



## AGENDA

### MANAGEMENT AND FINANCE POLICY COMMITTEE

June 28, 2022

1:00 pm

WebEx Meeting

Public Participant Dialing Instructions  
Dial Access Number: 1-408-418-9388  
Enter Participant Code: 2493-281-0758

Council Member Gardner, Chair  
Council Member Murillo, Vice Chair  
Council Member Zvonek  
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.

**Pages**

1. **Call to Order**

2. **Approval of Minutes**

Approval May 24, 2022 Draft Minutes

3. **Consent Items**

1

**3.a. May 2022 Sales Tax Chart** 10

Presenter: Greg Hays, Budget Officer (5 minutes)

**4. General Business**

**4.a. 2021 Annual Comprehensive Financial Report and Audit Results** 14

Presenter: Nancy Wishmeyer, Controller (20 minutes)

**4.b. Resolution to Decline Participation in the Family and Medical Leave Insurance (FAMLI) Program** 87

Presenter: Jennifer Lorenzen, Deputy Director of Human Resources (15 minutes)

**4.c. Title 32 Metropolitan Districts November 2022** 99

Presenter: Cesarina Dancy, Sr Project Manager (10 minutes)

**4.d. Discussion of Third-Party Review of Non-Profit Spending** 291

Presenter: Nancy Wishmeyer, Controller (15minutes)

**5. Miscellaneous Matters for Consideration**

Next meeting tentatively scheduled for July 26 at 1:00 pm WebEx Meeting

**6. Adjournment**

**MF POLICY COMMITTEE MEETING**

May 24, 2022

Members Present: Council Member Gardner – Chair, Council Member Murillo, Council Member Zvonek

Others present: R. Venegas, T. Velasquez, G. Hays, L. Perry, W. Levine, R. Lantz, T. Sedmak, R. Allen, H. Hernandez, M. Crawford, D. Hudson, M. Stamp, J. Ehmann, D. Brotzman, J. Bajorek, K. Claspell, S. Newman, A. Jamison, D. Sisneros, T. Hoyle, B. Lewandowski, R. Wobbekind, and R. McNown,

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**INTRODUCTIONS AND MINUTES**

April 26, 2022 Minutes were approved.

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**APRIL 2022 SALES TAX CHART**Summary of Issue and Discussion

Bill Levine gave an update on the April 2022 Sales Tax which showed a 10.9% growth compared to the 8.5% inflation. According to the CPI index, the area of highest growth and inflation is Energy. In March, inflation on electricity was 11.9% while it was 21.6% for utility piped gas. This would correlate to the sales tax growth in utilities. Building materials were up 22.7%. Auto dealers were up 18.6% with the inflation on new cars up 12.5% and 35.3% for used cars. Eating and drinking places were also up with food away from home per inflation up 10%. This would potentially indicate that people are eating out more. Data shows that inflation is a big driver to large growth in sales tax collections.

Outcome

Information only.

Follow-up Action

No follow-up needed.

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**SUMMARY OF THE CITY'S OUTSTANDING DEBT AS OF JANUARY 1, 2022**Summary of Issue and Discussion

Teresa Sedmak gave a summary of the city's outstanding debt. The Analysis of Outstanding Debt lists all debt as of the first of the calendar year. It shows any debt issued and any refunding activity in 2021. Last year, two transactions were made in May for the SEAM facility. This was a split between water and sewer for a total of \$171.7 million. The total interest cost for the Water Revenue Bonds is 2.36% with a final maturity of 2051. The sewer revenue bonds related to SEAM were sold at a total interest cost of 2.658% maturing in 2051. A partial refunding of the City's Water Revenue Bonds issued in 2016 was successfully completed on a taxable basis given that IRS regulations did not allow for them to be refunded on a tax-exempt basis. A total of \$218.535 million of the 2016 bonds were refunded, resulting in a net present value (NPV) savings of \$31.9 million (14.6%). This translates to \$1.7 million in annual cash savings to the

water utility through 2046. Water went fixed rate on some of its prior issued 2018 bonds. \$8.3 million were issued for rolling stock with an interest rate of 1.06%. Unfortunately, the market is not as attractive this year, but the city is still going forward with a rolling stock lease. As obligations mature, and principal and interest payments are reduced, freed-up capacity will be used for the repayment of the \$35 million in road maintenance certificates of participation (COPs).

A loan was made on the Hyatt Conference Center and parking garage at Fitzsimmons with a balloon payment in 2024 that needs to be refinanced. A few issues related to this are the rise of interest rates and the reduced investor interest in hospitality credits due to the devastation COVID had on this sector. However, debt can still be paid on the property. Staff is gathering ideas for the takeout of the loan. The credit is tied to Tax Increment Financing (TIF) revenues. Therefore, it has a different investor base than other city transactions. People are now traveling more, and the staff are hoping that this will allow the city to find a good investor base. The city put the Hyatt House on the market last year but did not get a response from the 8 institutions surveying the property. This is an urban renewal deal in which the debt will be repaid through TIF revenues. However, since there is no debt, the TIF revenues are going back to the Urban Renewal Authority to repay the investment. The market is improving and the extended-stay model that the Hyatt House is using is doing better than the conference center's model. Staff will come back to the Committee for approval should they go back to the market with the property.

#### Outcome

Information only.

#### Follow-up Action

No follow-up needed.

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## **AURORA SALES AND USE TAX FORECAST (CU LEEDS SCHOOL OF BUSINESS)**

### Summary of Issue and Discussion

Robert McNown, Richard Wobbekind, and Brian Lewandowski from the University of Colorado Leeds School of Business presented the Aurora Sales and Use Tax Forecast. This project, in conjunction with the city of Aurora, is meant to provide an econometric model to project sales and use taxes and property taxes. Economic data is gathered from federal and state agencies along with Aurora's revenue data. Data from Moody's Analytics is also used to project the general economy. This data is being used by the Colorado Legislative Council, Office of State Planning and Budgeting, State Demography Office, and the Department of Transportation. Moody's Analytics also has optimistic and pessimistic alternative scenarios to consider. As shown in the US Real GDP, it was a negative in the last quarter which indicated to people that the country will be going into recession. However, this was driven by inventories and exports which are not the primary focus. Looking at the GDP rating, both consumption and business investment growths were strong. GDP recovered after a drop and got back to the previous level of GDP of 2021 as shown by the V-shape recovery. Employment, however, shows a check wave recovery and is taking longer for workers to come back. As of April 2022, the US is still 1.2 million workers down compared to February 2020 which is prior to the COVID recession. It is



expected that towards the end of summer 2022, the numbers will be back to 152.5 million. As of April 2022, Colorado has the 13th highest growth rate in employment recovery since the recession began.

The Federal Reserve Board (Fed), at their September 2021 meeting, suggested that 2022 would have a 50 basis-point move and rates will move up in 2023 or 2024. When they met in December 2021, they realized that the inflation was persisting instead of transitory, and they raised their expectation numbers. As of the recent March 2022 meeting, they are anticipating that rates are going up close to 2% in 2022 and roughly in the 3% range the following year, and even higher in 2024. The Fed is moving into a more aggressive stance causing people to question their ability to help the inflation situation and cause the economy a more recessionary impact. As for inflation, there has been a slowdown in some numbers such as energy. However, the rise in inflation has persisted for a longer period than forecasted. There is concern that if this continues, it could create a wage-price spiral wherein workers demand higher wages due to the inflation rates and the high wages would drive higher prices. So far, the data does not show causality, but it could likely become the norm if the high inflation rates last. Compared to other states, Colorado is doing well overall and has regained its former level of employment. Personal income and per capita income which are important drivers of retail sales remained strong.

As of 2019, there are approximately 113,000 people commuting to Aurora, 138,000 commuting out, and 41,000 people working and living within Aurora. Should people stop commuting to their jobs, the community would benefit. The inflow-outflow analysis shows that Aurora is part of a regional economic system. Retail and food sales have recovered from the COVID steep drop and jumped to much higher levels and created a new trajectory. Transfer payments were major drivers of the increase in consumption. These include the three stimulus checks, state and federal unemployment benefits, and childcare credits. Data shows that people shifted spending money from services to goods consumption during COVID. According to more recent consumption data, people are going back to more normal patterns of spending between goods and services.

There is concern that consumers will slow down their consumption due to higher inflation and falling stock market prices. Housing prices, however, are appreciating nationally despite people's stock portfolios dropping since November or December of 2021. In Colorado, net taxable sales vary by the county in relation to industry composition, tourism, commuters, retail mix, amount of development, and population growth. Boulder, with a high number of high-tech businesses, sees downtown retailers and restaurants suffering because workers are not coming back into the buildings. Denver shows less than 5% net taxable sales growth from 2019 to 2021.

The national economy and economic indicators are the underlying drivers that lead to changes in the Colorado economy. However, Colorado has a degree of independence which is captured by the state economy's model. Following this, the Colorado economy drives the local economy. Equations in the Colorado economy are used to drive the use tax revenue equations in Aurora and ultimately the Aurora sales tax revenues. Sources include Moody's Analytics which provides long-range forecasts and different assumptions and scenarios. In normal times, Moody's baseline scenario which is the middle-level forecast wherein there is a 50-50 chance of the national economy could be stronger or weaker is used. However, upon review, Moody's forecasts at the

national level were too optimistic and cannot be revised on the spot. In anticipation of economic weaknesses not covered in the baseline, they used a slightly pessimistic scenario, which is the S2 scenario, that became the current baseline. As per the developments in the economy in March, this was the correct path. In 2022, personal income at the national level is projected to fall. This reflects the stimulus packages from previous years no longer being distributed. This could reflect consequences that weaken consumer sales. In 2022, Moody's is projecting a 6.1% inflation rate and the inflation rate projects Colorado's to be higher. It is projected to run to 8.8%. Personal income is projected to grow by 2.5% which is different compared to what is projected of the national economy due to Colorado's economy being more independent of the national.

Total sales tax revenues are projected to grow at 8% in the current year and peaking ahead into 2023 with a more modest growth of 3.2%. This reflects the tightening of monetary policy by the Fed, supply chain shortages, plummeting stock market, and being aggravated by the war in Ukraine. Overall, revenue growth is expected at 7% for 2022 and 3.5% for 2023. When compared to the inflation rate expected, more than 100% of the growth in sales tax revenues and total revenues is wiped out by inflation. The current projection is that Aurora is not going to have positive growth in real sales tax revenues. The data presented is based on Moody's Analytics' original slightly pessimistic scenario. Their original baseline scenario is considered the optimistic scenario. Moody's is also projecting a significant recession given that the revenue forecast in 2023 is lower than the end of 2021. Based on statistical analysis, there is a 33% chance that the revenue forecast could be higher than the high forecast and lower than the low forecast.

