve the future taxpayers and inhabitants of the Service Area as determined by the Board of one or more of the Districts.

Regional Improvements: means Public Improvements and facilities that benefit the Service Area and which are to be financed pursuant to Section VI below.

Service Area: means the property within the Initial District Boundary Map and the Inclusion Area Boundary Map.

Service Plan: means this amended and restated service plan for the Districts approved by City Council.

Service Plan Amendment: means an amendment to the Service Plan approved by City Council in accordance with the City's ordinance and the applicable state law.

Special District Act: means Section 32-1-101, et seq., of the Colorado Revised Statutes, as amended from time to time.

State: means the State of Colorado.

Taxable Property: means real or personal property within the Service Area subject to ad valorem taxes imposed by the Districts.

Taxing District: means District Nos. 2 and 3.

### **III. BOUNDARIES**

The area of the Initial District Boundaries includes approximately two hundred ninety-six (296) acres. A legal description of the Initial District Boundaries and the Inclusion Area Boundaries is attached hereto as **Exhibit A**. A vicinity map is attached hereto as **Exhibit B**. A map of the Initial District Boundaries is attached hereto as **Exhibit C-1**, a map of the Inclusion Area Boundaries is attached hereto as **Exhibit C-2** and a map of the Jamaso inclusion area is attached hereto as **Exhibit C-3**, which property is also included within the Initial District Boundaries legal description and map. It is anticipated that the District's boundaries may change from time to time as it undergoes inclusions and exclusions pursuant to Section 32-1-401, et seq., C.R.S., and Section 32-1-501, et seq., C.R.S., subject to the limitations set forth in Article V below.

### **IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION**

The Service Area consists of approximately two hundred ninety-six acres (296) acres of mixed-use land. It is projected that the Project will consist of approximately ten percent (10%) multi-family residential development, seventy-five percent (75%) office, retail, data center and/or lodging development with approximately fifteen percent (15%) of the Project allocated to open space and rights-of-way. Types and allocation of uses may change from time to time as development plans progress. The current assessed valuation of the Service Area is \$2,045,616 for purposes of this Service Plan and, at build out, is expected to be sufficient to reasonably discharge the Debt under the Financial Plan. The population of the Districts at build-out is estimated to be approximately three thousand sixty-five (3,065) people.

Approval of this Service Plan by the City does not imply approval of the development of a specific area within the Districts, nor does it imply approval of the number of residential units or the total site/floor area of commercial or industrial buildings identified in this Service Plan or any of the exhibits attached thereto, unless the same is contained within an Approved Development Plan.

### **V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES**

#### **A. Powers of the Districts and Service Plan Amendment.**

The Districts shall have the power and authority to provide the Public Improvements and related operation and maintenance services within and without the boundaries of the Districts as such power and authority is described in the Special District Act, and other applicable statutes, common law and the Constitution, subject to the limitations set forth herein.

1. Operations and Maintenance Limitation. The purpose of the Districts is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. The Districts shall dedicate the Public Improvements to the City or other appropriate jurisdiction or owners association in a manner consistent with the Approved Development Plan and other rules and regulations of the City and applicable provisions of the City Code. The Districts shall be authorized, but not obligated, to own, operate and maintain

Public Improvements not otherwise required to be dedicated to the City or other public entity, including, but not limited to street improvements (including roads, curbs, gutters, culverts, sidewalks, bridges, parking facilities, paving, lighting, grading, landscaping, and other street improvements), traffic and safety controls, retaining walls, park and recreation improvements and facilities, trails, open space, landscaping, drainage improvements (including detention and retention ponds, trickle channels, and other drainage facilities), irrigation system improvements (including wells, pumps, storage facilities, and distribution facilities), and all necessary equipment and appurtenances incident thereto. Any Fee imposed by the Districts for access to such park and recreation improvements shall not result in Non-District Aurora residents paying a user fee that is greater than, or otherwise disproportionate to, similar fees and taxes paid by residents of the Districts. However, the Districts shall be entitled to impose an administrative Fee as necessary to cover additional expenses associated with Non-District Aurora residents to ensure that such costs are not the responsibility of Districts residents. All such Fees shall be based upon the Districts' determination that such Fees do not exceed reasonable annual market fees for users of such facilities. Notwithstanding the foregoing, all parks and trails owned by the Districts shall be open to the general public and Non-District Aurora residents, subject to the rules and regulations of the Districts as adopted from time to time. Trails which are interconnected with a city or regional trail system shall be open to the public free of charge and on the same basis as residents and owners of taxable property within the Districts.

2. Fire Protection Limitation. The Districts shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City. The authority to plan for, design, acquire, construct, install, relocate, redevelop or finance fire hydrants and related improvements installed as part of the water system shall not be limited by this provision.

3. Television Relay and Translation Limitation. The Districts shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain television relay and translation facilities and services, other than for the installation of conduit as a part of a street construction project, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City.

4. Golf Course Construction Limitation. Acknowledging that the City has financed public golf courses and desires to coordinate the construction of public golf courses in the City's boundaries, the Districts shall not be authorized to plan, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain a golf course unless such activity is pursuant to an intergovernmental agreement with the City.

5. Construction Standards Limitation. The Districts will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City and of other governmental entities having proper jurisdiction and of those special districts that qualify as "interested parties" under Section 32-1-204(1), C.R.S., as applicable. The Districts will obtain the City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

6. Privately Placed Debt Limitation. Prior to the issuance of any privately placed Debt, the District shall obtain the certification of an External Financial Advisor substantially as follows:

We are [I am] an External Financial Advisor within the meaning of the District's Service Plan.

We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

7. Inclusion Limitation. The Districts shall not include within any of their boundaries any property outside the Service Area without the prior written consent of the City. The Districts shall not include within any of its boundaries any property inside the inclusion area boundaries without the prior written consent of the City except upon petition of the fee owner or owners of 100 percent of such property as provided in Section 32-1-401(1)(a), C.R.S.

8. Overlap Limitation. The boundaries of the Districts shall not overlap unless the aggregate mill levy for payment of Debt of the overlapping Districts will not at any time exceed the Maximum Debt Mill Levy of the Districts. Additionally, the Districts shall not consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of the Districts unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the Districts.

9. Initial Debt Limitation. On or before the effective date of approval by the City of an Approved Development Plan, the Districts shall not: (a) issue any Debt; nor (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds; nor (c) impose and collect any fees used for the purpose of repayment of Debt. Notwithstanding the foregoing, the Districts shall be permitted to issue Debt and impose mill levies for the payment of Debt without an Approved Development Plan as long as the Debt is issued by December 31, 2020. All other Debt issuances are subject to the provisions of this part V.A.9.

10. Total Debt Issuance Limitation. The Districts shall not issue Debt in excess of Forty-Five Million Dollars (\$45,000,000) in the aggregate; provided, however, that any Debt issued by the Districts for ARI Regional Improvements shall not be included within this limitation and shall be subject to the limitations set forth in Section VI, below.

11. Fee Limitation. Each of the Districts may impose and collect Fees as a source of revenue for repayment of debt, capital costs, and/or for operations and

maintenance. No Fee related to the funding of costs of a capital nature shall be authorized to be imposed upon or collected from Taxable Property owned or occupied by an End User which has the effect, intentional or otherwise, of creating a capital cost payment obligation in any year on any Taxable Property owned or occupied by an End User. Notwithstanding any of the foregoing, the restrictions in this definition shall not apply to any Fee imposed upon or collected from Taxable Property for the purpose of funding operation and maintenance costs of the Districts.

12. Monies from Other Governmental Sources. The Districts shall not apply for or accept Conservation Trust Funds, Great Outdoors Colorado Funds, or other funds available from or through governmental or non-profit entities that the City is eligible to apply for, except pursuant to an intergovernmental agreement with the City. This Section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the Districts without any limitation.

13. Consolidation Limitation. District No. 1 shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the City, unless such consolidation is with District No. 2 and/or District No. 3.

14. Bankruptcy Limitation. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy, Maximum Debt Mill Levy Imposition Term and the Fees have been established under the authority of the City to approve a Service Plan with conditions pursuant to Section 32-1-204.5, C.R.S. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

(b) Are, together with all other requirements of Colorado law, included in the “political or governmental powers” reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the “regulatory or electoral approval necessary under applicable nonbankruptcy law” as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term, shall be deemed a material modification of this Service Plan pursuant to Section 32-1-207, C.R.S. and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the City as part of a Service Plan Amendment.

15. Service Plan Amendment Requirement. This Service Plan has been designed with sufficient flexibility to enable the Districts to provide required services and facilities under evolving circumstances without the need for numerous amendments. Actions of the Districts which violate the limitations set forth in Sections V.A.1-14 above or in Section VII.B-G shall be deemed to be material modifications to this Service Plan and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the Districts.



B. Preliminary Engineering Survey.

The Districts shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance and financing of the Public Improvements within and without the boundaries of the Districts, to be more specifically defined in an Approved Development Plan. An estimate of the costs of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, maintained or financed was prepared based upon a preliminary engineering survey and estimates derived from the zoning on the property in the Service Area and is approximately Forty-Five Million Dollars (\$45,000,000).

All of the Public Improvements will be designed in such a way as to assure that the Public Improvements standards will be compatible with those of the City and shall be in accordance with the requirements of the Approved Development Plan. All construction cost estimates are based on the assumption that construction conforms to applicable local, State or Federal requirements.

C. Multiple District Structure.

It is anticipated that the Districts, collectively, will undertake the financing and construction of the Public Improvements. The nature of the functions and services to be provided by each District shall be clarified in an intergovernmental agreement between and among the Districts. All such agreements will be designed to help assure the orderly development of the Public Improvements and essential services in accordance with the requirements of this Service Plan. Implementation of such intergovernmental agreement is essential to the orderly implementation of this Service Plan. Accordingly, any determination of any Board to set aside said intergovernmental agreement without the consent of all of the Districts shall be a material modification of the Service Plan. Said intergovernmental agreement may be amended by mutual agreement of the Districts without the need to amend this Service Plan.

**VI. REGIONAL IMPROVEMENTS**

The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Regional Improvements and fund the administration and overhead costs related to the provisions of the Regional Improvements incurred as a result of participation in the alternatives set forth in Section VI.A, B or C below.

The Taxing Districts shall impose the ARI Mill Levy and shall convey it as follows:

A. If the Districts have executed an ARI Authority Establishment Agreement and the City has been offered the opportunity to execute an ARI Authority Establishment Agreement, the terms of which provide for the City to appoint no less than thirty percent (30%) and no more than forty-nine percent (49%) of the board members who will serve as the board of directors of the ARI Authority to be established by such ARI Authority Establishment Agreement, regardless as to whether the City approves the execution of such ARI Authority Establishment Agreement, the

revenue from the ARI Mill Levy shall be conveyed to the ARI Authority for the planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing of the Regional Improvements in the ARI Master Plan and for the operations of such ARI Authority; or

B. If the City and the Districts have executed an intergovernmental agreement then the revenue from the ARI Mill Levy shall be conveyed to the City for use in planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing of the Regional Improvements which benefit the service users and taxpayers of the Districts in accordance with such agreement; or

C. If neither Section VI.A nor VI.B above is applicable then the revenue shall be conveyed to the City and (i) the City shall place in a special account all revenues received from the ARI Mill Levy imposed in the Service Area under this Section VI and shall not expend such revenue until an intergovernmental agreement is executed between the Districts establishing the terms and conditions for the provision of the Regional Improvements; and (ii) if the intergovernmental agreement is not executed within two (2) years from the date of the approval of the Service Plan by the City and neither Section VI.A nor VI.B above have occurred within two (2) years from the date of the approval of the Service Plan by the City, then the revenue from the ARI Mill Levy shall be conveyed to the City for use by the City in the planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing of the Regional Improvements which benefit the service users or taxpayers of the Districts as prioritized and determined by the City.

As set forth in the definition of the ARI Mill Levy, any District may, pursuant to any intergovernmental agreement with the City, extend the terms for application of the ARI Mill Levy beyond the years set forth in Sections VI.A and VI.B above. The Maximum Mill Levy Imposition Term shall include the terms and any extension of such terms, as set forth in Sections A, B and C of the definition of the ARI Mill Levy.

The Regional Improvements shall be limited to the provision of the planning, design, acquisition, construction, installation, relocation and/or redevelopment of street and transportation related improvements as defined in the Special District Act and the administration and overhead costs incurred as a result of participation in the alternative set forth in Sections VI.A, B, or C set forth above, unless the City has agreed otherwise in writing; provided, however, in no event shall the Regional Improvements include water or sanitary sewer improvements unless such improvements are necessary as a part of completing street and transportation related improvements. The Districts shall cease to be obligated to impose, collect and convey to the appropriate entity, as described above, the revenue from the ARI Mill Levy described in this Section VI at such time as the area within the Districts' boundaries is included within a different district organized under the Special District Act, or a General Improvement District organized under Section 31-25-601, *et seq.*, C.R.S., or Business Improvement District organized under Section 31-25-1201, *et seq.*, C.R.S., which other district has been organized to fund a part or all of the Regional Improvements.

The Districts shall have the authority to issue Debt for the Regional Improvements, in an amount not to exceed Forty-Five Million Dollars (\$45,000,000) pursuant to agreements as

described in VI.A, B, or C above, which amount shall be in addition to the Total Debt Issuance Limitation set forth in Section V.A.10, above.

## **VII. FINANCIAL PLAN**

### **A. General.**

The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Public Improvements from their revenues and by and through the proceeds of Debt to be issued by the Districts. The Financial Plan for the Districts shall be to issue such Debt as the Districts can reasonably pay within the Maximum Debt Mill Levy Imposition Term from revenues derived from the Maximum Debt Mill Levy, Fees and other legally available revenues. The total Debt that the Districts shall be permitted to issue shall not exceed Forty-Five Million Dollars (\$45,000,000) and shall be permitted to be issued on a schedule and in such year or years as the Districts determine shall meet the needs of the Financial Plan referenced above and shall be phased to serve development as it occurs. All bonds and other Debt issued by the Districts may be payable from any and all legally available revenues of the Districts, including general ad valorem taxes and Fees to be imposed upon all Taxable Property within the Districts. The Districts will also rely upon various other revenue sources authorized by law. These will include the power to assess Fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time.

### **B. Maximum Voted Interest Rate and Maximum Underwriting Discount.**

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. In the event of a default, the proposed maximum interest rate on any Debt is not expected to exceed eighteen percent (18%). The proposed maximum underwriting discount will be five percent (5%). Debt, when issued, will comply with all relevant requirements of this Service Plan, State law and Federal law as then applicable to the issuance of public securities.

### **C. Maximum Debt Mill Levy.**

The “Maximum Debt Mill Levy” shall be the maximum mill levy a District is permitted to impose upon the taxable property within such District for payment of Debt, and shall be determined as follows:

1. For the portion of any aggregate Debt which exceeds fifty percent (50%) of the District’s assessed valuation, the Maximum Debt Mill Levy for such portion of Debt shall be fifty (50) mills less the number of mills necessary to pay unlimited mill levy Debt described in Section VII.C.2 below; provided that if, on or after January 1, 2004, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2004, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in

the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

2. For the portion of any aggregate Debt which is equal to or less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate.

3. For purposes of the foregoing, once Debt has been determined to be within Section VII.C.2 above, so that the District is entitled to pledge to its payment an unlimited ad valorem mill levy, such District may provide that such Debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent change in such District's Debt to assessed ratio. All Debt issued by the Districts must be issued in compliance with the requirements of Section 32-1-1101, C.R.S. and all other requirements of State law.

To the extent that the Districts are composed of or subsequently organized into one or more subdistricts as permitted under Section 32-1-1101, C.R.S., the term "District" as used herein shall be deemed to refer to the District and to each such subdistrict separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this definition.

D. Maximum Debt Mill Levy Imposition Term.

The Districts shall have the authority to impose the ARI Mill Levy for the terms as set forth in Section VI. Other than the ARI Mill Levy, the Districts shall not impose a levy for repayment of any and all Debt (or use the proceeds of any mill levy for repayment of Debt) on any single property developed for residential uses which exceeds forty (40) years after the year of the initial imposition of such mill levy unless a majority of the Board of Directors of the District imposing the mill levy are residents of such District and have voted in favor of a refunding of a part or all of the Debt and such refunding will result in a net present value savings as set forth in Section 11-56-101, C.R.S.; *et seq.*

E. Debt Repayment Sources.

Each of the Districts may impose a mill levy on taxable property within its boundaries as a primary source of revenue for repayment of debt service and for operations and maintenance. The Districts may also rely upon various other revenue sources authorized by law. At the Districts' discretion, these may include the power to assess Fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(l), C.R.S., as amended from time to time. In no event shall the debt service mill levy in any District exceed the Maximum Debt Mill Levy or, for residential property within a District, the Maximum Debt Mill Levy Imposition Term, except pursuant to an intergovernmental agreement between the Operating District and the City for Regional Improvements.

F. Debt Instrument Disclosure Requirement.

In the text of each Bond and any other instrument representing and constituting Debt, the District shall set forth a statement in substantially the following form:

By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained herein, in the resolution of the District authorizing the issuance of this Bond and in the Service Plan for creation of the District.

Similar language describing the limitations in respect of the payment of the principal of and interest on Debt set forth in this Service Plan shall be included in any document used for the offering of the Debt for sale to persons, including, but not limited to, a developer of property within the boundaries of the Districts.

G. Security for Debt.

The Districts shall not pledge any revenue or property of the City as security for the indebtedness set forth in this Service Plan. Approval of this Service Plan shall not be construed as a guarantee by the City of payment of any of the Districts' obligations; nor shall anything in the Service Plan be construed so as to create any responsibility or liability on the part of the City in the event of default by the Districts in the payment of any such obligation.

H. TABOR Compliance.

The Districts will comply with the provisions of TABOR. In the discretion of the Board, the Districts may set up other qualifying entities to manage, fund, construct and operate facilities, services, and programs. To the extent allowed by law, any entity created by the Districts will remain under the control of the Districts' Boards.

I. Districts' Operating Costs.

The estimated cost of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the districts' organization and initial operations, are anticipated to be One Hundred Thousand Dollars (\$100,000), which will be eligible for reimbursement from Debt proceeds.

In addition to the capital costs of the Public Improvements, the Districts will require operating funds for administration and to plan and cause the Public Improvements to be constructed and maintained. The first year's operating budget is estimated to be Fifty Thousand Dollars (\$50,000) which is anticipated to be derived from property taxes and other revenues.

The Maximum Debt Mill Levy for the repayment of Debt shall not apply to the District's ability to increase their mill levy as necessary for provision of operation and maintenance services to their taxpayers and service users.

## VIII. ANNUAL REPORT

### A. General.

Each of the Districts shall be responsible for submitting an annual report to the Manager of the Office of Development Assistance of the City Manager's Office no later than August 1<sup>st</sup> of each year following the year in which the Order and Decree creating the District has been issued.

### B. Reporting of Significant Events.

The annual report shall include information as to any of the following:

1. Boundary changes made or proposed to the District's boundary as of December 31 of the prior year.
2. Intergovernmental Agreements with other governmental entities, either entered into or proposed as of December 31 of the prior year.
3. Copies of the Districts' rules and regulations, if any as of December 31 of the prior year.
4. A summary of any litigation which involves the Districts Public Improvements as of December 31 of the prior year.
5. Status of the Districts' construction of the Public Improvements as of December 31 of the prior year.
6. A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the City as of December 31 of the prior year.
7. The assessed valuation of the Districts for the current year.
8. Current year budget including a description of the Public Improvements to be constructed in such year.
9. Audit of the Districts financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.
10. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.
11. Any inability of the Districts to pay their obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

## **IX. DISSOLUTION**

Upon an independent determination of the City Council that the purposes for which the Districts were created have been accomplished, the Districts agree to file petitions in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall a dissolution occur until the Districts have provided for the payment or discharge of all of their outstanding indebtedness and other financial obligations as required pursuant to State statutes.

## **X. DISCLOSURE TO PURCHASERS**

The Districts will use reasonable efforts to assure that all developers of the property located within the Districts provide written notice to all purchasers of property in the Districts regarding the Maximum Debt Mill Levy, as well as a general description of the Districts' authority to impose and collect rates, Fees, tolls and charges. The form of notice shall be filed with the City prior to the initial issuance of the Debt of the District imposing the mill levy which is the subject of the Maximum Debt Mill Levy.

## **XI. INTERGOVERNMENTAL AGREEMENT**

The form of the intergovernmental agreement required by the City Code, relating to the limitations imposed on the Districts' activities, is attached hereto as **Exhibit D**. The Districts shall approve the intergovernmental agreement in the form attached as **Exhibit D** at their first Board meeting after the approval of this Service Plan. Failure of the Districts to execute the intergovernmental agreement as required herein shall constitute a material modification and shall require a Service Plan Amendment. The City Council shall approve the intergovernmental agreement in the form attached as **Exhibit D** at the public hearing approving the Service Plan.

## **XII. CONCLUSION**

It is submitted that this Service Plan for the Districts, as required by Section 32-1-203(2), C.R.S., and Section 122-35 of the City Code, establishes that:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the Districts;
2. The existing service in the area to be served by the Districts is inadequate for present and projected needs;
3. The Districts are capable of providing economical and sufficient service to the area within its proposed boundaries; and
4. The area to be included in the Districts does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.
5. Adequate service is not, and will not be, available to the area through the City or county or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis.

6. The facility and service standards of the Districts are compatible with the facility and service standards of the City within which the special districts are to be located and each municipality which is an interested party under Section 32-1-204(1), C.R.S.

7. The proposal is in substantial compliance with a comprehensive plan adopted pursuant to the City Code.

8. The proposal is in compliance with any duly adopted City, regional or state long-range water quality management plan for the area.

9. The creation of the District is in the best interests of the area proposed to be served.

Respectfully submitted this 3<sup>rd</sup> day of April, 2020.

By: /s/ WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys for the Districts



**EXHIBIT A**  
Legal Descriptions

## PWSI LAND, INC., LAND SURVEYORS

LAND SURVEYING • MAPPING • CONSTRUCTION • GPS

### LEGAL DESCRIPTION - AURORA CROSSROADS METROPOLITAN DISTRICT NOS. 1 THRU 3

#### **PARCEL 1**

A PARCEL OF LAND SITUATED IN THE WEST 1/2 OF SECTION 6, TOWNSHIP 4 SOUTH, RANGE 65 WEST OF THE 6TH PRINCIPAL MERIDIAN, CITY OF AURORA, COUNTY OF ARAPAHOE, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 6; THENCE N89°56'48"E ALONG THE SOUTH LINE OF THE SW 1/4 OF SAID SECTION 6 A DISTANCE OF 30.00 FEET TO THE INTERSECTION OF SAID SOUTH LINE AND THE EASTERLY R.O.W. LINE OF GUN CLUB ROAD EXTENDED SOUTHERLY; THENCE N00°08'02"E ALONG SAID EASTERLY R.O.W. LINE A DISTANCE OF 703.62 FEET TO THE **POINT OF BEGINNING**; THENCE CONTINUING N00°08'02"E ALONG SAID EASTERLY R.O.W. LINE A DISTANCE OF 756.59 FEET TO THE SOUTHWESTERLY CORNER OF A PARCEL OF LAND RECORDED AT RECEPTION NO. B1076982; THENCE S89°51'58"E ALONG THE SOUTHERLY LINE OF SAID PARCEL A DISTANCE OF 40.00 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL; THENCE ALONG THE EASTERLY LINE OF SAID PARCEL THE FOLLOWING NINE (9) COURSES: 1) THENCE N00°08'02"E A DISTANCE OF 1181.87 FEET; 2) THENCE N00°07'32"E A DISTANCE OF 266.45 FEET TO A POINT OF CURVE; 3) THENCE ALONG A CURVE TO THE RIGHT WHOSE CHORD BEARS N17°07'27"E A DISTANCE OF 437.65 FEET, SAID CURVE HAVING A CENTRAL ANGLE OF 33°59'51", A RADIUS OF 748.51 FEET, AN ARC LENGTH OF 444.14 FEET TO A POINT OF TANGENT; 4) THENCE N34°07'22"E ALONG SAID TANGENT A DISTANCE OF 537.86 FEET TO A POINT OF CURVE; 5) THENCE ALONG A CURVE TO THE LEFT WHOSE CHORD BEARS N25°12'16"E A DISTANCE OF 160.90 FEET, SAID CURVE HAVING A CENTRAL ANGLE OF 17°50'12", A RADIUS OF 518.94 FEET, AN ARC LENGTH OF 161.55 FEET TO A POINT OF TANGENT; 6) THENCE N16°17'09"E ALONG SAID TANGENT A DISTANCE OF 566.70 FEET; 7) THENCE N45°26'42"E A DISTANCE OF 107.00 FEET TO A POINT OF CURVE; 8) THENCE ALONG A CURVE TO THE RIGHT WHOSE CHORD BEARS N66°49'42"E A DISTANCE OF 1249.10 FEET, SAID CURVE HAVING A CENTRAL ANGLE OF 42°46'00", A RADIUS OF 1712.95 FEET, AN ARC LENGTH OF 1278.58 FEET TO A POINT OF TANGENT; 9) THENCE N88°12'42"E ALONG SAID TANGENT A DISTANCE OF 511.77 FEET; THENCE S00°28'43"W A DISTANCE OF 127.10 FEET; THENCE S89°31'16"E A DISTANCE OF 219.00 FEET TO A POINT LYING ON THE EAST LINE OF THE NW 1/4 OF SAID SECTION 6; THENCE S00°28'43"W ALONG SAID EAST LINE AND ALONG THE EAST LINE OF THE SW 1/4 OF SAID SECTION 6 A DISTANCE OF 4179.30 FEET TO THE NORTHEAST CORNER OF LOT 1, MCI SUBDIVISION FILING NO. 1, RECORDED MARCH 14, 1996 AT RECEPTION NO. A6031275, ARAPAHOE COUNTY RECORDS; THENCE S89°56'48"W ALONG THE NORTHERLY LINES OF IXX SUBDIVISION FILING NO. 1 RECORDED AUGUST 11, 1999 AT RECEPTION NO. 9130824 AND ENRON SUBDIVISION FILING NO. 1 RECORDED SEPTEMBER 20, 1999 AT RECEPTION NO. 9152387, ARAPAHOE COUNTY, COLORADO RECORDS, A DISTANCE OF 1183.72 FEET TO THE NORTHWEST CORNER OF SAID

ENRON SUBDIVISION FILING NO. 1; THENCE S00°28'43"W ALONG THE WEST LINE OF SAID ENRON SUBDIVISION FILING NO. 1 AND SAID LINE EXTENDED SOUTHERLY A DISTANCE OF 703.46 FEET TO THE NORTHERLY R.O.W. LINE OF EAST 6TH AVENUE; THENCE S89°56'48"W ALONG SAID NORTHERLY R.O.W. LINE A DISTANCE OF 505.62 FEET; THENCE N00°08'02"E PARALLEL WITH THE WEST LINE OF SAID SW 1/4 OF SECTION 6 A DISTANCE OF 673.62 FEET; THENCE S89°56'48"W PARALLEL WITH THE SOUTH LINE OF SAID SW 1/4 A DISTANCE OF 928.63 FEET TO THE **POINT OF BEGINNING**.