Based on the medium-term forecast, the pessimistic forecast is close to what was in the baseline or optimistic forecast. According to the baseline, there is a modest positive slope from 2022 to 2023 which represents slow growth in revenues and then a slight acceleration. This baseline forecast from 2021 to 2027 calls for a 37% increase in revenues over this period, and that amounts to about a 5.5% percent annual rate of growth in total revenues for the city of Aurora.

The forecast used is built on a model that satisfied the statistical econometric criteria needed to justify the equations used. This does not incorporate "add factors" or subjective adjustment of the model forecast. The data used reflect the most current economic situation. Forecasts may be too high or too low which reflects the uncertainty in the economy. Clients choose to err on the side of caution and choose the more pessimistic scenario.

#### Committee Discussion:

Council Member Gardner: I have a question. We've all heard anecdotal stories or seen examples of shortage of workers in restaurants, everywhere you go. What are the theories behind that or what have you all heard? I haven't really heard a good explanation for where all the workers have gone.

R. Wobbekind: I think the good answer to that is, there's a couple of different data sources that indicate that people 55 and older have left the workforce. So, they're gone gone. And the question is will they come back? In 2008 downturn they did come back on the job when the jobs came back, but housing and stock portfolios had been pretty much decimated. But this time

around or at least at the first of the year the stock portfolios were way up and housing prices way up. Now that we've seen some temperament in the stock market obviously. Some of those people don't come back or maybe retire early than they had hoped too.

The second thing which Brian has documented on a number of slides. Has been the number of people holding two jobs has gone down substantially since the COVID recession. It's about 750,000 people who now are working only one job, who normally will work two jobs prior to the recession. And it isn't counting people, it's counting jobs. So, the chunk of those people who maybe work two jobs are only working one or moved into a totally different profession such as transportation, warehousing for Amazon, and no longer working in a restaurant. And we certainly see that in terms of demand for workers, but we know we don't see the whole supplier of workers.

Council Member Gardner: Appreciate that. Thank you.

Council Member Zvonek: So, Council Member Murillo, I think Council Member Gardner had to leave. I think since you're the Vice-Chair of this Committee, you might be driving at this point.

Council Member Murillo: Thanks for flagging that, I know he mention that he might have to leave.

Council Member Zvonek: Yes. I knew he had mentioned before that he had to leave at 2:30 and I just looked at the time.

Council Member Murillo: Yes. Thank you for the extensive presentation. I will open the floor. Council Members Zvonek, if you had any questions, I will defer to you to begin that process.

Council Member Zvonek: Yes. You mentioned this, that any time we do these types of forecasts, there's lots of variables that are in the unknown, and I just am curious, as we look back, I know we've been doing these for some time. In the approach that we take, have we been overly pessimistic? Have we been overly optimistic? Looking back at what we've done historically, looking at our forecast for the city, where have we fallen?

R. McNown: You're asking about the forecast that we've produced for the city of Aurora?

Council Member Zvonek: Yes.

R. McNown: Yes. Well, so as with, I think, virtually every economic forecaster, we didn't anticipate the COVID crisis or the pandemic. So, clearly, the forecast during the initial year of the pandemic were too optimistic. In addition, we did not anticipate the recovery to be as strong as it was. And the reason for that is that there was nothing that we could incorporate in our model that would capture the rapid and really powerful response that was made at the federal level, in terms of fiscal stimulus, and the rescue packages that were passed both under the Trump Administration and then the Biden Administration. So, yes, complicated answer to a difficult question. Over the pandemic, we were first too optimistic and then pessimistic. I think, prior to

the pandemic, I think the city of Aurora has performed a little more strongly than our model anticipated. But I think, more or less, we were in the ballpark. Brian's been pretty good at keeping track of our forecast performance, at least for some of the projects we've been working on. I don't know if you have anything specific about Aurora.

B. Lewandowski: I was just trying to open that file. I'm not seeing it right in front of me, but I'll send it along because it is something that we measure. But if I recollect, I think Robert's right where we ended up overestimating as the pandemic started because it wasn't foreseen, and the market fell out. But as the pandemic started, us and nearly everyone else were really pessimistic about the outlook for sales taxes based on how sales taxes usually respond during a recession. And so many things about this recession were different than prior recessions, not only just the magnitude of stimulus that went out but the shift in behavior. We've never seen the cut-off of purchases of services like we did in this recession and the shift to goods. And it just has never happened. On a positive side, it was really nice to see sales taxes rebound so quickly because of that human behavior, because of that shift to consumption. And I think that ended up staving off a lot of problems for state and local government that, otherwise, would have persisted based on other recessions. But once things stabilized, I think we're back to a normal error in our projections, after we got through that initial steep fall and rebound from the pandemic.

T. Velasquez: I also want to mention that the one thing that was not accounted for in our modeling, which occurred, during the pandemic, was the marketplace facilitator ordinance that we put in place, and that helped us capture some of the online sales that we had not been capturing. So that actually helped us in a quick rebound much sooner than we had anticipated. That was a big piece as well of our quick recovery. I wanted to point that out. But in general, I agree, from our Budget Office perspective, we've been pretty much in line outside of the pandemic with the forecast that's been provided.

B. Lewandowski: City staff was exceptionally helpful during the pandemic because the model that we used to use for forecasting revenue relied on only a few components of sales taxes. But as we noticed, as we were walking through the pandemic and Robert talked about this a little bit, there was a divergence in revenue growth by component, for instance, restaurant sales went way down in the early days of the pandemic, but grocery sales thrived. So that led us to forecast out more individual components of sales taxes and use taxes. And we would not have been able to do that without the help of city staff to actually separate out those revenues for us. And then we could match those revenue streams with other economic variables and revenue variables that we have at the national and state level.

Council Member Zvonek: And this is just as we plan forward and work with Greg and the team and for our budget next year, are there particular areas where we should be extra attuned to, from an inflation standpoint, like for instance, gas prices, right? It seems like when gas prices go up, it really hits discretionary spending. But are there other things that we should be really watching for and mindful of that could give us maybe a little -- an early indication that we might see a decrease in consumption in other places? And, again, I use gas prices just because I remember in '08 that seemed to correlate that as prices went up, then all of a sudden, you saw that eating out

and other types of consumption really fall down because it just had the necessity of you to fill your gas tank up with so much more. Is that indication true? And then, are there others like that that we should be watching for?

R. McNown: I don't really have a good answer to that in terms of particular sectors or components of sales tax revenues to follow. But I would say that I would be concerned that most of the projections that you're hearing about inflation and inflation coming down are a little too optimistic. I think we could be in for a serious episode of stagflation. That's not really captured in the national forecasts that I'm seeing. But that's a personal observation that lies outside my expertise in building models.

R. Wobbekind: What you said is absolutely accurate, that gasoline is the biggest single impact on people's discretionary spending. So right now, there's a lot of modeling at the national macro level on what it's going to mean to discretionary retail sales spending in particular. So, I don't know the other components, which was the larger part of your question, but we clearly know that with gasoline, from past episodes, that this is something that people don't give up their gas and they need it for work or whatever reason. And so, they do pull away from other types of more discretionary retail.

B. Lewandowski: Yes. And I would just add housing to that. I don't know if Rich would agree, but housing isn't really discretionary, so as we see higher prices, especially on rents, that squeezes that other disposable personal income that they could be spending on taxable goods.

Council Member Zvonek: That's all I had, Council Member Murillo.

Council Member Murillo: Great. I think there's a lot of information. I recall a slide where you were talking about the number of jobs in or people coming in and then out forward for jobs. It made me curious and to wonder if there is, I don't know, an optimal mix of industry that we should be trying to attract to the city of Aurora. I guess I'm trying to think of like, how do we create more of an insular economy. I feel like that's a loaded question, almost, like that is the question, right? But if you have any additional context or insight on there, that would be helpful.

B. Lewandowski: Sure. I'll jump in first and then Rich can correct me. So, your Economic Development Team would really be attuned to this and can probably answer it better than I can. But one way that we look at this is in terms of primary employers, and primary employers are those that are more location-neutral, they tend to sell nationally or globally, and then in turn bring investment into the community. They also tend to be higher-paying jobs. Therefore, they are supporting other jobs in the community. So we talk about secondary employers as those that are more dependent on the local customer. So, think of grocery stores or dentists or even your local financial advisors, education, K-12 education, they're all there because the people are there. And so, as you build those primary employers, the rest of those will naturally follow.

And the spending from those primary employees also ends up supporting a lot of those other secondary jobs in the community. So, it's having a healthy mix of those two. And there's ways to measure that, that you can build a Hirschman-Herfindahl Index to take a look at the diversity of

your economy compared to the overall economy. There's ways of benchmarking Aurora to see maybe areas that you could be underperforming or outperforming and those places that you want to be outperforming. So that's where we end up measuring key industry clusters, if that's an aerospace cluster or a biotech cluster or a transportation cluster, those are often things to celebrate. You can sell that concept to the next company to relocate to Aurora. So that's a short answer is what we look for.

R. Wobbekind: So, one of the things that this is highlighting is people who could work remotely did work remotely. So, if you think about this, I don't know if you feel this way and you know your community much better than I do, but I consider Aurora an affordable alternative. Some parts of the Denver Metro area are super pricey. So to the extent that people can work from their home at this point in time, if you have very strong internet and reasonably priced internet and all of those types of things, you could probably try to build up more people working from their residents, as one example. What Brian said is absolutely accurate, primary employers are good employers in general, and we look forward to that, but they also, to the extent that their workforce is, needs to be there, like a manufacturer or a warehouse, then they're spending money in the community, too, even if they're commuting out at the end of the day, they're spending money during the day when they're there. If you have some of these high-tech companies, like I was mentioning in the beginning, that have their software programmers and they don't even have to be in the country, much less in the community, then it's more difficult to set up that relationship, again unless you actually get these people to work remotely from Aurora. But you have been positioned pretty nicely in that regard, just because people did cut down commuting quite a bit in this downturn.

Council Member Murillo: Yes. We definitely benefited from that. Okay, thank you for that. And what was it called? The Hirschfield benchmark on the optimal mix; is that the right word?

R. Wobbekind: Yes.

B. Lewandowski: It's a way of indexing many different things. We've applied it to employment in the past just to see the diversity, basically, of your economy compared to other economies. But there's other ways of doing it. You can look at location quotients just to see where you have over concentrations or under concentrations of activities. There's a few ways to measure it.