PARCEL CONTAINS (10,419,000 SQUARE FEET) 239.1873 ACRES.

TOGETHER WITH THE FOLLOWING DESCRIBED PARCEL:

**PARCEL 2**

THE FOLLOWING DESCRIBED PROPERTY LOCATED IN THE CITY OF AURORA, COUNTY OF ARAPAHOE, STATE OF COLORADO:  
THE SOUTH 1/2 OF THE NORTHWEST 1/4 OF SECTION 4, TOWNSHIP 4 SOUTH, RANGE 65 WEST OF THE 6TH PRINCIPAL MERIDIAN,  
**EXCEPT** ANY PART OF THE LAND LYING WITHIN EXISTING ROADS  
AND **EXCEPT** THAT PORTION RELEASED BY PARTIAL RELEASE RECORDED NOVEMBER 23, 2004, UNDER RECEPTION NO. B4203202  
AND **EXCEPT** THAT PART CONVEYED IN DEED TO THE CITY OF AURORA RECORDED FEBRUARY 8, 2008 UNDER RECEPTION NO. B8022077,  
COUNTY OF ARAPAHOE, STATE OF COLORADO

ACCORDING TO THE ARAPAHOE COUNTY ASSESSOR WEBSITE, THIS PARCEL CONTAINS (2,479,450 SQUARE FEET) 56.92 ACRES.

**SURVEYOR'S CERTIFICATE**

I, RICHARD P. PALMER, A PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO, REGISTRATION NO. 25375, DO HEREBY CERTIFY THAT THIS LEGAL DESCRIPTION WAS PREPARED BY ME, OR UNDER MY DIRECT SUPERVISION, FOR AND ON BEHALF OF PWSI, INC., ON JANUARY 13, 2020, UTILIZING THE FOLLOWING DOCUMENTS PROVIDED BY AURORA CROSSROADS METROPOLITAN DISTRICT NOS. 1 THRU 3:

- 1) PARCEL 1 IS THE LEGAL DESCRIPTION OF AURORA CROSSROADS METROPOLITAN DISTRICT NOS. 1 - 3, PREPARED DECEMBER 17, 2006 BY BRETT L. MILLER, PLS NO. 27609 FOR AND ON BEHALF OF ENGINEERING SERVICE COMPANY
- 2) PARCEL 2 IS A LEGAL DESCRIPTION PROVIDED BY THE DISTRICTS AND EVIDENCED BY THE CONFIRMATION DEED RECORDED AT RECEPTION NO. D3006119 AS REFERENCED ON THE ARAPAHOE COUNTY ASSESSOR WEBSITE.



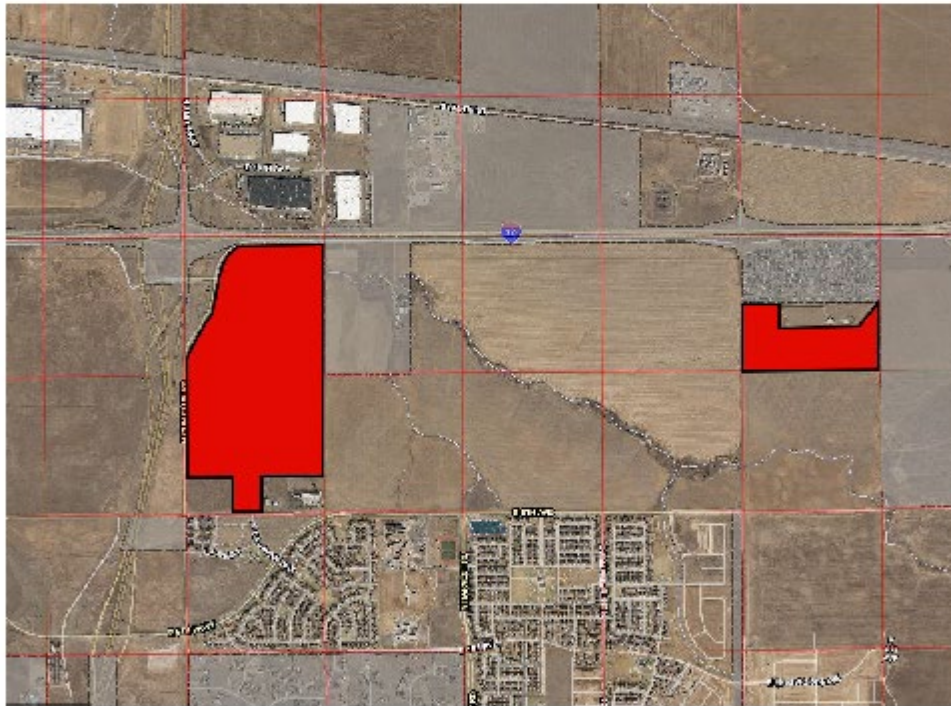
**EXHIBIT B**

Aurora Vicinity Map



City of Aurora  
Office of Development Assistance  
City Manager's Office

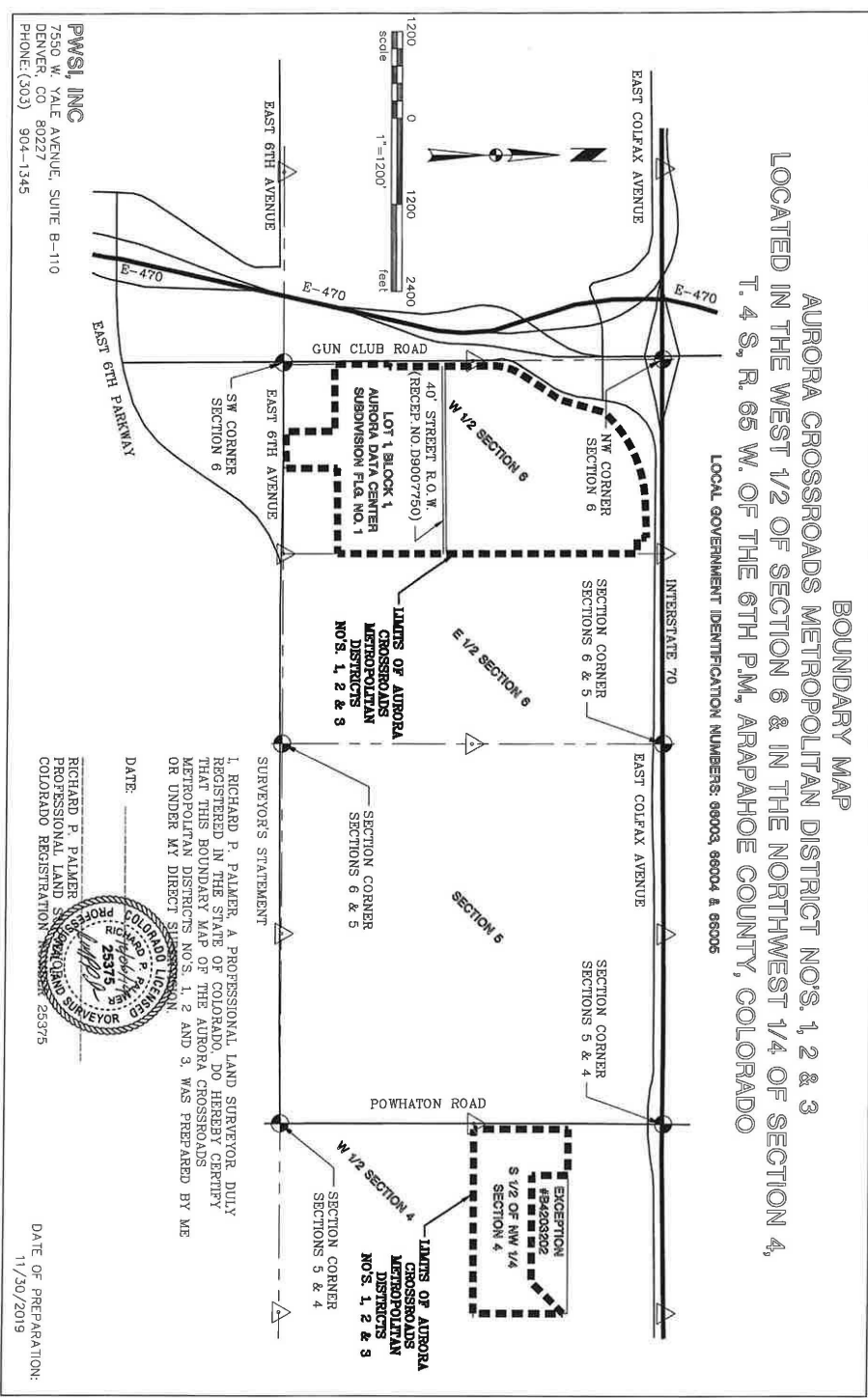
**Vicinity Map - Aurora Crossroads Metro District**



**EXHIBIT C-1**

Initial Districts Boundary Maps

**BOUNDARY MAP**  
**AURORA CROSSROADS METROPOLITAN DISTRICT NO'S. 1, 2 & 3**  
**LOCATED IN THE WEST 1/2 OF SECTION 6 & IN THE NORTHWEST 1/4 OF SECTION 4,**  
**T. 4 S., R. 65 W. OF THE 6TH P.M., ARAPAHOE COUNTY, COLORADO**  
**LOCAL GOVERNMENT IDENTIFICATION NUMBERS: 66003, 66004 & 66005**



**PMSI, INC**  
 7550 W. YALE AVENUE, SUITE B-110  
 DENVER, CO 80227  
 PHONE: (303) 904-1345

**SURVEYOR'S STATEMENT**  
 I, RICHARD P. PALMER, A PROFESSIONAL LAND SURVEYOR, DULY REGISTERED IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT THIS BOUNDARY MAP OF THE AURORA CROSSROADS METROPOLITAN DISTRICTS NO'S. 1, 2 AND 3, WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION.  
 DATE: \_\_\_\_\_  
 RICHARD P. PALMER  
 PROFESSIONAL LAND SURVEYOR  
 COLORADO REGISTRATION 253975

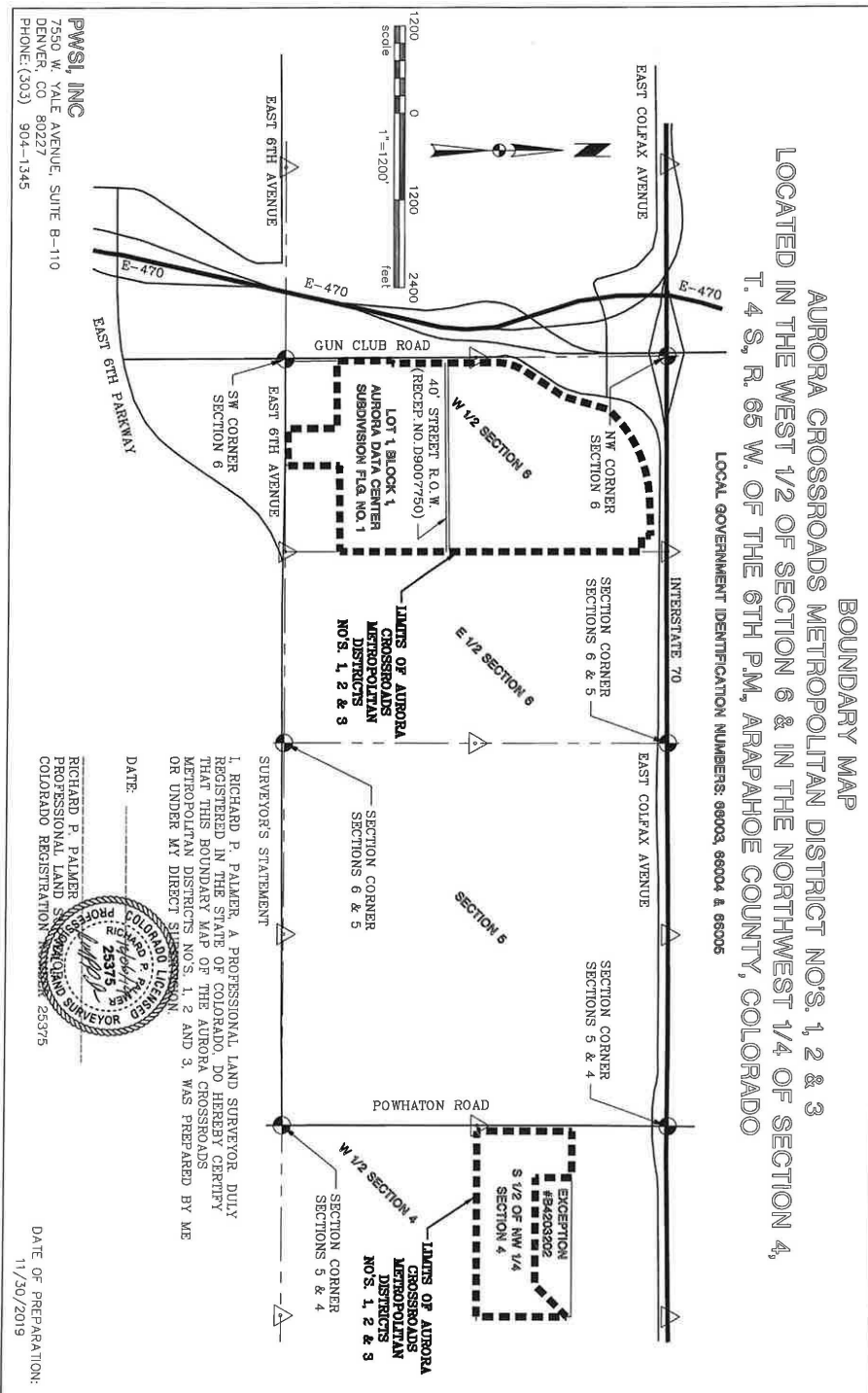
DATE OF PREPARATION:  
 11/30/2019

**EXHIBIT C-2**

Inclusion Area Boundary Map



**BOUNDARY MAP**  
**AURORA CROSSROADS METROPOLITAN DISTRICT NO'S. 1, 2 & 3**  
**LOCATED IN THE WEST 1/2 OF SECTION 6 & IN THE NORTHWEST 1/4 OF SECTION 4,**  
**T. 4 S., R. 65 W. OF THE 6TH P.M., ARAPAHOE COUNTY, COLORADO**  
**LOCAL GOVERNMENT IDENTIFICATION NUMBERS: 66003, 66004 & 66005**



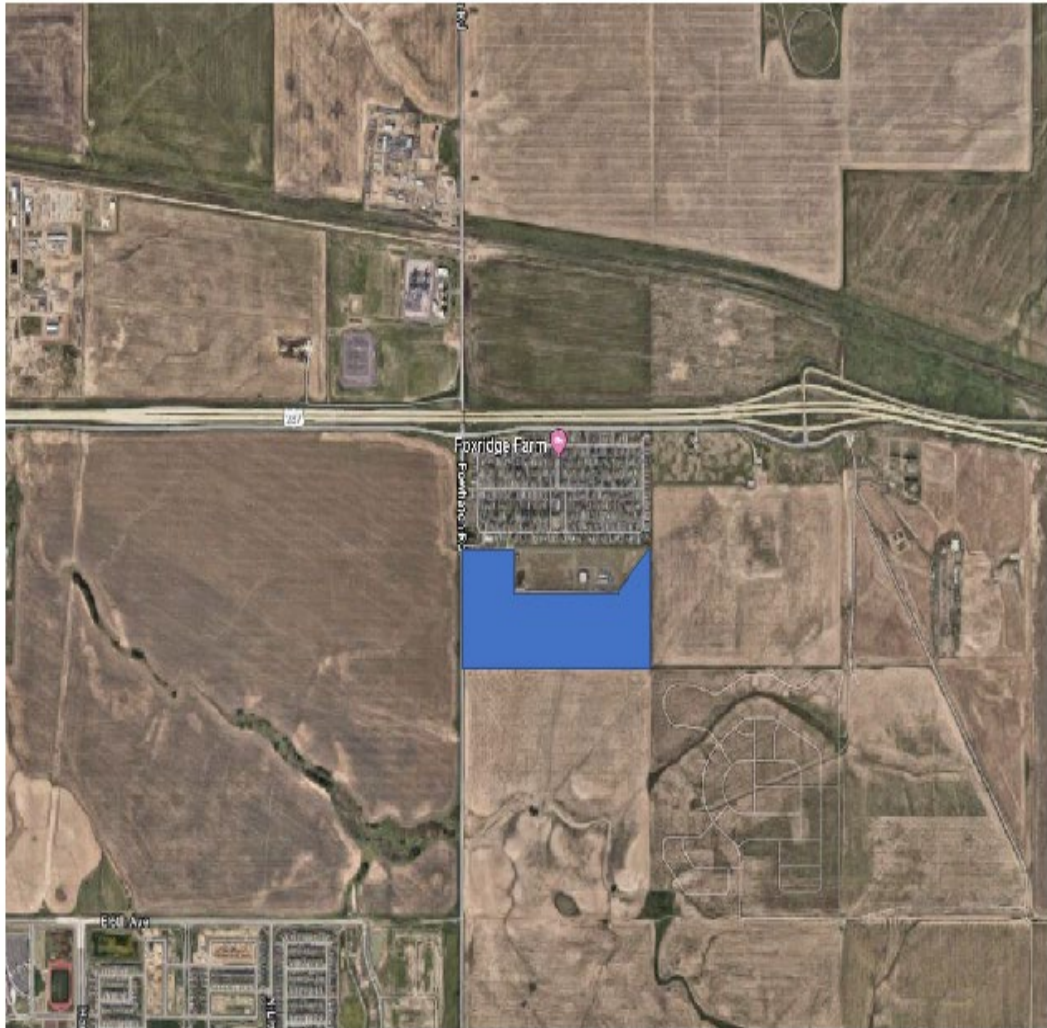
**PMSI, INC**  
 7550 W. YALE AVENUE, SUITE B-110  
 DENVER, CO 80227  
 PHONE: (303) 904-1345

**SURVEYOR'S STATEMENT**  
 I, RICHARD P. PALMER, A PROFESSIONAL LAND SURVEYOR, DULY REGISTERED IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT THIS BOUNDARY MAP OF THE AURORA CROSSROADS METROPOLITAN DISTRICTS NOS. 1, 2 AND 3, WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION.  
 DATE: \_\_\_\_\_  
 RICHARD P. PALMER  
 PROFESSIONAL LAND SURVEYOR  
 COLORADO REGISTRATION 253975

DATE OF PREPARATION:  
 11/30/2019

**EXHIBIT C-3**

Jamaso Inclusion Map



## **EXHIBIT D**

### Intergovernmental Agreement between the Districts and Aurora

**INTERGOVERNMENTAL AGREEMENT BETWEEN**

**THE CITY OF AURORA, COLORADO,**

**AURORA CROSSROADSMETROPOLITAN DISTRICT NO. 1**

**AURORA CROSSROADS METROPOLITAN DISTRICT NO. 2**

**AND AURORA CROSSROADS METROPOLITAN DISTRICT NO. 3**

THIS AGREEMENT is made and entered into as of this \_\_\_ day of \_\_\_\_\_, 2020, by and between the CITY OF AURORA, a home-rule municipal corporation of the State of Colorado (“City”), and AURORA CROSSROADS METROPOLITAN DISTRICT NO. 1, AURORA CROSSROADS METROPOLITAN DISTRICT NO. 2 and AURORA CROSSROADS METROPOLITAN DISTRICT NO. 3, quasi-municipal corporations and political subdivisions of the State of Colorado (the “Districts”). The City and the Districts are collectively referred to as the Parties.

**RECITALS**

WHEREAS, the Districts were organized to provide those services and to exercise powers as are more specifically set forth in the Districts’ Amended and Restated Service Plans approved by the City on \_\_\_\_\_ (“Service Plans”); and

WHEREAS, the Service Plans make reference to the execution of an intergovernmental agreement between the City and the Districts, as required by the Aurora City Code; and

WHEREAS, the City and the Districts have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Intergovernmental Agreement (“Agreement”).

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

**COVENANTS AND AGREEMENTS**

1. Operations and Maintenance. The Districts shall dedicate the Public Improvements (as defined in the Service Plan) to the City or other appropriate jurisdiction or owners association in a manner consistent with the Approved Development Plan and other rules and regulations of the City and applicable provisions of the City Code. The Districts shall be authorized, but not obligated, to own, operate and maintain Public Improvements not otherwise required to be dedicated to the City or other public entity, including, but not limited to street improvements (including roads, curbs, gutters, culverts, sidewalks, bridges, parking facilities, paving, lighting, grading, landscaping, and other street improvements), traffic and safety controls, retaining walls, park and recreation improvements and facilities, trails, open space,

Aurora Model Service Plan  
Multiple District Single Service Plan  
January 1, 2008

landscaping, drainage improvements (including detention and retention ponds, trickle channels, and other drainage facilities), irrigation system improvements (including wells, pumps, storage facilities, and distribution facilities), and all necessary equipment and appurtenances incident thereto.

Any Fee imposed by the District for access to such park and recreation improvements shall not result in Non-District City residents paying a user fee that is greater than, or otherwise disproportionate to, similar fees and taxes paid by residents of the District. However, the District shall be entitled to impose an administrative fee as necessary to cover additional expenses associated with Non-District City residents to ensure that such costs are not the responsibility of District residents. All such Fees shall be based upon the District's determination that such Fees do not exceed reasonable annual market fee for users of such facilities. Notwithstanding the foregoing, all parks and trails owned by the Districts shall be open to the general public and Non-District City residents, subject to the rules and regulations of the Districts as adopted from time to time. Trails which are interconnected with a city or regional trail system shall be open to the public free of charge and on the same basis as residents and owners of taxable property within the Districts.

2. Fire Protection. The Districts shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City. The authority to plan for, design, acquire, construct, install, relocate, redevelop or finance fire hydrants and related improvements installed as part of the water system shall not be limited by this provision.

3. Television Relay and Translation. The Districts shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain television relay and translation facilities and services, other than for the installation of conduit as a part of a street construction project, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City.

4. Golf Course Construction. The Districts shall not be authorized to plan, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain a golf course unless such activity is pursuant to an intergovernmental agreement with the City.

5. Construction Standards. The Districts will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City and of other governmental entities having proper jurisdiction and of those special districts that qualify as "interested parties" under Section 32-1-204(1), C.R.S., as applicable. The Districts will obtain the City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

6. Issuance of Privately Placed Debt. Prior to the issuance of any privately placed Debt, the District shall obtain the certification of an External Financial Advisor substantially as follows:

We are [I am] an External Financial Advisor within the meaning of the District's Service Plan.

We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

7. Inclusion Limitation. The Districts shall not include within any of their boundaries any property outside the Service Area without the prior written consent of the City. The Districts shall not include within any of its boundaries any property inside the inclusion area boundaries without the prior written consent of the City except upon petition of the fee owner or owners of 100 percent of such property as provided in Section 32-1-401(1)(a), C.R.S.

8. Overlap Limitation. The boundaries of the Districts shall not overlap unless the aggregate mill levy for payment of Debt of the overlapping Districts will not at any time exceed the Maximum Debt Mill Levy of the Districts. Additionally, the Districts shall not consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of the Districts unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the Districts.

9. Initial Debt. On or before the effective date of approval by the City of an Approved Development Plan (as defined in the Service Plan), the Districts shall not: (a) issue any Debt; nor (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds; nor (c) impose and collect any fees used for the purpose of repayment of Debt. Notwithstanding the foregoing, the Districts shall be permitted to issue Debt and impose mill levies for the payment of Debt without an Approved Development Plan as long as the Debt is issued by December 31, 2020. All other Debt issuances are subject to the provisions of part V.A.9 of the Service Plan.

10. Total Debt Issuance. The Districts shall not issue Debt in excess of Forty-Five Million Dollars (\$45,000,000) in the aggregate; provided, however, that any Debt issued by the Districts for ARI Regional Improvements shall not be included within this limitation and shall be subject to the limitations set forth in Section VI, below.

11. Fee Limitation. Each of the Districts may impose and collect Fees as a source of revenue for repayment of debt, capital costs, and/or for operations and maintenance. No Fee related to the funding of costs of a capital nature shall be authorized to be imposed upon or collected from Taxable Property owned or occupied by an End User which has the effect, intentional or otherwise, of creating a capital cost payment obligation in any year on any Taxable Property owned or occupied by an End User. Notwithstanding any of the foregoing, the

restrictions in this definition shall not apply to any Fee imposed upon or collected from Taxable Property for the purpose of funding operation and maintenance costs of the Districts.

12. Debt Issuance Limitation. The Districts shall not be authorized to incur any indebtedness until such time as the Districts have approved and executed the IGA and approved the imposition of the Aurora Regional Improvement Mill Levy (as defined in the Service Plan) upon all taxable property located within the boundaries of the Districts.

13. Monies from Other Governmental Sources. The Districts shall not apply for or accept Conservation Trust Funds, Great Outdoors Colorado Funds, or other funds available from or through governmental or non-profit entities that the City is eligible to apply for, except pursuant to an intergovernmental agreement with the City. This Section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the Districts without any limitation.

14. Consolidation. District No. 1 shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the City, unless such consolidation is with District No. 2 and/or District No. 3.

15. Bankruptcy. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term have been established under the authority of the City to approve a Service Plan with conditions pursuant to Section 32-1-204.5, C.R.S. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

(b) Are, together with all other requirements of Colorado law, included in the “political or governmental powers” reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the “regulatory or electoral approval necessary under applicable nonbankruptcy law” as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term, shall be deemed a material modification of this Service Plan pursuant to Section 32-1-207, C.R.S. and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the City as part of a Service Plan Amendment.

16. Dissolution. Upon an independent determination of the City Council that the purposes for which the District was created have been accomplished, the District agrees to file petitions in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall a dissolution occur until the District has provided for the payment or discharge of all of their outstanding indebtedness and other financial obligations as required pursuant to State statutes.



17. Disclosure to Purchasers. The District will use reasonable efforts to assure that all developers of the property located within the District provide written notice to all purchasers of property in the District regarding the Maximum Debt Mill Levy, as well as a general description of the District's authority to impose and collect rates, Fees, tolls and charges. The form of notice shall be filed with the City prior to the initial issuance of the Debt of the District imposing the mill levy which is the subject of the Maximum Debt Mill Levy.

18. Service Plan Amendment Requirement. Actions of the Districts which violate the limitations set forth in V.A.1-14 or VII.B-G of the Service Plans shall be deemed to be material modifications to the Service Plan and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the Districts.