Council Member Murillo: Awesome. Thank you and then I guess the only other comment. I think you're alluding to it, right? Such as the relationship between different industries, or not just industry, but when there's an impact to a budget in this way. What are other areas, or what is the relationship to other parts of our budget? Council Member Zvonek's example was a good example, in terms of gas. I guess understanding the relationship helps us plan in the event that we don't know what's going to happen, but how do we understand that really strong connection and try to plan accordingly?

R. Wobbekind: The components.

Council Member Murillo: So, yes. That's all I have in terms of questions and observations from the presentation. Council Member Zvonek, one more opportunity, while we have this group on the line, if you have any other questions.

Council Member Zvonek: No. I'm all set. Thank you, and thanks for the presentation.

Council Member Murillo: Yes. Thank you all. Thank you so much. And I hope that we will use this information wisely.

Outcome

Information only.

Follow-up Action

No follow-up needed.

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**MISCELLANOUS MATTERS FOR CONSIDERATION**

Summary of Issue and Discussion

The next meeting is on Tuesday, June 28, 2022 at 1:00 PM (WebEx)

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**ADJOURNMENT**

THESE MINUTES WERE APPROVED AS SUBMITTED

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Date



# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> May 2022 Sales Tax Chart
<b>Item Initiator:</b> Greg Hays
<b>Staff Source/Legal Source:</b> Greg Hays, Hanosky Hernandez, Sr. Assistant City Attorney
<b>Outside Speaker:</b> N/A
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### COUNCIL MEETING DATES:

**Study Session:** N/A

**Regular Meeting:** N/A

### ITEM DETAILS:

- Agenda long title
- Waiver of reconsideration requested, and if so, why
- Sponsor name
- Staff source name and title / Legal source name and title
- Outside speaker name and organization
- Estimated Presentation/discussion time

May 2022 Sales tax Chart

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

Attached is the May sales tax performance chart. May of 2022 was 8.9 percent higher than May of 2021.

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

- |   |  |
|---|--|
| <input type="checkbox"/> Approve Item and Move Forward to Study Session   | <input type="checkbox"/> Approve Item as proposed at Study Session   |
| <input type="checkbox"/> Approve Item and Move Forward to Regular Meeting   | <input type="checkbox"/> Approve Item as proposed at Regular Meeting |
| <input checked="" type="checkbox"/> Information Only  |  |
| <input type="checkbox"/> Approve Item with Waiver of Reconsideration<br>Reason for waiver is described in the Item Details field. |  |

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### PREVIOUS ACTIONS OR REVIEWS:



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**Policy Committee Name:** N/A

**Policy Committee Date:** N/A

**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

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**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

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

Attached is the May sales tax performance chart. May of 2022 was 8.9 percent higher than May of 2021.

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**QUESTIONS FOR COUNCIL**

Information only

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**LEGAL COMMENTS**

The city charter requires that the city manager shall keep the council advised of the financial condition and future needs of the city and make such recommendations to the council for adoption as the city manager may deem necessary or expedient. This item is informational only. (Aurora City Charter Art. 7-4 (f)). (Hernandez)

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**PUBLIC FINANCIAL IMPACT**

- YES       NO

**If yes, explain:** N/A

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**PRIVATE FISCAL IMPACT**

- Not Applicable       Significant       Nominal

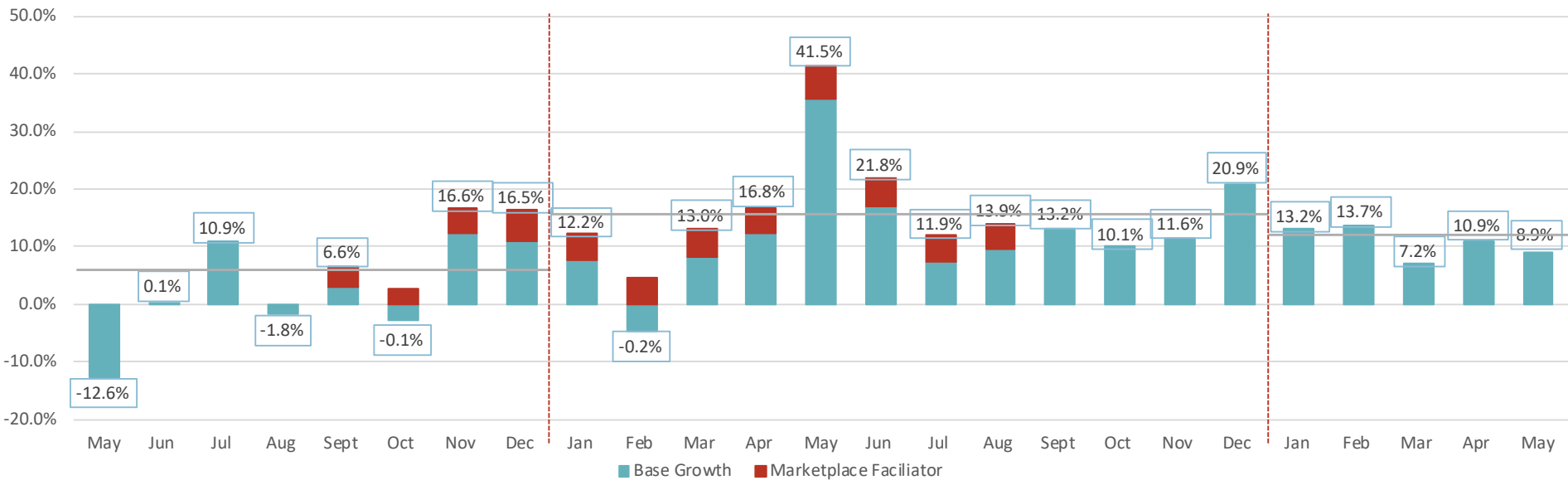
**If Significant or Nominal, explain:** N/A

# May 2022 Sales Tax Performance



## Percent Change from Prior Year By Month

May YTD Variance to  
Budget: \$14.2M (14.7%)  
2021: \$10.9M (11.0%)



**2020**  
5.3%

**2021**  
15.3%

**2022**  
11.0%

# May 2022 Sales Tax Performance



2022												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Monthly Sales Tax	29,967,263	18,575,070	16,874,776	24,183,272	20,685,751							
Increase (\$)	3,496,907	2,239,154	1,130,484	2,379,878	1,691,503							
Increase (%)	13.2%	13.7%	7.2%	10.9%	8.9%							
YoY Inflation	7.5%	7.9%	8.5%	8.3%	8.6%							

2021												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Monthly Sales Tax	26,470,356	16,335,916	15,744,292	21,803,394	18,994,248	19,105,339	24,284,022	19,619,225	20,002,933	22,520,104	19,665,387	21,948,396
Increase (\$)	2,879,135	(39,049)	1,812,207	3,130,042	5,569,566	3,415,214	2,584,338	2,389,143	2,338,188	2,062,637	2,043,950	4,527,809
Increase (%)	12.2%	-0.2%	13.0%	16.8%	41.5%	21.8%	11.9%	13.9%	13.2%	10.1%	11.6%	26.0%
YoY Inflation	1.4%	1.7%	2.6%	4.2%	5.0%	5.4%	5.4%	5.3%	5.4%	6.2%	6.8%	7.0%

2020												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Monthly Sales Tax	23,591,222	16,374,965	13,932,085	18,673,352	13,424,681	15,690,126	21,699,684	17,230,082	17,664,745	20,457,466	17,621,437	17,420,587
Increase (\$)	2,329,680	1,993,374	237,150	261,822	(1,942,622)	11,550	2,132,639	(316,295)	1,094,676	(25,201)	2,510,726	2,465,610
Increase (%)	11.0%	13.9%	1.7%	1.4%	-12.6%	0.1%	10.9%	-1.8%	6.6%	-0.1%	16.6%	16.5%
YoY Inflation	2.5%	2.3%	1.5%	0.3%	0.1%	0.6%	1.0%	1.3%	1.4%	1.2%	1.2%	1.4%



# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> 2021 Annual Comprehensive Financial Report and Audit Results
<b>Item Initiator:</b> Nancy Wishmeyer
<b>Staff Source/Legal Source:</b> Nancy Wishmeyer, Controller / Hanosky Hernandez, Sr. Assistant City Attorney
<b>Outside Speaker:</b> FORVIS, LLP external auditors
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### COUNCIL MEETING DATES:

**Study Session:** N/A

**Regular Meeting:** N/A

### ITEM DETAILS:

- Agenda long title – 2021 Annual Comprehensive Financial Report and Audit Results
- Waiver of reconsideration requested, and if so, why – N/A
- Sponsor name – N/A
- Staff source name and title / Legal source name and title – Nancy Wishmeyer, Controller / Hanosky Hernandez, Sr. Assistant City Attorney
- Outside speaker name and organization – FORVIS, LLP
- Estimated Presentation/discussion time – 10/10

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

- |   |  |
|---|--|
| <input type="checkbox"/> Approve Item and Move Forward to Study Session   | <input type="checkbox"/> Approve Item as proposed at Study Session   |
| <input type="checkbox"/> Approve Item and Move Forward to Regular Meeting   | <input type="checkbox"/> Approve Item as proposed at Regular Meeting |
| <input checked="" type="checkbox"/> Information Only  |  |
| <input type="checkbox"/> Approve Item with Waiver of Reconsideration<br>Reason for waiver is described in the Item Details field. |  |

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### PREVIOUS ACTIONS OR REVIEWS:

**Policy Committee Name:** N/A

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**Policy Committee Date:** N/A

**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

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**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 FORVIS, LLP Council Report is required auditor communication to the Management and Finance Committee (the audit committee). This report provides a review of the audit and brings attention to any control issues or other reportable items encountered by the auditors during the audit. Detail schedules of unrecorded audit adjustments, a copy of the representation letter provided by management to the auditors, and the 2021 Single Audit Report are also included in this report to Council.

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

The city's audited 2021 financial statements have been finalized. Items to be presented include results of the 2021 audit and information concerning the upcoming 2022 audit. The 2021 Annual Comprehensive Financial Report (ACFR) received an unmodified "clean" opinion from the auditors. The 2021 Single Audit of federal grants also received a clean, unmodified opinion. The 2020 ACFR received the GFOA Certificate of Achievement for Excellence in Financial Reporting. In the opinion of staff and the auditors, the 2021 ACFR also qualifies for this prestigious national award. A link to the 2021 ACFR and the 2021 Single Audit has been placed on the city's internet. Additionally, attached to this item is a summary of the 2021 audit recommendations and responses of city management. Also attached is the Corrective Action Plan for the Single Audit finding. The city remains a low risk auditee for the Single Audit.