19. Multiple District Structure. It is anticipated that the Districts, collectively, will undertake the financing and construction of the Public Improvements. The nature of the functions and services to be provided by each District shall be clarified in an intergovernmental agreement between and among the Districts. Such intergovernmental agreement will be designed to help assure the orderly development of the Public Improvements and essential services in accordance with the requirements of the Service Plan. Implementation of such intergovernmental agreement is essential to the orderly implementation of the Service Plan. Accordingly, any determination of any Board to set aside said intergovernmental agreement without the consent of all of the Districts shall be a material modification of the Service Plan. Said intergovernmental agreement may be amended by mutual agreement of the Districts without the need to amend the Service Plan.

20. Annual Report. The Districts shall be responsible for submitting an annual report to the Manager of the Office of Development Assistance of the City Manager's Office no later than August 1st of each year following the year in which the Order and Decree creating the District has been issued, pursuant to the City Code and containing the information set forth in Section VIII of the Service Plan.

21. Regional Improvements. The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Regional Improvements and fund the administration and overhead costs related to the provisions of the Regional Improvements incurred as a result of participation in the alternatives set forth in Section VI.A, B or C of the Service Plan.

The Taxing Districts shall impose the ARI Mill Levy and shall convey it as follows:

(a) If the Districts have executed an ARI Authority Establishment Agreement and the City has been offered the opportunity to execute an ARI Authority Establishment Agreement, the terms of which provide for the City to appoint no less than thirty percent (30%) and no more than forty-nine percent (49%) of the board members who will serve as the board of directors of the ARI Authority to be established by such ARI Authority Establishment Agreement, regardless as to whether the City approves the execution of such ARI Authority Establishment Agreement, the revenue from the ARI Mill Levy shall be conveyed to the ARI Authority for the planning, designing, constructing, installing, acquiring, relocating,

redeveloping or financing of the Regional Improvements in the ARI Master Plan and for the operations of such ARI Authority; or

(b) If the City and the Districts have executed an intergovernmental agreement then the revenue from the ARI Mill Levy shall be conveyed to the City for use in planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing of the Regional Improvements which benefit the service users and taxpayers of the Districts in accordance with such agreement; or

(c) If neither Section VI.A nor VI.B of the Service Plan is applicable then the revenue shall be conveyed to the City and (i) the City shall place in a special account all revenues received from the ARI Mill Levy imposed in the Service Area under Section VI of the Service Plan and shall not expend such revenue until an intergovernmental agreement is executed between the Districts establishing the terms and conditions for the provision of the Regional Improvements; and (ii) if the intergovernmental agreement is not executed within two (2) years from the date of the approval of the Service Plan by the City and neither Section VI.A nor VI.B above have occurred within two (2) years from the date of the approval of the Service Plan by the City, then the revenue from the ARI Mill Levy shall be conveyed to the City for use by the City in the planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing of the Regional Improvements which benefit the service users or taxpayers of the Districts as prioritized and determined by the City.

As set forth in the definition of the ARI Mill Levy, any District may, pursuant to any intergovernmental agreement with the City, extend the terms for application of the ARI Mill Levy beyond the years set forth in Sections VI.A and VI.B of the Service Plan. The Maximum Mill Levy Imposition Term shall include the terms and any extension of such terms, as set forth in Sections A, B and C of the definition of the ARI Mill Levy.

The Regional Improvements shall be limited to the provision of the planning, design, acquisition, construction, installation, relocation and/or redevelopment of street and transportation related improvements as defined in the Special District Act and the administration and overhead costs incurred as a result of participation in the alternative set forth in Sections VI.A, B, or C of the Service Plan, unless the City has agreed otherwise in writing; provided, however, in no event shall the Regional Improvements include water or sanitary sewer improvements unless such improvements are necessary as a part of completing street and transportation related improvements. The Districts shall cease to be obligated to impose, collect and convey to the appropriate entity, as described above, the revenue from the ARI Mill Levy described in Section VI of the Service Plan at such time as the area within the Districts' boundaries is included within a different district organized under the Special District Act, or a General Improvement District organized under Section 31-25-601, et seq., C.R.S., or Business Improvement District organized under Section 31-25-1201, et seq., C.R.S., which other district has been organized to fund a part or all of the Regional Improvements.

The Districts shall have the authority to issue Debt for the Regional Improvements, in an amount not to exceed Forty-Five Million Dollars (\$45,000,000) pursuant to agreements as described in VI.A, B, or C above, which amount shall be in addition to the Total Debt Issuance Limitation set forth in Section V.A.10 of the Service Plan.

22. Maximum Debt Mill Levy. The “Maximum Debt Mill Levy” shall be the maximum mill levy the District is permitted to impose upon the taxable property within the District for payment of Debt, and shall be determined as follows:

(a) For the portion of any aggregate District’s Debt which exceeds fifty percent (50%) of the District’s assessed valuation, the Maximum Debt Mill Levy for such portion of Debt shall be fifty (50) mills less the number of mills necessary to pay unlimited mill levy Debt described in Section VII.C.2 of the Service Plan; provided that if, on or after January 1, 2004, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2004, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

(b) For the portion of any aggregate District’s Debt which is equal to or less than fifty percent (50%) of the District’s assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate.

(c) For purposes of the foregoing, once Debt has been determined to be within Section VII.C.2 of the Service Plan, so that the District is entitled to pledge to its payment an unlimited ad valorem mill levy, the District may provide that such Debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent change in the District’s Debt to assessed ratio. All Debt issued by the District must be issued in compliance with the requirements of Section 32-1-1101, C.R.S. and all other requirements of State law.

To the extent that the District is composed of or subsequently organized into one or more subdistricts as permitted under Section 32-1-1101, C.R.S., the term “District” as used herein shall be deemed to refer to the District and to each such subdistrict separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this definition.

23. Maximum Debt Mill Levy Imposition Term. The District shall have the authority to impose the ARI Mill Levy for the terms as set forth in Section VI of the Service Plan. Other than the ARI Mill Levy, the District shall not impose a levy for repayment of any and all Debt (or use the proceeds of any mill levy for repayment of Debt) on any single property developed for residential uses which exceeds forty (40) years after the year of the initial imposition of such mill levy unless a majority of the Board of Directors of the District are residents of the District and have voted in favor of a refunding of a part or all of the Debt and such refunding will result in a net present value savings as set forth in Section 11-56-101, C.R.S.; et seq.

24. 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 address or by courier delivery, via United Parcel Service or other nationally recognized overnight air courier service, or by depositing same in the United States mail, postage prepaid, addressed as follows:

To the Districts:           Aurora Crossroads Metropolitan District Nos. 1-3  
  
                                  White Bear Ankele Tanaka & Waldron  
                                  2154 E. Commons Avenue, Suite 2000  
                                  Centennial, Colorado 80122  
  
                                  Attn: Jennifer G. Tanaka, Esq.  
                                  Phone: (303) 858-1800  
                                  Fax: (303) 858-1801

To the City:                City of Aurora  
                                  15151 E. Alameda Pkwy., 5th Floor  
                                  Aurora, CO 80012  
                                  Attn: Daniel L. Brotzman, Interim City Attorney  
                                  Phone: (303) 739-7030  
                                  Fax: (303) 739-7042

All notices, demands, requests or other communications shall be effective upon such personal delivery or one (1) business day after being deposited with United Parcel Service or other nationally recognized overnight air courier service 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.

25.    Amendment. This Agreement may be amended, modified, changed, or terminated in whole or in part only by a written agreement duly authorized and executed by the Parties hereto and without amendment to the Service Plan.

26.    Assignment. No Party hereto shall assign any of its rights nor delegate any of its duties hereunder to any person or entity without having first obtained the prior written consent of all other Parties, which consent will not be unreasonably withheld. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.

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

28. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Colorado.

29. Inurement. Each of the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

30. 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.

31. 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 Districts and the City 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 Districts and the City shall be for the sole and exclusive benefit of the Districts and the City.

32. 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.

33. 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.

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

35. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Service Plan.

AURORA CROSSROADS METROPOLITAN  
DISTRICT NO. 1

By: \_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

AURORA CROSSROADS METROPOLITAN  
DISTRICT NO. 2

By: \_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

AURORA CROSSROADS METROPOLITAN  
DISTRICT NO. 3

By: \_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

CITY OF AURORA, COLORADO

By: \_\_\_\_\_  
Mike Coffman, Mayor

Attest:

By: \_\_\_\_\_  
Its: \_\_\_\_\_

APPROVED AS TO FORM: \_\_\_\_\_

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## Management and Finance Policy Committee Agenda Item Commentary

<b>Item Title:</b> Introduction of an Ordinance Change Sec. 2-667(f) Disqualified Vendor or Contractor
<b>Item Initiator:</b> Bryn Fillinger, Manager of Purchasing Services
<b>Staff Source:</b> Bryn Fillinger, Manager of Purchasing Services
<b>Deputy City Manager Signature:</b> Roberto Venegas
<b>Outside Speaker:</b>
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### **ACTIONS(S) PROPOSED** *(Check all appropriate actions)*

- Approve Item and Move Forward to Study Session
- Approve Item and Move Forward to Regular Meeting
- Information Only

### **HISTORY** *(Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)*

No previous Council history.

### **ITEM SUMMARY** *(Brief description of item, discussion, key points, recommendations, etc.)*

In light of recent events, staff is proposing to expand Sec. 2-667(f), *Disqualified vendor or contractor*, to include those firms who have attempted to influence a bid/proposal evaluation or award process by contacting City Council Members, City management and City staff other than in the Purchasing and Contracting division outside or apart from the regular purchasing process.

### **QUESTIONS FOR Committee**

Does the Committee approve this change to the ordinance?

### **EXHIBITS ATTACHED:**

Debarment 2-667 04 28 2020.docx



ORDINANCE NO. 2020- [REDACTED]

A BILL

FOR AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF AURORA, COLORADO, AMENDING SECTION 2-667(f) OF THE CITY CODE PERTAINING TO DISQUALIFYING VENDORS OR CONTRACTORS THROUGH DEBARMENT OR SUSPENSION \_\_\_\_\_

WHEREAS, the City desires to foster a fair an open contracting process with all vendors assured they have an equal opportunity to be awarded City contracts; and

WHEREAS, direct lobbying of City Council Members, City management, and City staff other than in the Purchasing and Contracting division by contractors or vendors for open solicitations to contract is antithetical to a fair and open process; and

WHEREAS, contractors and vendors are entitled to written guidance on City contracting procedures and expectations;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AURORA, COLORADO:

Section 1. The City hereby amends Section 2-667(f) of the City Code pertaining to Disqualified vendor or contractor by adding the following language:

*Sec. 2-667(f) Disqualified vendor or contractor.*

Vendors or contractors who have performed unsatisfactorily, **who have defaulted on terms of their bids/proposals, or who have attempted to influence a bid/proposal evaluation or award process by contacting City Council Members, City management and City staff other than in the Purchasing and Contracting division outside or apart from the regular purchasing process** may be declared excluded, **debarred or suspended** bidders/offerors and may be **precluded from participation in future contracting opportunities and** disqualified from receiving any business from the ~~city~~ **City** for a specified time period. No vendor or contractor shall be declared an excluded bidder until an opinion regarding such has been obtained from the city attorney's **office**.

Section 2. Severability. The provisions of this Ordinance are hereby declared to be severable. If any section, paragraph, clause, or provision of this Ordinance shall, for any reason, be held to be invalid or unenforceable by a court of competent jurisdiction, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Ordinance.

Section 3. Pursuant to Section 5-5 of the Charter of the City of Aurora, Colorado, the second publication of this ordinance shall be by reference, utilizing the ordinance title. Copies of this ordinance are available at the Office of the City Clerk.

Section 4. All acts, orders, resolutions, ordinances, or parts thereof, in conflict with this Ordinance or with any of the documents hereby approved, are hereby repealed only to the extent of such conflict. This repealer shall not be construed as reviving any resolution, ordinance, or part thereof, heretofore repealed.

INTRODUCED, READ AND ORDERED PUBLISHED this      day of     , 2020.

PASSED AND ORDERED PUBLISHED this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
MIKE COFFMAN, Mayor

ATTEST:

\_\_\_\_\_  
STEPHEN J. RUGER, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
David Lathers, Senior Assistant City Attorney

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## Management and Finance Policy Committee Agenda Item Commentary

<b>Item Title:</b> 2019 External Audit Pre-Audit Letter
<b>Item Initiator:</b> Nancy Wishmeyer
<b>Staff Source:</b> Nancy Wishmeyer, Controller
<b>Deputy City Manager Signature:</b> Roberto Venegas
<b>Outside Speaker:</b> n/a
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### **ACTIONS(S) PROPOSED** *(Check all appropriate actions)*

- Approve Item and Move Forward to Study Session
- Approve Item and Move Forward to Regular Meeting
- Information Only

### **HISTORY** *(Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)*

BKD, LLP, the city's external auditors, provide this pre-audit letter to communicate various matters related to the scope and timing of the 2019 financial statement audit, and compliance with requirements applicable to federal grant programs. BKD, LLP also provided an engagement letter dated November 25, 2019 that was presented at the January 28, 2020 Management & Finance Policy Committee meeting. The engagement letter is the contract for the upcoming audit and defines auditor and city management responsibilities as well as fees. The pre-audit letter communicates audit matters that are more appropriately communicated as the engagement begins.

### **ITEM SUMMARY** *(Brief description of item, discussion, key points, recommendations, etc.)*

The pre-audit letter is required auditor communication to the city's audit committee at the beginning of the engagement. The letter outlines audit risk areas and the corresponding audit approach to address those risks. The pre-audit letter also outlines areas that governance should be particularly aware of as it oversees the financial reporting process. Finally, the pre-audit letter discusses how the auditors address the risk of fraud.

### **QUESTIONS FOR Committee**

Information Only

### **EXHIBITS ATTACHED:**

City of Aurora Pre-Audit Letter 123119.pdf

March 31, 2020

Mayor and City Council Members  
City of Aurora, Colorado  
15151 East Alameda Parkway  
Aurora, Colorado 80012

The purpose of this communication is to summarize various matters related to the planned scope and timing for the December 31, 2019 audits of the financial statements of City of Aurora, Colorado (the City) and of its compliance with specified requirements applicable to its major federal award programs.

Please refer to our engagement letter dated November 25, 2019 for additional information and the terms of our engagement.

## OVERVIEW

We will conduct our audits in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards require that we plan and perform:

- The audit of the financial statements to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.
- The audit of compliance with the types of compliance requirements described in the U.S. Office of Management and Budget, *Compliance Supplement* that are applicable to each major federal award program to obtain reasonable rather than absolute assurance about whether noncompliance having a direct and material effect on a major federal award program occurred.

Additionally, with respect to the Scientific and Cultural Facilities District (SCFD) we will:

- Audit the financial statements of the City of Aurora, Colorado’s Cultural Service Division, including the Schedule of Annual Operating Income for the year ended December 31, 2019.
- Perform certain agreed-upon procedures, as described in the SCFD Tier II Qualification Application, to schedules required to be submitted in connection with the SCFD audit report package. Such procedures will be performed in accordance with the attestation standards established by the American Institute of Certified Public Accountants.

**PLANNED SCOPE & TIMING**

We have preliminarily identified the following areas of significant risks of material misstatement due to error or fraud and of material noncompliance and propose to address these areas as described:

<b>Opinion Unit</b>	<b>Risk Area</b>	<b>Audit Approach</b>
All	Management override of controls	Examine journal entries for evidence of material misstatement, review accounting estimates for bias, and evaluate business rationale for significant unusual transactions.
All	Revenue recognition	Review revenue for proper cut-off and compliance with requirements determining recognition.
Governmental and business-type activities, water, sewer, and other aggregate funds	Implementation of new accounting standards: GASB 84, <i>Fiduciary Activities</i> ; GASB 88, <i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement</i>	Review for compliance with new standards including required footnote disclosures.

<b>Opinion Unit</b>	<b>Risk Area</b>	<b>Audit Approach</b>
Governmental and business-type activities, water, sewer, and other aggregate funds	Debt and other non-current liabilities	Review significant activity, including confirming new debt and debt paid off and debt refunding calculations. Review debt covenants for compliance with terms outlined in debt agreements.
Governmental and business-type activities, water, sewer, and other aggregate funds	Capital Assets	Review for propriety of capitalization and reasonableness of depreciation.
Single audit	Compliance with requirements described in the U.S. Office of Management and Budget, <i>Compliance Supplement</i> for major federal awards programs	Select samples and test for compliance with federal and grant requirements.

We welcome any input you may have regarding the risk areas identified above, any other significant risk areas in your opinion or other matters you believe warrant particular attention.

We propose the following timeline:

- Final fieldwork has been scheduled for March 30, 2020 to May 1, 2020
- Final reports will be issued by May 30, 2019

## CONTACTS

We understand the appropriate person in the governance structure with whom to communicate is Council Member Dave Gruber, Chair of the Management and Finance Committee.

If for any reason any member of the City Council would need to contact us, please call Christopher Telli, Partner, or Marcie Ardan, Director, at 303.861.4545.

## **ACCOUNTING & AUDITING MATTERS**

The following matters are, in our judgment, relevant to the planned scope of the audit as well as your responsibilities in overseeing the financial reporting process.

### **Audit Areas**

- Segregation of accounting duties
- Revenue Recognition
- Self-insurance liabilities
- Third-party service providers
- Related-party transactions
- Component Units
- Joint Venture
- Commitments and contingencies
- Significant estimates
- Recording of restricted net position and restricted, committed and assigned fund balances
- Investments and investment valuation
- Debt
- Fixed Assets
- Expenses/Expenditures
- Compliance with federal award programs

### **New Accounting Pronouncements, Effective for the Year ended December 31, 2019**

- Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*
- Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*

## **CONSIDERATION OF ERROR OR FRAUD**

One of the most common questions we receive from audit committees is, “How do you address fraud in a financial statement audit?” Our responsibility, as it relates to fraud, in an audit of financial statements is addressed in auditing standards generally accepted in the United States of America.



Our audit approach includes such procedures as:

- Engagement Team Brainstorming
  - Discussions include how and where we believe the entity’s financial statements might be susceptible to material misstatement due to error or fraud, how management could perpetrate and conceal fraudulent financial reporting and how assets of the entity could be misappropriated
  - An emphasis is placed on the importance of maintaining the proper state of mind throughout the audit regarding the potential for material misstatement due to error or fraud
- Inquiries of Management and Others
  - Personnel interviewed include the Management & Finance Committee Chair, the City Manager, the Finance Director, the Internal Auditor, the Controller and others
  - Inquiries are directed towards the risks of error or fraud and whether personnel have knowledge of any fraud or suspected fraud affecting the entity
- Reviewing Accounting Estimates for Bias
- Evaluating Business Rationale for Significant Unusual Transactions
- Incorporating an Element of Unpredictability Into the Audit Each Year

\* \* \* \* \*

This communication is intended solely for the information and use of those charged with governance (the Mayor, the City Council, and the Management and Finance Committee) and management and is not intended to be and should not be used by anyone other than these parties.

Sincerely,



Christopher J. Telli, CPA  
Partner



Marcella D. Ardan, CPA  
Director

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## Management and Finance Policy Committee Agenda Item Commentary

<b>Item Title:</b> COVID-Related Grant Opportunities
<b>Item Initiator:</b> Nancy Wishmeyer
<b>Staff Source:</b> Nancy Wishmeyer, Controller
<b>Deputy City Manager Signature:</b> Roberto Venegas
<b>Outside Speaker:</b>
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### **ACTIONS(S) PROPOSED** *(Check all appropriate actions)*

- Approve Item and Move Forward to Study Session
- Approve Item and Move Forward to Regular Meeting
- Information Only

### **HISTORY** *(Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)*

Update Committee on grant opportunities city staff are pursuing related to COVID 19 pandemic.

### **ITEM SUMMARY** *(Brief description of item, discussion, key points, recommendations, etc.)*

Update Committee on grant opportunities city staff are pursuing related to COVID 19 pandemic.

### **QUESTIONS FOR Committee**

Information Only

### **EXHIBITS ATTACHED:**

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## Management and Finance Policy Committee Agenda Item Commentary

<b>Item Title:</b> 2020 ballot question to retain property tax over TABOR limit
<b>Item Initiator:</b> Michael Lawson
<b>Staff Source:</b> Terri Velasquez, Finance Director, 303-739-7780
<b>Deputy City Manager Signature:</b> Roberto Venegas
<b>Outside Speaker:</b>
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### **ACTIONS(S) PROPOSED** *(Check all appropriate actions)*

- Approve Item and Move Forward to Study Session
- Approve Item and Move Forward to Regular Meeting
- Information Only

### **HISTORY** *(Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)*

At the March 2, 2020 Study Session, the City Council directed staff to initiate a ballot question requesting the City be allowed to retain 2020 property taxes collections in excess of the TABOR cap. The ballot question was one of nine revenue enhancement options considered by the Council at the Study Session.

### **ITEM SUMMARY** *(Brief description of item, discussion, key points, recommendations, etc.)*

#### **Background on property tax ballot question**

The Taxpayer's Bill of Rights (TABOR) requires the City return any property tax revenues in excess of a certain threshold—the 'cap.' 2020 property tax collections are projected to come in significantly over the 2020 TABOR cap. As a result, the City anticipates issuing a partial refund of property taxes.

The current projection assumes collections will be \$3.3 million over the cap and will be refunded.

The City may ask residents to forgo the refund and retain the \$3.3 million. A formal vote is required. The City could use the one-time retention of revenues over the cap to fund one-time expenses.

The City can also ask voters to permanently remove the TABOR cap on property tax to retain all property tax revenue in the future. Voters removed the sales tax TABOR cap in 2000.

Staff is recommending the Council approve a ballot question allowing the City to retain property tax revenues in excess of the TABOR for 2020. Staff is also recommending the City ask residents to permanent 'de-Bruce' and exempt property taxes from the TABOR limit.

**Important dates**

If the committee does wish to advance this item to the full Council, the ballot question language must be considered at a Study Session no later than June 1, 2020; introduction at a formal Council meeting must come no later than July 6, 2020. The Council must approve adopting resolution placing the question on the ballot by July 22, 2020.

**QUESTIONS FOR Committee**

Does the committee wish to approve the draft ballot question language and advance it to Study Session?

**EXHIBITS ATTACHED:**

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## Management and Finance Policy Committee Agenda Item Commentary

<b>Item Title:</b> Information Only -- update and review of City's operating cash flow and investment portfolio
<b>Item Initiator:</b> Mike Shannon
<b>Staff Source:</b> Mike Shannon 37538
<b>Deputy City Manager Signature:</b> Roberto Venegas
<b>Outside Speaker:</b>
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### **ACTIONS(S) PROPOSED** (*Check all appropriate actions*)

- Approve Item and Move Forward to Study Session
- Approve Item and Move Forward to Regular Meeting
- Information Only

### **HISTORY** (*Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.*)

On a reoccurring basis, staff provides the M&F Committee informational updates on the status of the investment portfolio, along with an assessment of the City's cash position.

In light of the recent turmoil from the Covid19 crisis, staff is providing an update on the City's cash position and investment portfolio.

### **ITEM SUMMARY** (*Brief description of item, discussion, key points, recommendations, etc.*)

Attached is a Memo from Insight Investment, the City's Investment Advisor, providing an overview and update of the City's investment portfolio. Given the uncertainty of financial markets and the economic stress most economies and companies will be facing, staff will be monitoring closely these conditions. More downgrades from the rating agencies are likely.

One action for M&F is the acknowledgement of the Toyota bonds that mature in 2023. According to policy, since these bonds mature in more than 2 years and are now rated single A, we must report to M&F this situation. It is the recommendation of both staff and Insight Investment that the City should hold this position in Toyota.

### **QUESTIONS FOR Committee**

Information Only. **EXHIBITS ATTACHED:**

City of Aurora Credit Update 04-2020.pdf





MEMO

To: Terri Velasquez; Mike Shannon, Andrew Jamison; City of Aurora

From: Mary Donovan; Insight Investment

Date: April 16, 2020

The credit report has been revised and now shows the Toyota holdings in the single-A+ category. The Toyota bonds held in the portfolio are rated A1 by Moody's, AA- by Standard & Poor's and A+ by Fitch. On March 26 Moody's downgraded Toyota Motor Credit to A1 from Aa3 and moved to credit watch negative from negative outlook. At that time S&P moved to credit watch negative from stable outlook and retained the AA- rating. The Fitch underlying rating of A+ for Toyota Motor Credit and stable outlook are unchanged.

The exposure to single-A rated credits in the portfolio is summarized in the table below. Two of the three Toyota positions held in the portfolio mature within two years and the third position matures in October 2023. From a policy perspective, the October 2023 maturity requires disclosure to the M&F Committee since that position has been downgraded below the minimum required credit ratings for that maturity horizon.

Description	Coupon/ Rate	Maturity Date	Par Value	Yield to Worst	% Portfolio	Final WAM	Moody's Rating	Moody's Outlook	S&P Rating	S&P Outlook	Fitch Rating	Fitch Outlook	Buy Hold Sell
Citibank	2.100	06/12/20	7,525,000	3.27	1.29%	73	Aa3	STABLE	A+	STABLE	A+	STABLE	Hold
Toyota Motor Credit	2.950	04/13/21	5,000,000	2.81	0.85%	378	A1	CW NEG	AA-	CW NEG	A+	STABLE	Hold
Citibank	3.400	07/23/21	3,000,000	1.95	0.51%	479	Aa3	STABLE	A+	STABLE	A+	STABLE	Hold
Toyota Motor Credit	2.600	01/11/22	3,000,000	1.60	0.51%	651	A1	CW NEG	AA-	CW NEG	A+	STABLE	Hold
Toyota Motor Credit	2.250	10/18/23	7,000,000	2.06	1.20%	1,296	A1	CW NEG	AA-	CW NEG	A+	STABLE	Hold
			25,525,000	2.50	4.36%	584							

The impact of the coronavirus and the deteriorating economic outlook are referenced by Moody's with respect to the Toyota downgrade. As conditions are expected to worsen for the consumer, captive auto finance companies will face pressure. Toyota Motor Credit is viewed as moderately well positioned and one component of that assessment is the strength and liquidity of the parent company.

In addition to the Toyota rating and outlook changes, the following are reflected in the March credit report. The impact of the coronavirus and deteriorating economic conditions are recurring themes for each event.

- rating and outlook changes for Australian banks by S&P and Fitch
- rating and outlook changes for Canadian banks by Fitch
- outlook change for Chevron by S&P
- outlook changes for Denver City and County revenue issue by S&P and Fitch



### Australia

On April 7 Fitch downgraded the credit ratings for Australian banks on concerns related to the coronavirus. Australia and New Zealand Banking Group, Commonwealth Bank of Australia, National Australia Bank and Westpac Banking were each downgraded to A+ from AA- and the negative credit outlook was retained. The rating action reflects the significant economic shock in the first half of the year and projections for a moderate recovery in the second half of 2020 and through 2021. Fitch expects that asset quality for the Australian banks may suffer as elevated unemployment levels are anticipated and earnings will face pressure from the low interest rate environment and higher impairment charges. Against these expectations the capital levels maintained by the banks would need to be higher to warrant the double-A rating from Fitch.