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**QUESTIONS FOR COUNCIL**

Information Only

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**LEGAL COMMENTS**

An independent audit shall be made annually of all funds of the City, and more frequent audits may be made if deemed necessary by Council. Such audits shall be made by registered or certified public accountants, experienced in municipal accounting, selected by Council. *See*, City Charter Art. 3-18. (Hernandez)

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**PUBLIC FINANCIAL IMPACT**

- YES       NO

**If yes, explain:**

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**PRIVATE FISCAL IMPACT**

- Not Applicable       Significant       Nominal

**If Significant or Nominal, explain:** N/A

# City of Aurora, Colorado

## Report to the Honorable Mayor and Members of City Council

June 8, 2022

Results of the 2021 financial statement audit, internal  
control matters and other required communications.

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#### 2021 Audit Results

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#### Appendices

Management Representation Letter .....	<i>Tab 1</i>
Schedule of Uncorrected Misstatements.....	<i>Tab 2</i>
Reports Required by OMB Uniform Guidance .....	<i>Tab 3</i>

# FORV/S

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[forvis.com](http://forvis.com)

June 8, 2022

Honorable Mayor and Members of City Council  
City of Aurora, Colorado  
Aurora, Colorado

Dear Honorable Mayor and Members of City Council:

We have completed our audits of the financial statements and compliance of the City of Aurora, Colorado (the City) as of and for the year ended December 31, 2021. This report includes communications required under auditing standards generally accepted in the United States of America as well as other matters.

Our audit plan represented an approach responsive to the assessment of risk of material misstatement in financial reporting for the City. Specifically, auditing standards require us to:

- Express opinions on the December 31, 2021 financial statements and supplementary information of the City
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Uniform Guidance.
- Issue communications required under auditing standards generally accepted in the United States of America to assist the City Council in overseeing management's financial reporting and disclosure process

This report also presents an overview of areas of audit emphasis, as well as future accounting standards and industry developments for governments.

This communication is intended solely for the information and use of the Management and Finance Committee, Members of City Council, the Honorable Mayor, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Marcella D. Ardan, CPA  
Managing Director



Karmyn Jeffries, CPA  
Senior Manager



## Summary of Our Audit Approach and Results

### Our Approach

FORVIS' audit approach focuses on areas of highest risk — the unique characteristics of the City of Aurora, Colorado's (the City) operating environment, the design effectiveness of your internal controls and your financial statement amounts and disclosures. The objective is to express opinions on the conformity of your financial statements, in all material respects, with accounting principles generally accepted in the United States of America.

### Areas of Audit Emphasis

The principal areas of audit emphasis and results were as follows:

Opinion Unit	Risk Area	Results
All	➔ Management override of controls	➔ No matters are reportable
All	➔ Revenue recognition	➔ No matters are reportable
All	➔ Expenditures	➔ No matters are reportable
Governmental and business-type activities, water, sewer, and other aggregate funds.	➔ Debt	➔ No matters are reportable
Governmental and Business-type Activities, water, sewer, and other aggregate funds.	➔ Capital assets	➔ No matters are reportable
Single Audit	➔ Compliance with requirements described in the U.S. Office of Management and Budget, <i>Compliance Supplement</i> for major federal programs.	➔ Performed testing of major federal award programs as required by OMB Uniform Guidance. See report in <i>Tab 3</i> .

### Significant Estimates

The preparation of the financial statements requires considerable judgment because some assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses are “estimated” based on management’s assumptions about future outcomes. Estimates may be dependent on assumptions related to economic or environmental conditions, regulatory reform or changes in industry trends.

Some estimates are inherently more difficult to evaluate and highly susceptible to variation because the assumptions relating to future outcomes have a higher degree of uncertainty. To the extent future outcomes are different than expected, management's estimates are adjusted in future periods, sometimes having a significant effect on subsequent period financial statements. The following are considered to be significant estimates for the City:

- Allowance for Doubtful Accounts
- Useful Lives of Capital Assets
- Valuation of Contributed Capital Assets
- Valuation of Investments including the Interest Rate Cap
- Liability for Insurance Claims Incurred but not Reported (IBNR)
- Liability for Other Postemployment Benefits and Related Deferred Outflows and Inflows of Resources
- Vacation and Sick Leave Accruals
- Arbitrage Liability
- Net Pension Liability (Asset) and Related Deferred Outflows and Inflows of Resources
- Unbilled Utility Revenues

## Opinions

### Unmodified, or "Clean," Opinions Issued on Financial Statements

We have issued unmodified opinions as to whether the financial statements of the City, as of and for the year ended December 31, 2021, are fairly presented, in all material respects.

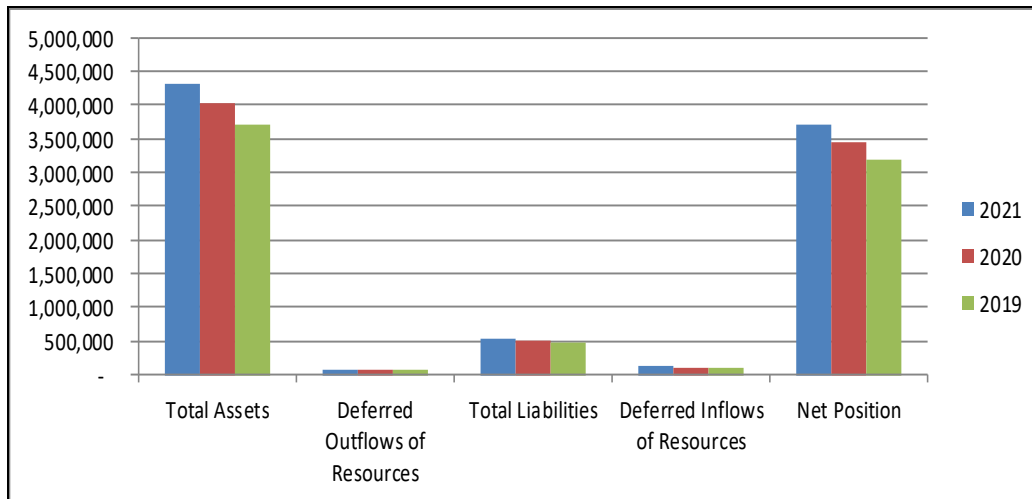
## Requirements Under the Uniform Guidance

Our audit included reporting on major federal programs and includes:

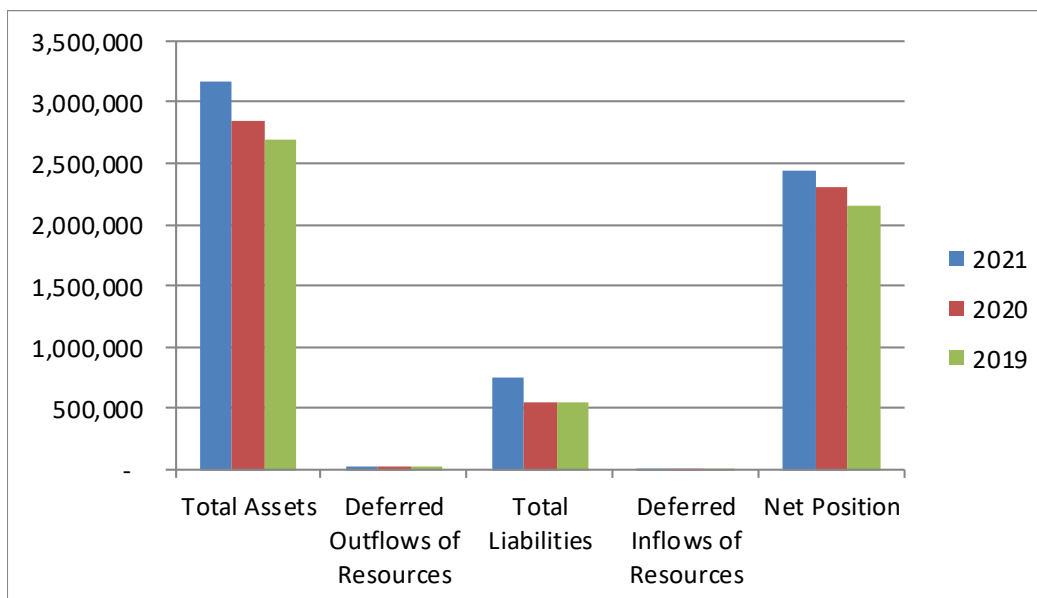
- Schedule of Expenditures of Federal Awards
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs
- Data Collection Form