Also on April 7 Standard & Poor's downgraded the triple-A credit rating outlook for Australia to negative. The Australian government's massive fiscal stimulus package to combat the impact of the coronavirus and the related increase in the nation's debt burden were noted by S&P, along with expectations for a weaker financial profile for the government as a result. S&P has also downgraded to negative from stable the outlook for Australia and New Zealand Banking Group, Commonwealth Bank of Australia, National Australia Bank and Westpac Banking. S&P affirmed the rating for each of the four financial institutions as AA-. A potentially lower rating on the sovereign reflects a reduction in the government's ability to support the four systemically important financial institutions if needed.

### Canada

On April 3 Fitch affirmed the ratings on seven Canadian banks and revised the rating outlooks for all Canadian banks to negative from stable. The change in outlook reflects the significant deterioration in the economy that is expected in the first half of this year as well as uncertainty regarding future conditions as a result of the coronavirus. Fitch also recognized a rating uplift for obligations excluded from bail-in provisions. This resulted in a rating upgrade for most of the Canadian bank exposure held in the portfolio and a change in outlook to negative from stable for each of the issues held. Note that earlier this year Fitch upgraded the Bank of Montreal exposure to AA from AA- to reflect the credit uplift for these pre-bail-in issues.

As described in earlier emails, it is the recommendation of Insight Investment that the City of Aurora hold the Toyota exposure at this time, as well as the other corporate and municipal issues in the portfolio. We will continue to monitor the issues and market conditions and will keep the City informed of any changes to this recommendation.

Please let me know if you have any questions on this information or wish to discuss at this time.

**Mary Donovan** CFA

Senior Portfolio Manager

Insight Investment, 100 St Paul St Suite 620, Denver CO 80206

+1 303 209 9540, +1 303 506 7844, [www.insightinvestment.com](http://www.insightinvestment.com)

**Aurora Pooled Portfolio Liquidity Overview**

Aurora 2020 Monthly Investment Maturities		
Month	Dollar Amount	Cumulative
Apr-20	5,000,000	5,000,000
May-20	19,020,000	24,020,000
Jun-20	15,413,000	39,433,000
Jul-20	19,780,000	59,213,000
Aug-20	5,000,000	64,213,000
Sep-20	13,000,000	77,213,000
Oct-20	24,500,000	101,713,000
Nov-20	14,500,000	116,213,000
Dec-20	15,000,000	131,213,000

Aurora Investment Maturities by Year		
Year	Par/Shares	% Total
Apr-Dec 2020	131,213,000	23.9%
2021 Total	158,877,000	29.0%
2022 Total	91,951,000	16.8%
2023 Total	131,535,000	24.0%
2024 Total	34,880,000	6.4%
<b>Total</b>	<b>548,456,000</b>	<b>100.0%</b>

Aurora Pooled Portfolio Balance by Major Fund*		
Fund Name	Balance	%
Water Fund	193,206,065	31.6%
Capital Projects Fund	106,071,055	17.3%
Wastewater Fund	81,919,610	13.4%
<b>General Fund</b>	<b>77,356,892</b>	<b>12.6%</b>
AURA General Fund	28,429,305	4.6%
Risk MGMT Fund	20,130,717	3.3%
Open Space Fund	15,122,979	2.5%
Parks Dev Fund	14,659,863	2.4%
Development Review	13,325,787	2.2%
ACLCL Capital Projects	12,507,132	2.0%
Spec Rev (Incentives)	10,207,535	1.7%
Other less than \$10M	38,639,696	6.3%
<b>Total</b>	<b>611,576,636</b>	<b>100.0%</b>

Aurora Highly Liquid Investments		
Sector	Par/Shares	% Port
Govt Agencies	136,500,000.00	24.9%
Govt Bonds	86,000,000.00	15.7%
<b>Total</b>	<b>222,500,000.00</b>	<b>40.6%</b>

\*As of 12/31/2019. Includes Cash. Balances above may be restricted, reserved, committed, encumbered, or otherwise unavailable.

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## Management and Finance Policy Committee Agenda Item Commentary

<b>Item Title:</b> Internal Audit First Quarter Progress Report
<b>Item Initiator:</b> Wayne Sommer
<b>Staff Source:</b> Wayne Sommer, Internal Audit Manager, x37075
<b>Deputy City Manager Signature:</b> Roberto Venegas
<b>Outside Speaker:</b>
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### **ACTIONS(S) PROPOSED** *(Check all appropriate actions)*

- Approve Item and Move Forward to Study Session
- Approve Item and Move Forward to Regular Meeting
- Information Only

### **HISTORY** *(Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)*

The M&F Committee acts as the Audit Committee for the City Council. The Office of the Internal Auditor provides quarterly progress reports to the Audit Committee. Progress reports include progress against scheduled audit engagements and information on outstanding audit recommendations.

### **ITEM SUMMARY** *(Brief description of item, discussion, key points, recommendations, etc.)*

Internal Audit presents its quarterly progress report against the annual audit plan to the Audit Committee.

### **QUESTIONS FOR Committee**

No questions

### **EXHIBITS ATTACHED:**

2020 IA Quarterly Report as of 3.31.2020.pdf  
Executive Summary - Aurora Police Vice and Narcotics Financial Statement Review.pdf  
Executive Summary - Grant Administration Processes.pdf  
Perfect Mind Executive Summary.pdf

# Internal Audit Report



## 2020 Office of the Internal Auditor Operations Report

For the quarter ended March 31, 2020



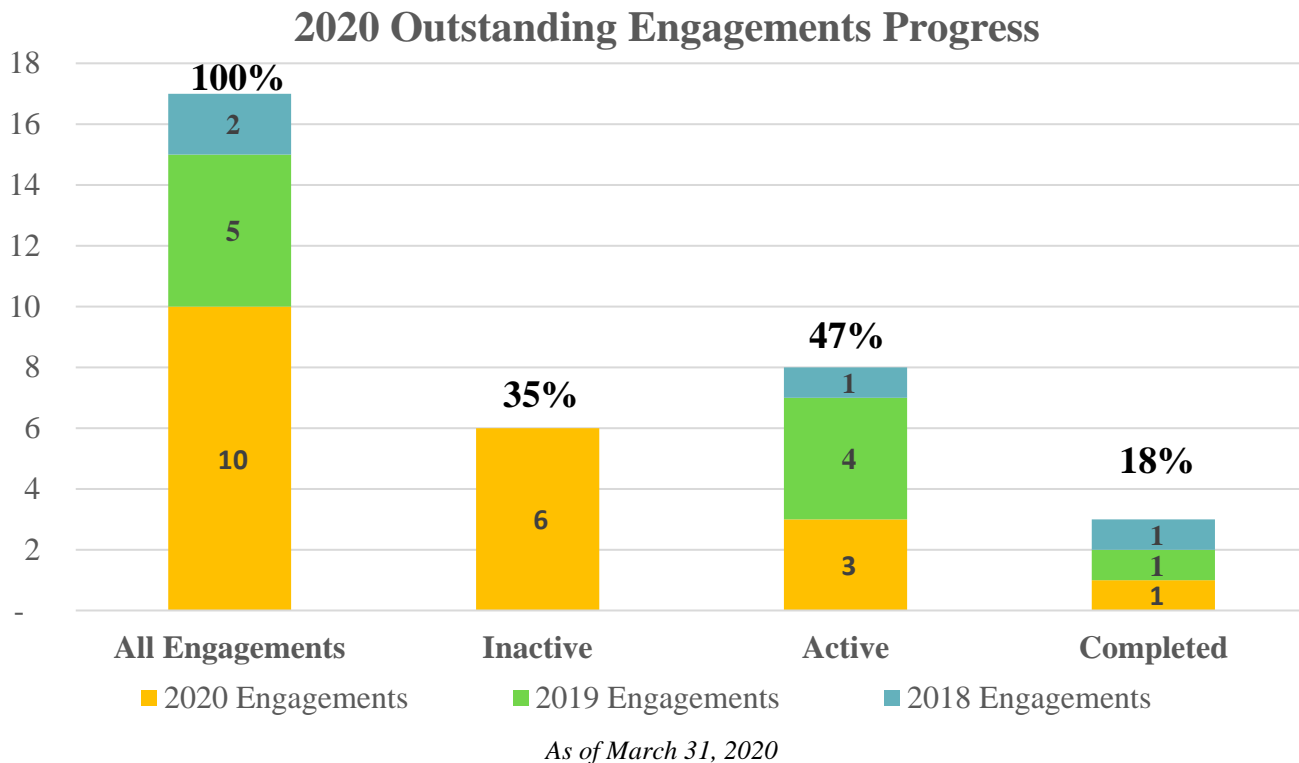




## 2020 ENGAGEMENT PROGRESS SUMMARY

Through March 31, Internal Audit has completed 18% of scheduled engagements; 47% are currently active. We added one new engagement in the most recent quarter and may add another possible engagement. In total, 65% of all our engagements are either active or completed in the first quarter. This is exceptional, considering that we only have two staff auditors to conduct engagements.

The Covid 19 pandemic has modestly impacted our audit operations. Our auditors have been prepared to work remotely since 2014 and have been doing so since March 19, 2020. They will continue to do so until circumstances allow us to resume normal activities in the office. We anticipate that our ability to continue making progress on engagements in the second quarter will lessen due to our need to work with other staff who may be otherwise occupied. We have projects and professional development requirements that will allow us to stay productive in the near term.





## Agile Engagements

Internal Audit applies its custom agile approach to all engagements. This approach brings valuable information to our clients more quickly than the traditional method through a report provided at the end of each milestone.

This is an explanation of our Milestones:

**Team Preparation:** *Ensure that the engagement team can adequately conduct the engagement.*

**Client Evaluation:** *Gain a deeper understanding of the client's operating environment and client issues that may affect the engagement objectives, and that may influence subsequent engagement procedures.*

**Process Controls and Efficiency:** *Determine whether appropriate process controls exist and whether processes are efficient.*

**Risks:** *Assess the impact of identified risks on the engagement objectives, scope, and on the objectives test work procedures.*

**Planning and Preparation Finalization:** *Determine the final engagement objectives, scope, and objectives test work procedures.*

**Objectives Test Work:** *Obtain sufficient evidence to afford a reasonable basis for conclusions on the engagement objectives.*

**Reporting:** *Summarize the results of our engagement procedures and our related conclusions, findings, and recommendations in a clear and concise report that addresses all engagement objectives.*

**Wrap Up:** *Complete all administrative tasks necessary for a complete and orderly closeout of the engagement.*

In the table below, purple shading shows completed milestone work; hatched cells represent milestones in progress; and, orange shading represents future milestone work with the projected quarter. These projections may be impacted by work arrangements required to comply with the stay-at-home pandemic order. Engagement descriptions and objectives for active engagements follow the table below.

Engagements	Milestones							
	Team Preparation	Client Evaluation	Internal Controls	Risk Evaluations	Preparation Finalization	Objectives Test Work	Reporting	Wrap Up
Payroll Operations, Part 1				Q2	Q3			
Succession Planning Survey		TBD						
City Governance	TBD							
P-card Transactions							Q2	Q2
Purchasing Operations Review Pt 2							Q2	Q2
Public Safety Dispatch Culture Follow Up								Q2
APD Property and Evidence							Q2	Q2
Marijuana Enforcement	TBD							
Secondary Employment Compliance	TBD							
APD Body Cam Compliance							Q2	Q2
Construction Project Review	TBD							
Court Case Management	TBD							
NEW APD Overtime Grants Compliance								Q2
POSSIBLE Development Financial Incentives	TBD							

Engagements	Comments
Payroll Operations, Part 1	This engagement was assigned to the Internal Audit Manager. Delays in progress were due to competing priorities. We have segmented this engagement to allow for completion of Part 1 and then a deferral until more time is available for the latter parts. The objective for Part 1 will be: <i>Assess the efficiency and effectiveness of overall payroll operations, including the effectiveness of process controls as designed.</i>
Succession Planning Survey	We originally planned this as a joint project with Human Resources. The pandemic required that we postpone this until a more suitable time for both departments.
City Governance	This is a critical and significant engagement. The pandemic required that we postpone this until a more suitable time for all involved.
P-card Transactions	This is an active engagement. We expect to complete this in Q2.
Purchasing Operations Review Pt 2	The client has the draft final report for review. This engagement will complete in Q2.
Public Safety Dispatch Culture Follow Up	The client has the draft final report for review. This engagement will complete in Q2.
APD Property and Evidence	This is an active engagement. We expect to complete this in Q2.
Marijuana Enforcement	We will refrain from planning for this engagement until we have a clearer picture of the pandemic’s impact on City operations.
Secondary Employment Compliance	We will refrain from planning for this engagement until we have a clearer picture of the pandemic’s impact on City operations.
APD Body Cam Compliance	This is an active engagement. We expect to complete this in Q2.
Construction Project Review	We will refrain from planning for this engagement until we have a clearer picture of the pandemic’s impact on City operations.
Court Case Management	We will refrain from planning for this engagement until we have a clearer picture of the pandemic’s impact on City operations.
NEW APD Overtime Grants Compliance	This is an active engagement. We expect to complete this in Q2.
POSSIBLE Development Financial Incentives	The pandemic interrupted discussions between CM Marcano and the Office of the Internal Auditor regarding an engagement proposal to bring to M&F. We will continue discussions at an appropriate time.