## Statement of Net Position as of December 31 (in thousands)

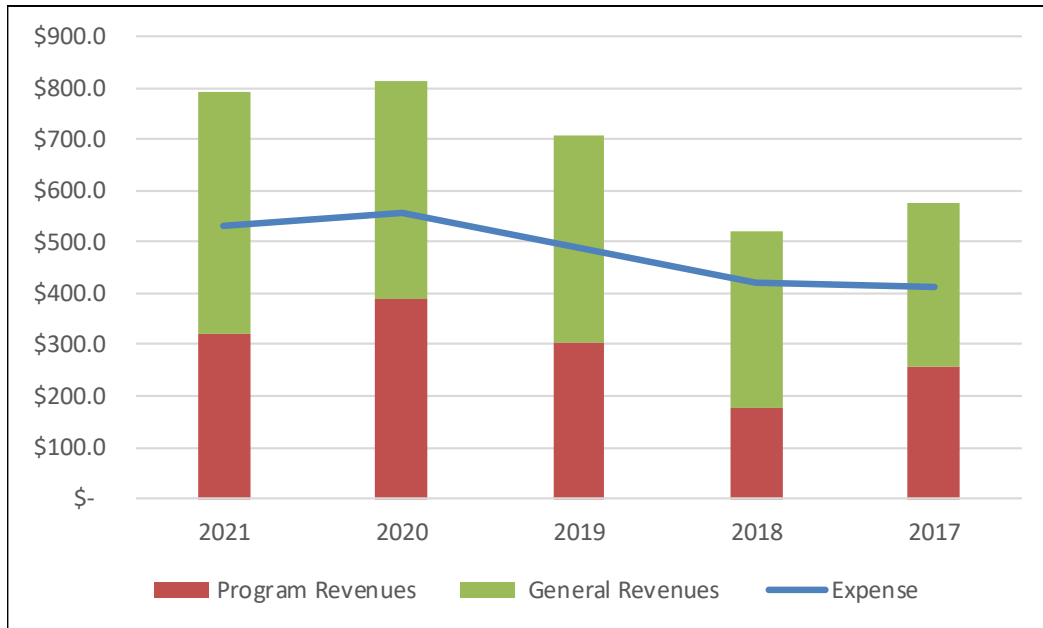
### Governmental Activities



### Business-type Activities

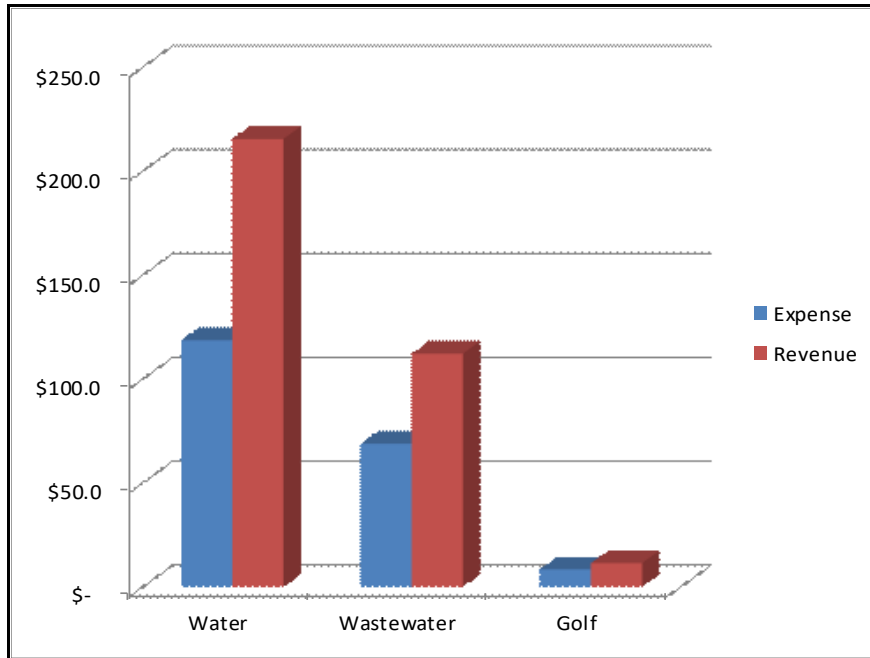


## Expenses and Program Revenues – Governmental Activities (in millions)

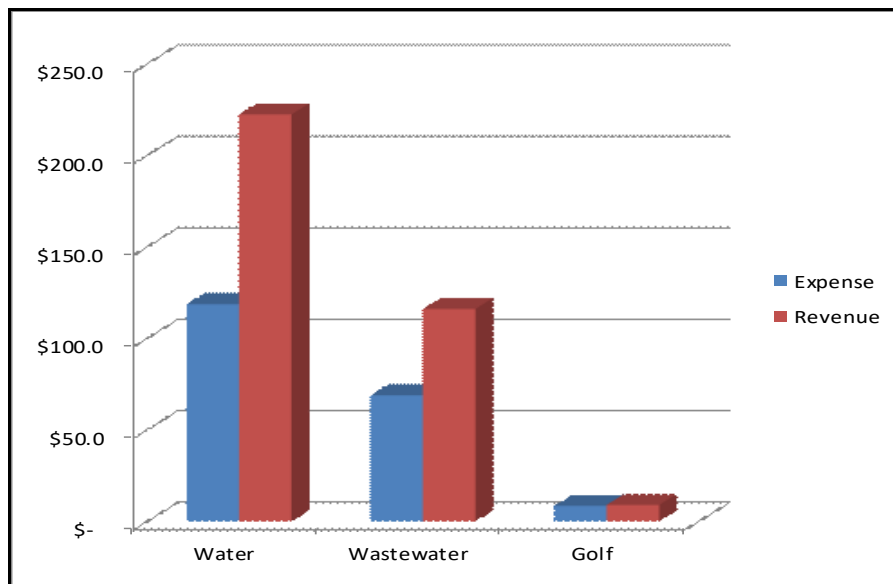


## Expenses and Program Revenues – Business-type Activities (in millions)

2021

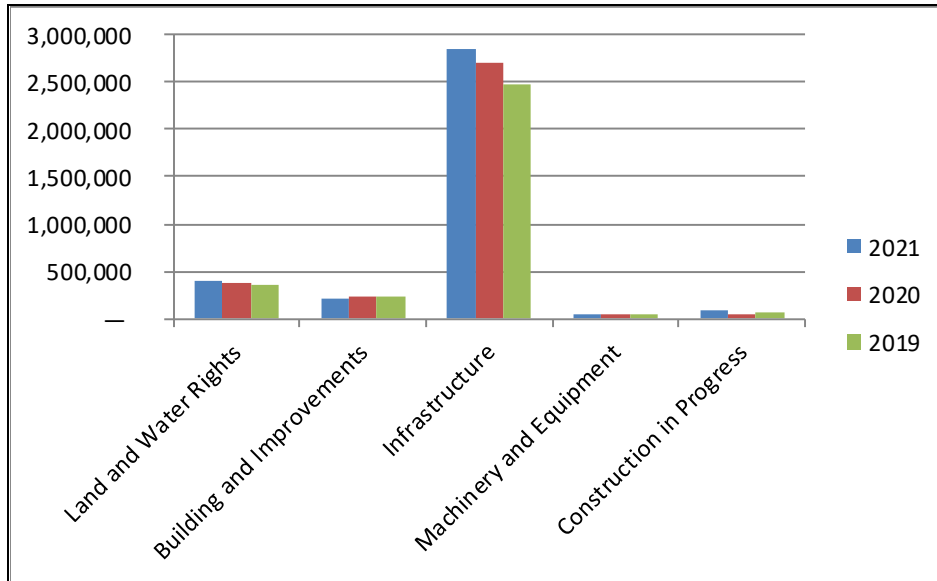


2020

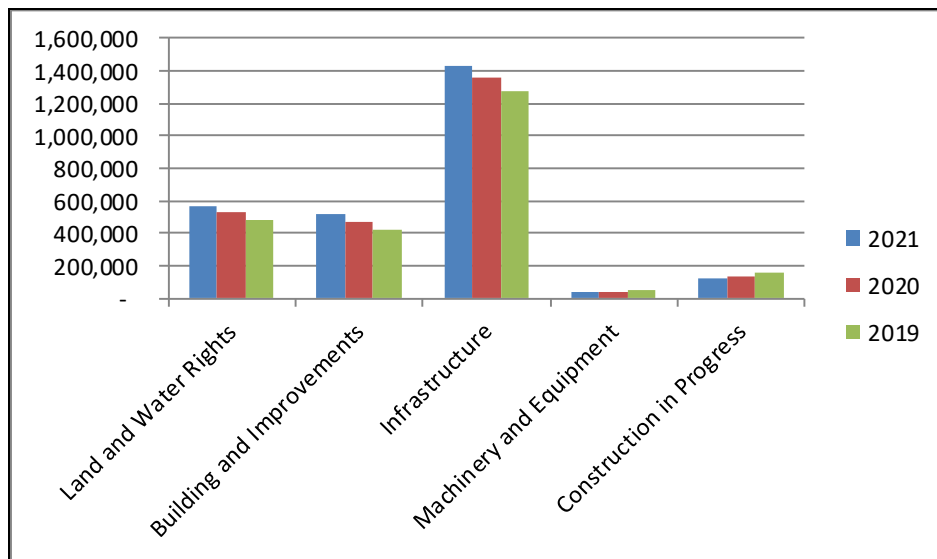


## Capital Assets – Net of Accumulated Depreciation (in thousands)

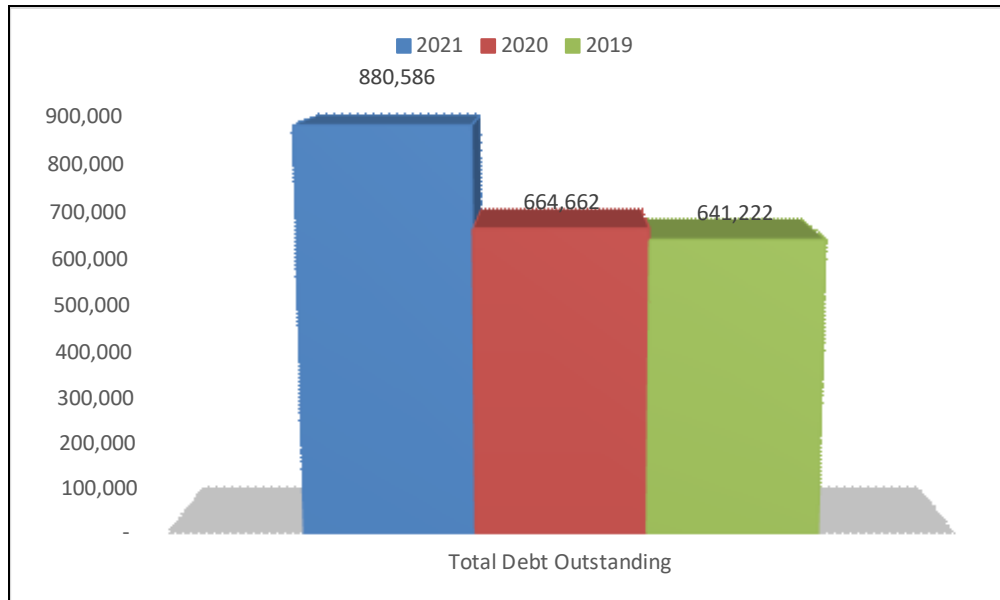
### Governmental Activities



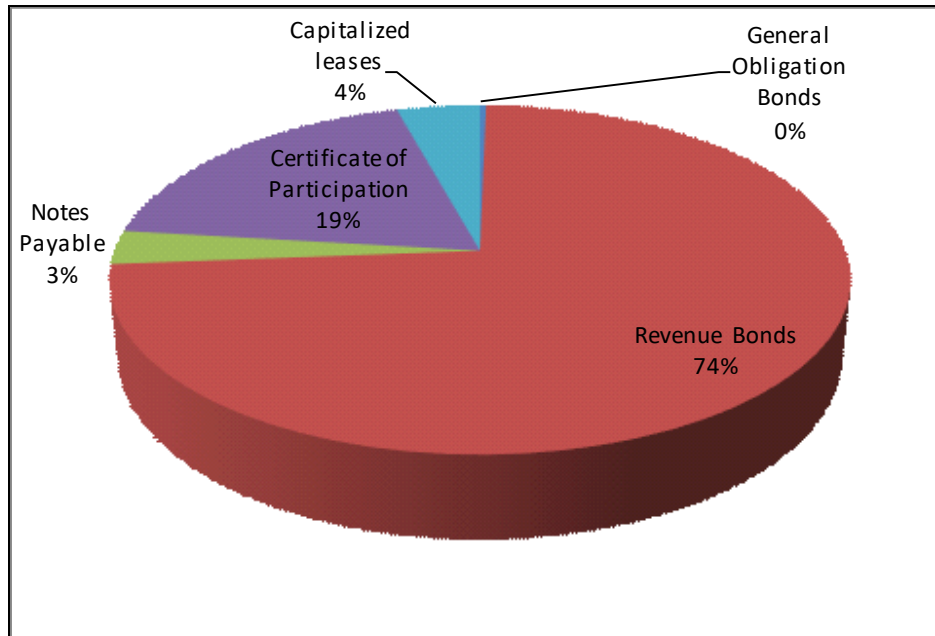
### Business-type Activities



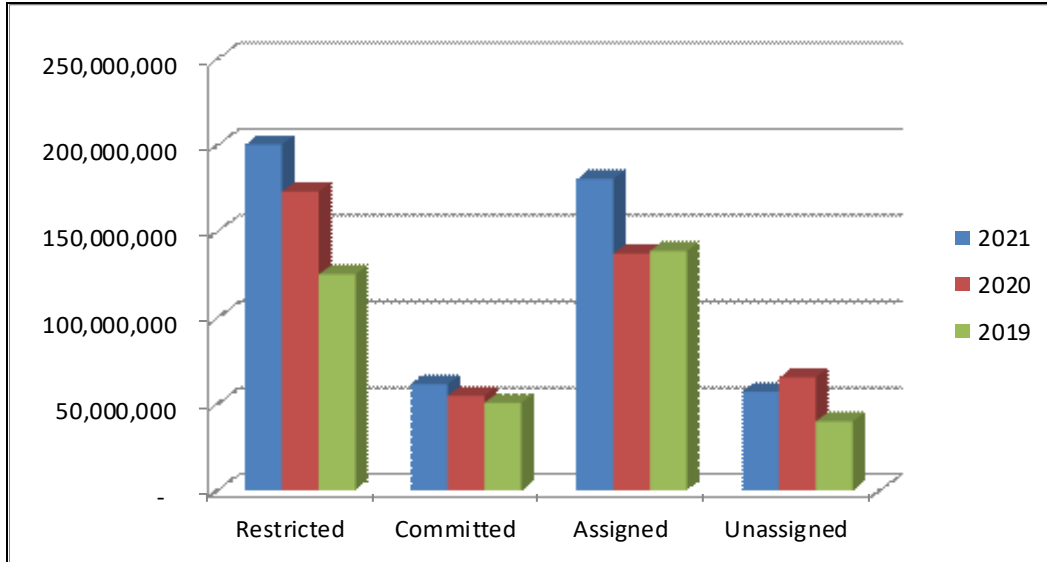
### Outstanding Debt as of December 31 (in thousands)



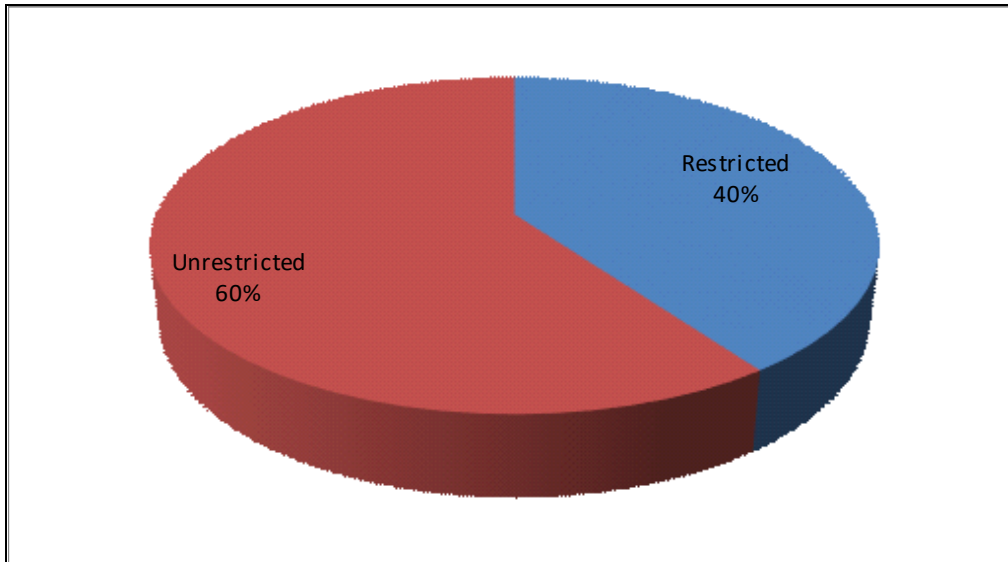
### Outstanding Debt by Type as of December 31, 2021:



## Total Governmental Funds Fund Balances Break-out

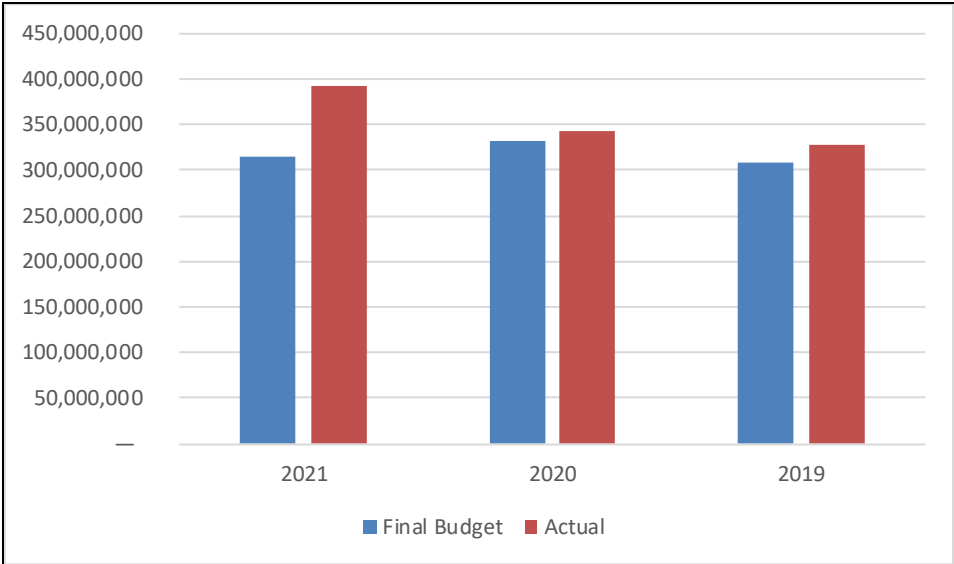


## Restricted vs Unrestricted Fund Balances as of December 31, 2021:

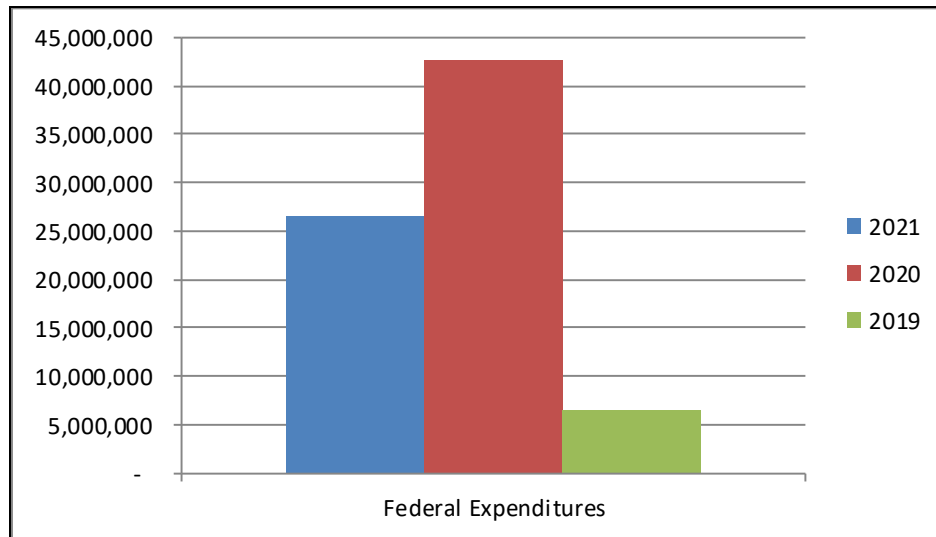




## Budget to Actual – General Fund Tax Revenue



### Single Audit Results



	2021	2020	2019
<b>Number of Major Programs</b>	↻ Five	↻ One	↻ One
<b>Programs Audited</b>	↻ Highway Planning and Construction Cluster; Emergency Solutions Grants; Emergency Rental Assistance; Coronavirus State and Local Fiscal Recovery Funds; SAFER	↻ CRF – Coronavirus Relief Fund	↻ CDBG – Entitlement Grants Cluster
<b>Number of Findings</b>	↻ Two	↻ One	↻ One

	2021	2020	2019
<b>Classification of Findings</b>	<p><b>Financial Statement Findings</b></p> <ul style="list-style-type: none"> <li>➔ No matters are reportable</li> </ul> <p><b>Federal Award Findings</b></p> <ul style="list-style-type: none"> <li>➔ Other Instance of Noncompliance – Reporting</li> <li>➔ Other Instance of Noncompliance – Eligibility</li> </ul>	<p><b>Financial Statement Findings</b></p> <ul style="list-style-type: none"> <li>➔ Significant Deficiency – Capital Asset Disposals</li> </ul> <p><b>Federal Award Findings</b></p> <ul style="list-style-type: none"> <li>➔ None</li> </ul>	<p><b>Financial Statement Findings</b></p> <ul style="list-style-type: none"> <li>➔ Significant Deficiency – Information Technology – Access and Operations</li> </ul> <p><b>Federal Award Findings</b></p> <ul style="list-style-type: none"> <li>➔ None</li> </ul>

## Required Communications

Generally accepted auditing standards require the auditor to provide to those charged with governance additional information regarding the scope and results of the audit that may assist you in overseeing management’s financial reporting and disclosure process. Below, we summarize these required communications and included a comparison to 2020.