## **Other Matters**

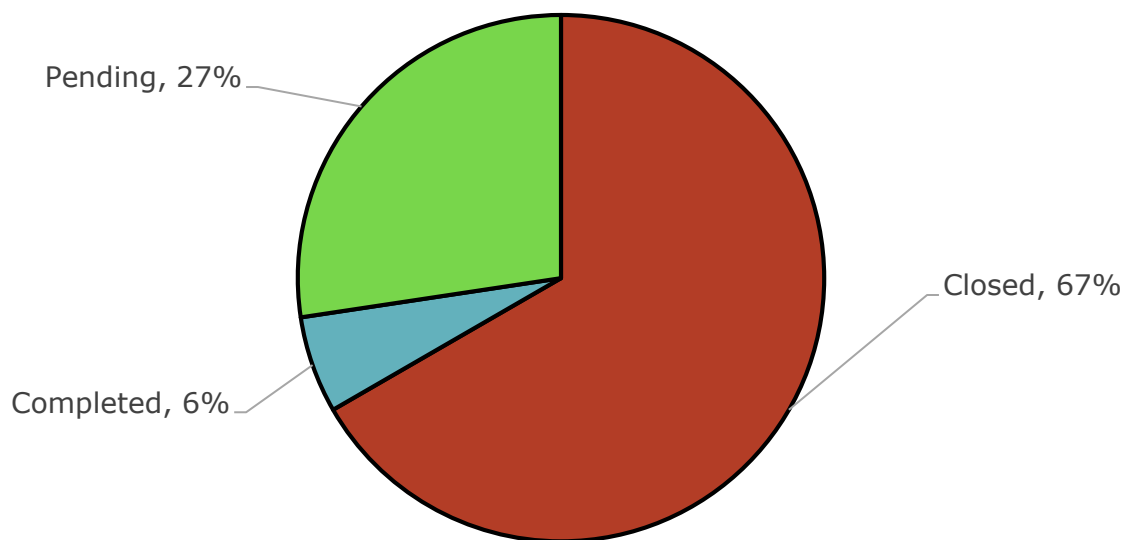
**Staff Professional Development:** All staff is on track to complete their annually required 40 hours (minimum) of continuing professional training for 2020. Sheree Van Buren is pursuing her Certified Fraud Examiner (CFE) designation.

## RECOMMENDATIONS

We maintain and track the implementation status of our audit recommendations in our TeamMate audit software. The chart below displays the status of recommendations as of March 31, 2020. As of that date, 27% of all audit recommendations issued remained incomplete (Pending.) That number is the same as what was reported at the end of the previous quarter, despite having added 21 new recommendations. We also recently extended the due dates for some of the outstanding recommendations, recognizing that current efforts to handle Covid-related matters took priority. The table that on the next page outlines the status of audit recommendations by engagement. The table lists active audits with outstanding recommendations. Internal Audit regularly monitors the progress made on these recommendations.

	December 31, 2019		March 31, 2020	
<b>Closed</b>	218	69%	224	67%
<b>Completed</b>	12	4%	20	6%
<b>Pending</b>	85	27%	92	27%
<b>Totals</b>	315		336	

### Recommendations Status as of March 31, 2020



**Closed:** Client management has approved the implementation. No further action is necessary.

**Completed:** The client has implemented the recommendation and is waiting for client management’s final approval.

**Pending:** Implementation is not completed.

## 2020 Operations Report—For the quarter ended March 31, 2020

<i>Report Release Date</i>	<i>Audit Plan Year and Engagement Name</i>	<i>Closed</i>	<i>Completed</i>	<i>Pending</i>	<i>Grand Total</i>
January 2016	2015 Payroll and HR Audit	13	1	1	15
January 2016	2015 PROS Timesheet Audit	2	-	1	3
September 2017	2016 Citywide Physical Security Assessment	14	-	9	23
September 2017	2016 Core 4 Culture Impact Assessment	2	1	1	4
March 2018	2016 Fire Department Overtime	16	5	1	22
April 2017	2016 Overall Disaster Preparedness Assessment	6	4	1	11
May 2018	2017 Lethal and Less Lethal Weapons Inventory and Control Review	11	-	7	18
January 2019	2018 Change of Command MGTf	7	-	1	8
May 2019	2018 Fleet Management Operational Review	12	3	19	34
November 2018	2018 Overall Disaster Preparedness: Recommendations Follow-up	2	1	4	7
October 2019	2018 Purchasing Operations Review-Part 1	-	-	6	6
August 2019	2019 APD Program Expenses	3	-	1	4
May 2019	2019 APD CALEA Property and Evidence Audit	4	-	1	5
February 2020	2019 Grant Administration Processes	-	-	16	16
October 2019	2019 House Aurora Partnership	1	-	12	13
October 2019	2019 Planning Culture Survey	-	3	11	14
<b>Engagements with pending recommendations</b>		93	18	92	203
<i>Subtotal as a percentage of grand total</i>		46%	9%	45%	100%
<b>Closed and Completed</b>		131	2	-	133
<i>Subtotal as a percentage of grand total</i>		98%	2%	0%	100%
<b>Grand total for all recommendations</b>		224	20	92	336
<i>Subtotal as a percentage of grand total</i>		67%	6%	27%	100%

## Implementation Notes

### 2015 Payroll and HR Audit

- Revised completion date is June 30, 2020.

### 2015 PROS Timesheet Audit

- Completion is dependent upon a decision regarding the City's timekeeping systems

### 2016 Citywide Physical Security Assessment

- Management charged a cross-departmental steering committee with overseeing the recommendation implementation process. This committee is progressing slowly but steadily and providing regular progress reports to the City Manager. Some items will be addressed through initiatives funded in the 2020 budget.

### 2016 Core 4 Culture Impact Assessment

- Human Resources will be addressing the recommendations.

2016 Fire Department Overtime

- The remaining recommendation will be addressed through the strategic planning discussions in 2020.

2016 Overall Disaster Preparedness Assessment

- There are revised completion dates throughout 2020. (Internal Audit completed a follow-up engagement on the recommendations from this original engagement: see *2018 Overall Disaster Preparedness: Recommendations Follow Up* below.)

2017 Lethal and Less Lethal Weapons Inventory and Control Review

- The implementation effort is waiting on the completion of a software RFP for a new inventory system. The final selection has been delayed over disagreements over which vendor can best support the needs of both APD and AFR.

2018 Change of Command Metro Gang Task Force

- Implementation is in process.

2018 Fleet Management Operational Review

- Fleet is making consistent progress addressing their recommendations.

2018 Overall Disaster Preparedness: Recommendations Follow Up

- Implementation is in progress; revised dates are in 2020.

2018 Purchasing, Part 1

- Implementation is in progress; implementation dates are in Q2 2020.

2019 APD Program Expenses

- Implementation is in progress.

2019 CALEA Property and Evidence Audit

- Implementation is in progress.

2019 Grant Administration Processes

- The final report was issued in Q1 2020; implementation dates are targeted for Q4 2020.

2019 House Aurora Partnerships

- Implementation is in progress; implementation dates are targeted for Q2 2020.

2019 Planning Culture Survey

- Planning is developing its strategy to implement recommendations during 2020.

## INTERNAL AUDIT TEAM

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### **Wayne Sommer** | Internal Audit Manager

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Wayne is a Certified Public Accountant (CPA) and a Chartered Global Management Accountant (CGMA) with 40 years of diverse work experience. He began his career as an auditor for KPMG in Washington, DC (then known as Peat Marwick Mitchell and Co.) He spent the next seven years in various financial and management capacities at Trustbank Savings, FSB in Virginia (also known as Dominion Federal Savings and Loan.) Preceding coming to Aurora, Wayne spent 23 years at the International City/County Management Association (ICMA)—14 as Director, Administration and Finance, and nine working in executive management roles performing strategic planning, business development, and organizational change and development. Wayne managed ICMA’s U.S. Programs, which offered research and consulting products and services to local governments, the private sector, and the Federal government. Wayne has been serving the City of Aurora since May 2014.

**Professional Associations:** American Institute of Certified Public Accountants; Institute for Internal Auditors; Association of Local Government Auditors; Government Finance Officers Association

### **Michelle Crawford** | Internal Audit Staff

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Michelle is a Certified Internal Auditor (CIA), a Certified Fraud Examiner (CFE), is Certified in Risk Management Assurance (CRMA), and has 13 years of experience in governmental auditing. She received her Bachelor’s in business administration at the University of Montana and her Master’s in accountancy from Missouri State University. Upon graduation from Missouri State University, she started her career at the Missouri State Auditor’s office as a Staff Auditor I and progressed over the next seven years to a Senior Auditor. As an auditor with the State Auditor’s office, she conducted performance audits of local governments and worked on the statewide Single Audit. Michelle has been serving the City of Aurora since October 2014.

**Professional Associations:** Association of Certified Fraud Examiners; Institute for Internal Auditors; Association of Local Government Auditors; Government Finance Officers Association

### **Sheree Van Buren** | Internal Audit Staff

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Sheree is a Certified Internal Auditor (CIA) with 10 years of audit experience. She graduated from Colorado State University in 2010 with a Bachelor of Science in Business Administration – Accounting degree. She spent three years as an Audit Associate with PwC, LLP where Sheree worked in the financial services industry. Sheree has been serving the City of Aurora since August 2014.

**Professional Associations:** Institute for Internal Auditors; Association of Local Government Auditors; Government Finance Officers Association; Association of Certified Fraud Examiners; National Forum for Black Public Administrators; Black Employees for a Better Aurora



## Appendix A: Completed Engagement Summary Reports

- Grant Administration Processes
- APD: Vice and Narcotics
- PerfectMind/Worldpay Reconciliation Review



The Executive Summary should be interpreted within the context of the complete engagement report.

February 2020

## BACKGROUND

To protect the confidential nature of Vice and Narcotics' operations, Internal Audit performs this recurring annual engagement.

We assess the adequacy of operational controls that safeguard assets used in the prosecution of vice and narcotics criminal activity and review the accuracy of the division's financial information.

We provide the results and audited financial statements to the City's Finance Department for inclusion in the City's annual audited financial statements.

## Aurora Police Department – Vice and Narcotics 2019

### SCOPE

January 1, 2019 through December 31, 2019

### OBJECTIVES

- Determine whether the calendar 2019 financial statements present fairly, in all material respects, the section's financial position and results of operations.
- Verify that financial transactions (electronic and manual) are properly recorded.
- Ascertain the degree of compliance with current APD policies and procedures for financial statement preparation, management review of financial records, and cash handling procedures.

### CONCLUSIONS

- The financial statements referred to above, present fairly, in all material respects, the financial position of the Special Operations Narcotics Section as of December 31, 2019 and the results of its operations for the year then ended.
- Financial transactions were properly recorded.
- The Narcotics Section is in compliance with their procedures.

## KEY RECOMMENDATIONS AND RESPONSE

There are no audit findings for this engagement.



The Executive Summary should be interpreted within the context of the complete engagement report.

## BACKGROUND

The City grant process is decentralized. Individual departments are responsible for seeking out and applying for grants. They are also responsible for the management of the grant funds—including all compliance aspects—throughout the grant’s life cycle.

Compliance by departments with established grant management protocols is critical to providing accurate data related to grant activities and avoiding unnecessary financial and reputational risks.

The City offers eCivis®, a grants management system that allows departments to research grants, apply for them, and track/manage any awarded grants.

February 2020

# Grant Administration Processes

## SCOPE

January 1, 2018 through July 31, 2019

## OBJECTIVES

- Determine that policies and procedures are adequate to support grants procurement and management.
- Evaluate the effectiveness and efficiency of citywide grant administration processes.

## CONCLUSIONS

The *Grants Policy and Guidelines* mostly comply with best practices and support grants processes, but we identified some additional areas that could be addressed within the policy. Controls are in place for most key processes; we identified some processes with weak or missing controls and areas of improvement. Some processes were ineffective due to inconsistencies across departments and were inefficient due to a lack of standardized templates.

## KEY RECOMMENDATIONS AND RESPONSE

### RECOMMENDATIONS

We recommend that Finance ensure that Grant Managers possess the requisite financial and grant understanding to administer properly these programs.

We recommend that the City develop a business case that compares an aggressive to *laissez faire* approach to grant funding.

We recommend Finance make recommended changes to the Grants Policy, including standardized templates.

### MANAGEMENT RESPONSE

Finance agrees with the recommendations and will develop measures to implement all recommendations.

View complete audit report: [Link](#)



The Executive Summary should be interpreted within the context of the complete engagement report.

March 2020

## BACKGROUND

In 2018, PROS (Parks Recreation and Open Spaces) transitioned from the ActiveNet Recreation Management software to the PerfectMind Membership Management software and the Worldpay Payment Processing service. The transition was part of becoming compliant with Payment Card Industry (PCI) requirements.

Reconciliation issues between the new system and the City's bank accounts arose when the City implemented new payment processing devices. Nancy Freed, Deputy City Manager, asked Internal Audit to develop a timeline of events and lessons learned for the software implementation team.

## PerfectMind and Worldpay Reconciliation Review

### SCOPE

Our scope included the PerfectMind Membership Management software, the Worldpay Payment Processing service, and activities that occurred between May 2019 and August 2019.

### OBJECTIVES

The objectives of this engagement were to determine:

- What was expected to happen?
- What actually happened?
- When did city staff and management become aware of the reconciliation issues?
- What has been done to resolve the issues (if resolved)?
- What lessons can be learned to apply in the future?

## KEY RECOMMENDATIONS AND RESPONSE RECOMMENDATIONS

Internal Audit made recommendations regarding:

- Vendor evaluation, third-party risks, and staff involvement
- Device testing and deployment
- Managing vendor performance
- Communication
- Documenting vendor interactions

### MANAGEMENT RESPONSE

The Information Technology Program Management Office agreed to implement the Internal Audit recommendations.