### **Auditor’s Responsibility Under Auditing Standards Generally Accepted in the United States of America and the Standards Applicable to Financial Audits Contained in *Government Auditing Standards* Issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)***

An audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB) *Uniform Guidance* is designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on a major federal program occurred. In performing auditing procedures, we establish scopes of audit tests in relation to the opinion unit being audited. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this communication or have previously been communicated during other phases of the audit. The standards do not require the auditor to design

procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Area	Comments
<p><b>Significant Accounting Policies</b></p>	<ul style="list-style-type: none"> <li>The City’s significant accounting policies are described in Note 1 of the audited financial statements</li> </ul>
<p><b>Alternative Accounting Treatments</b></p> <p>We had discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States of America for policies and practices for material items, including recognition, measurement and disclosure considerations related to the accounting for specific transactions as well as general accounting policies listed in the adjacent comments section.</p>	<ul style="list-style-type: none"> <li>No matters are reportable</li> </ul>
<p><b>Management Judgments and Accounting Estimates</b></p> <p>Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Areas involving significant areas of such estimates for which we are prepared to discuss management’s estimation process and our procedures for testing the reasonableness of those estimates are listed in the adjacent comments section.</p>	<ul style="list-style-type: none"> <li>Please see page 3 for significant estimates utilized by the City</li> </ul>

Area	Comments
<p><b>Financial Statement Disclosures</b></p> <p>The areas listed in the adjacent comments section involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures.</p>	<ul style="list-style-type: none"><li>• Subsequent events</li></ul>
<p><b>Significant Unusual Transactions</b></p> <p>Significant unusual transactions represent significant transactions that are outside the normal course of business for the City or that otherwise appear to be unusual due to their timing, size, or nature.</p>	<ul style="list-style-type: none"><li>• No matters are reportable</li></ul>

Area	Comments
<p><b>Audit Adjustments</b></p> <p>During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.</p> <p>Some adjustments proposed were not recorded because their aggregate effect is not currently material. We would like to call your attention to the fact that although these uncorrected misstatements, individually and in the aggregate, were deemed to be immaterial to the current-year financial statements, it is possible that the impact of these uncorrected misstatements, or matters underlying these uncorrected misstatements, could potentially cause future-period financial statements to be materially misstated.</p>	<p>Proposed Audit Adjustments Recorded</p> <ul style="list-style-type: none"> <li>No matters are reportable</li> </ul> <p>Proposed Audit Adjustments Not Recorded</p> <ul style="list-style-type: none"> <li>Entries to adjust accounts payable that were improperly excluded.</li> <li>Omitted disclosure for the budgetary comparison schedule of the AURA General Fund</li> <li><i>Tab 2</i> contains a summary of uncorrected misstatements we aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, but more than trivial to the opinion unit as a whole</li> </ul>
<p><b>Auditor’s Judgments About the Quality of the City’s Accounting Policies</b></p> <p>During the course of the audit, we made observations regarding the City’s application of accounting principles listed in the adjacent comments section.</p>	<ul style="list-style-type: none"> <li>No matters are reportable</li> </ul>

Area	Comments
<p><b>Other Information in Documents Containing Audited Financial Statements</b></p> <p>The audited financial statements are included in the City’s Annual Comprehensive Financial Report. Management, or those charged with governance, is responsible for preparing the Annual Comprehensive Financial Report. We were not engaged to audit the other information contained in the annual report, and as a result, our opinion does not provide assurance as to the completeness and accuracy of the information contained therein. Instead, our objectives with regard to such information were to read the entire report to determine if financial information discussed in sections outside the financial statements materially contradicts the audited financial statements. If we identify any such matters, we bring them to management’s attention and review subsequent revisions.</p>	<ul style="list-style-type: none"> <li>• No matters are reportable</li> </ul>
<p><b>Disagreements with Management</b></p> <p>Certain matters listed in the adjacent comments section involved disagreements which if not satisfactorily resolved would have caused a modified auditor’s opinion on the financial statements.</p>	<ul style="list-style-type: none"> <li>• No matters are reportable</li> </ul>

Area	Comments
<p><b>Consultation with Individuals Outside of the Engagement Team</b></p> <p>During our audit, we encountered the matters listed in the adjacent comments section for which we consulted the views of individuals outside of the engagement team.</p>	<ul style="list-style-type: none"> <li>No matters are reportable</li> </ul>
<p><b>Consultation with Other Accountants</b></p> <p>During our audit we became aware that management had consulted with other accountants about auditing or accounting matters listed in the adjacent comments section.</p>	<ul style="list-style-type: none"> <li>The Havana Business Improvement District is audited by Colorado CPA Company. The Parkside City Centre Business Improvement District is audited by Wipfli. The Citadel on Colfax Business Improvement District is audited by Hiratsuka. We placed reliance on the audit of the financial statements of these entities as of December 31, 2021, and for the year then ended.</li> </ul>
<p><b>Difficulties Encountered in Performing the Audit</b></p> <p>Our audit requires cooperative effort between management and the audit team. During our audit, we found significant difficulties in working effectively on the matters listed in the adjacent comments section.</p>	<ul style="list-style-type: none"> <li>No matters are reportable</li> </ul>
<p><b>Significant Related-Party Findings</b></p> <p>We would like to communicate the significant findings or issues that arose during our audit related to the City's related-party activity, listed in the adjacent comments section.</p>	<ul style="list-style-type: none"> <li>No matters are reportable</li> </ul>



### Other Material Communications

Other material communications between management and us related to the audit include:

- Management representation letter (*Tab 1*)
- We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies

### Internal Control Over Compliance

In planning and performing our audit, we considered the City of Aurora, Colorado's (the City) internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified.

**Deficiency** – A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis.

**Material Weakness** – A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

**Significant Deficiency** – A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We observed the following matters that we consider to be a deficiency.

#### Deficiency

##### *Suspension and Debarment*

Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include contracts for goods and services awarded under a non-procurement transaction (*e.g.*, grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. The BPM 2-09 Grant Policy outlines the City's policies and procedures relating to suspension and debarment checks. During our single audit testing we identified three instances in which a suspension and debarment check was not performed, or documentation of the check was not saved. The vendors used in those instances were not suspended or debarred based upon a search on the Sam.gov website. We recommend

the City reinforce these policies with grant managers and procurement verify these checks to help ensure the City does not pass federal dollars through to entities who are suspended and debarred.

### Other Matters

Although not considered material weaknesses, significant deficiencies or deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements if you require.

### Payment Risk Analytics

Today’s business environment is complex, and even the best internal controls cannot prevent every mistaken or fraudulent payment. In fact, according to an Association of Certified Fraud Examiners (ACFE) organizations lose 5% of their annual revenue due to employee and/or vendor fraud, and the average fraud scheme lasts for 14 months before detection.

We recommend that management consider monitoring payments by leveraging data analytics. Harnessing the power of your data can help you identify potential fraud patterns and internal control vulnerabilities.

Our FORVIS Analytics team offers Payment Risk Analytics, a toolkit of interactive dashboards that can help flag risky payments, vendors, purchasing card holders, and employees. These tools have been developed by a team of data analytics, fraud investigation, and internal audit experts with years of investigation and engagement experience.

### Future Accounting Pronouncements

The following Government Accounting Standards Board pronouncements are effective for the City in the indicated calendar year:

Statement No. 87, <i>Leases</i> .....	2022
Statement No. 91, <i>Conduit Debt Obligations</i> .....	2022
Statement No. 92, <i>Omnibus 2020</i> .....	2022
Statement No. 93, <i>Replacement of Interbank Offered Rates</i> <i>(LIBOR removal and lease modifications)</i> .....	2022
Statement No. 94, <i>Public-Private Partnerships</i> .....	2023
Statement No. 96, <i>Subscription-based Information Technology Arrangements</i> .....	2023

Below is further explanation of standards which may have a significant impact on the City in the next year:

### **GASB Statement No. 87, Leases**

In June 2017, GASB published Statement No. 87, *Leases*. This Statement was the result of a multi-year project to reexamine the accounting and financial reporting for leases. The new Statement establishes a single model for lease accounting based on the principle that leases represent the financing of the right to use an underlying asset. Specifically, GASB 87 includes the following accounting guidance for lessees and lessors:

**Lessee Accounting:** A lessee will recognize a liability measured at the present value of payments expected to be made for the lease term, and an intangible asset measured at the amount of the initial lease liability, plus any payments made to the lessor at or before the beginning of the lease and certain indirect costs. A lessee will reduce the liability as payments are made and recognize an outflow of resources for interest on the liability. The asset will be amortized by the lessee over the shorter of the lease term or the useful life of the asset.

**Lessor Accounting:** A lessor will recognize a receivable measured at the present value of the lease payments expected for the lease term and a deferred inflow of resources measured at the value of the lease receivable plus any payments received at or prior to the beginning of the lease that relate to future periods. The lessor will reduce the receivable as payments are received and recognize an inflow of resources from the deferred inflow of resources in a systematic and rational manner over the term of the lease. A lessor will not derecognize the asset underlying the lease. There is an exception for regulated leases for which certain criteria are met, such as airport-aeronautical agreements.

The lease term used to measure the asset or liability is based on the period in which the lessee has the noncancelable right to use the underlying asset. The lease term also contemplates any lease extension or termination option that is reasonably certain of being exercised.

GASB 87 does not apply to leases for intangible assets, biological assets (*i.e.*, timber and living plants and animals), service concession agreements or leases in which the underlying asset is financed with conduit debt that is reported by the lessor. Additionally, leases with a maximum possible term of 12 months or less are excluded.

GASB 87 is effective for fiscal years beginning after June 15, 2021. Early application is encouraged. It is anticipated that leases would be recognized using the facts and circumstances in effect at the beginning of the period of implementation.

### **GASB Statement No. 91, Conduit Debt Obligations**

The primary objectives of GASB 91 are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB 91 clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures.

The requirements of GASB 91 are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

This communication is intended solely for the information and use of the Management and Finance Committee, Members of City Council, the Honorable Mayor, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**FORVIS, LLP**

June 8, 2022

*Representation of:*

City of Aurora, Colorado  
15151 East Alameda Parkway, Suite 5700  
Aurora, Colorado 80012

*Provided to:*

FORVIS, LLP  
Certified Public Accountants  
1801 California Street, Suite 2900  
Denver, Colorado 80202

The undersigned (“We”) are providing this letter in connection with FORVIS’ audit of our financial statements as of and for the year ended December 31, 2021 and your audit of our compliance with requirements applicable to each of our major federal awards programs as of and for the year ended December 31, 2021.

Our representations are current and effective as of the date of FORVIS’ report: June 8, 2022.

Our engagement with FORVIS is based on our contract for services dated: November 3, 2021.

**Our Responsibility and Consideration of Material Matters**

We confirm that we are responsible for the fair presentation of the financial statements subject to FORVIS’ report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

**Confirmation of Matters Specific to the Subject Matter of FORVIS’ Report**

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
  - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
  - b. Internal control to prevent and detect fraud.
3. We have everything we need to keep our books and records.

4. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. All minutes of meetings of the governing body held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.
  - e. All significant contracts and grants.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
  - a. Misappropriation of assets.  
  
Misrepresented or misstated assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
7. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
8. We have no knowledge of any known or suspected fraudulent financial reporting or misappropriation of assets involving:
  - a. Management or employees who have significant roles in internal control, or
  - b. Others, where activities of others could have a material effect on the financial statements.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, customers, regulators, suppliers, or others.
10. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.
11. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware. In addition, we have disclosed to you all related-party transactions of which we are aware, including any modifications during the year that were made to related-party transaction agreements which existed prior to the beginning of the year under audit, as well as new related-party transaction agreements that were executed during the year under audit.

Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

We understand that the term related party refers to an affiliate, management and members of their immediate families, component units, and any other party with which the entity may deal if the entity can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

12. We are not aware of any side agreements or other arrangements (either written or oral) that are in place.
13. Except as reflected in the financial statements, there are no:
  - a. Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
  - b. Material transactions omitted or improperly recorded in the financial records.
  - c. Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
  - d. Events occurring subsequent to the statement of net position date through the date of this letter requiring adjustment or disclosure in the financial statements.
  - e. Agreements to purchase assets previously sold.
  - f. Restrictions on cash balances or compensating balance agreements.
  - g. Guarantees, whether written or oral, under which the entity is contingently liable.
14. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
15. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act* nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
16. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
17. Adequate provisions and allowances have been accrued for any material losses from:
  - a. Uncollectible receivables.
  - b. Reducing obsolete or excess inventories to estimated net realizable value.
  - c. Sales commitments, including those unable to be fulfilled.

- d. Purchase commitments in excess of normal requirements or above prevailing market prices.
18. Except as disclosed in the financial statements, the entity has:
    - a. Satisfactory title to all recorded assets, and they are not subject to any liens, pledges, or other encumbrances.
    - b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
  19. We have reviewed GASB No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and have determined that the City does not have any environmental liabilities nor have any obligating events occurred that would require us to record a liability, except for as related to the Highway 30 Landfill Facility.
  20. The City does not have any asset retirement obligations as defined under GASB 83, *Certain Asset Retirement Obligations* and we do not believe a liability is required to be recorded.
  21. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the statement of net position date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
  22. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.
  23. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
  24. With respect to any nonattest services you have provided us during the year, including assistance with formatting, printing and binding the City's single audit reports and the SCFD reports and completion of the auditee portion of the Form SF-Sac (Data Collection Form) through the Federal Audit Clearinghouse:
    - a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
    - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
    - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.



- d. We have evaluated the adequacy of the services performed and any findings that resulted.
25. We have notified you of any instances of noncompliance with applicable disclosure requirements of the SEC Rule 15c2-12 and applicable state laws.
26. With regard to deposit and investment activities:
- a. All deposit, and investment transactions have been made in accordance with legal and contractual requirements.
  - b. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
  - c. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
27. As an entity subject to *Government Auditing Standards*:
- a. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.
  - b. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
  - c. We have identified and disclosed to you any violations or possible violations of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
  - d. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.
  - e. We have a process to track the status of audit findings and recommendations.
  - f. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.
28. With regard to federal awards programs:
- a. We have identified in the schedule of expenditures of federal awards all assistance provided (either directly or passed through other entities) by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, commodities, insurance, direct appropriations, or in any other form.

- b. We have identified the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* regarding activities allowed or unallowed; allowable costs/cost principles; cash management; eligibility; equipment and real property management; matching, level of effort, earmarking; period of performance of federal funds; procurement and suspension and debarment; program income; reporting; subrecipient monitoring; and special tests and provisions that are applicable to each of our federal awards programs. We have identified to you our interpretation of any applicable compliance requirements subject to varying interpretations.
- c. We are responsible for complying, and have complied, with the requirements of Uniform Guidance.
- d. We are responsible to understand and comply with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal awards programs and have disclosed to you any and all instances of noncompliance with those requirements occurring during the period of your audit or subsequent thereto to the date of this letter of which we are aware. Except for any instances of noncompliance we have disclosed to you, we believe the entity has complied with all applicable compliance requirements.
- e. We are responsible for the design, implementation, and maintenance of internal controls over compliance that provide reasonable assurance we have administered each of our federal awards programs in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.
- f. We have made available to you all federal awards (including amendments, if any) and any other correspondence or documentation relevant to each of our federal awards programs and to our compliance with applicable requirements of those programs.
- g. The information presented in federal awards program financial reports and claims for advances and reimbursements is supported by the books and records from which our financial statements have been prepared.
- h. The costs charged to federal awards are in accordance with applicable cost principles.
- i. The reports provided to you related to federal awards programs are true copies of reports submitted or electronically transmitted to the federal awarding agency, the applicable payment system or pass-through entity in the case of a subrecipient.
- j. Amounts claimed or used for matching were determined in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) regarding cost principles.
- k. We have monitored any subrecipients to determine that they have expended federal awards in accordance with federal statutes, regulations, and the terms and conditions of the subaward and have met the audit and other requirements of the Uniform Guidance.
- l. We have taken appropriate corrective action on a timely basis after receipt of any subrecipient's auditor's report that identified findings and questioned costs pertaining to federal awards programs passed through to the subrecipient by us.

- m. We have considered the results of any subrecipient's audits received and made any necessary adjustments to our books and records.
  - n. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the applicable compliance requirements for each of our federal awards programs, including any communications received from the end of the period of your audit through the date of this letter.
  - o. We have identified to you any previous compliance audits, attestation engagements, and internal or external monitoring related to the objectives of your compliance audit, including findings received and corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other monitoring.
  - p. Except as described in the schedule of findings and questioned costs, we are in agreement with the findings contained therein and our views regarding any disagreements with such findings are consistent, as of the date of this letter, with the description thereof in that schedule.
  - q. We are responsible for taking corrective action on any audit findings and have developed a corrective action plan that meets the requirements of Uniform Guidance.
  - r. The summary schedule of prior audit findings correctly states the status of all audit findings of the prior audit's schedule of findings and questioned costs and any uncorrected open findings included in the prior audit's summary schedule of prior audit findings as of the date of this letter.
  - s. The reporting package does not contain any protected personally identifiable information.
29. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, budgetary comparisons, pension, and other postemployment benefit information, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.
30. With regard to supplementary information:
- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
  - b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
  - c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.
  - d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.

- e. If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor’s report are issued.
31. Due care has been exercised in the preparation of the Introductory and Statistical and Other Schedules Sections of the annual comprehensive financial report and we are unaware of any information in those sections that is materially inconsistent with the information reported in the basic financial statements.
  32. With regard to other information that is presented in the form of our annual comprehensive financial report:
    - a. We confirm that the annual comprehensive financial report comprises the annual report for the entity.
    - b. We have provided you with the final draft of the annual comprehensive financial report.
  33. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Entities are potentially facing declines in the fair values of investments and other assets, declines in the volume of business, constraints on liquidity, difficulty obtaining financing, etc. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts and notes receivable, etc., that could negatively impact the entity’s ability to meet debt covenants or maintain sufficient liquidity.
 

We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the entity’s financial statements. Further, management and governance are solely responsible for all aspects of managing the entity, including questioning the quality and valuation of investments, and other assets; reviewing allowances for uncollectible amounts; evaluating capital needs and liquidity plans; etc.
  34. The City has revised the beginning net position of the police evidentiary fund to conform with accounting principles generally accepted in the United States of America. Management has provided you with all relevant information regarding the revision. We are not aware of any other known matters that require correction in the financial statements.

DocuSigned by:  
  
 EA6102F7851045C...  
 \_\_\_\_\_  
 Jim Twombly, City Manager  
[jtwombly@auroragov.org](mailto:jtwombly@auroragov.org)

DocuSigned by:  
  
 650B9375B49A431...  
 \_\_\_\_\_  
 Terri Velasquez, Director of Finance  
[tvelasqu@auroragov.org](mailto:tvelasqu@auroragov.org)

DocuSigned by:  
  
 99154DAC3A7D4EB...  
 \_\_\_\_\_  
 Nancy Wishmeyer, Controller  
[nwishmey@auroragov.org](mailto:nwishmey@auroragov.org)

# City of Aurora, Colorado

## ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

### Governmental Activities (Government-Wide Statements)

#### QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	4,388,419,398		4,388,419,398	
Non-Current Assets & Deferred Outflows	(4,388,419,398)		(4,388,419,398)	
Current Liabilities	(666,341,975)	(5,111,843)	(671,453,818)	0.77%
Non-Current Liabilities & Deferred Inflows				
Current Ratio			6.54	
Total Assets & Deferred Outflows				
Total Liabilities & Deferred Inflows				
Total Net Position	(3,722,077,423)	5,111,843	(3,716,965,580)	-0.14%
General Revenues & Transfers	(472,480,105)		(472,480,105)	
Net Program Revenues/ Expenses	211,782,182	2,968,769	214,750,951	1.40%
Change in Net Position	(260,697,923)	2,968,769	(257,729,154)	-1.14%

**Client: City of Aurora, Colorado**  
**Period Ending: December 31, 2021**

**Governmental Activities (Government-Wide Statements)**  
**SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)**

Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets & Deferred Outflows				Liabilities & Deferred Inflows				General Revenues & Transfers			Net Program Revenues/ Expenses		Net Position		Net Effect on Following Year		
			Current		Noncurrent		Current		Noncurrent		DR		CR		DR		CR		Change in Net Position	
			DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR
To show financial statement effect for invoices received and paid after year end relating to 2021 which should have been accrued. Management determined on passing.		F	0	0	(5,111,843)	0	0	0	0	0	5,111,843	0	0	(5,111,843)	5,111,843			(5,111,843)	5,111,843	
	Accounts Payable				(5,111,843)														5,111,843	
	Expenditures										5,111,843			(5,111,843)						
PY Turnaround effect: To show financial statement effect for invoices received and paid after year end relating to 2020 which should have been accrued in a PY. Management determined on passing.		F	0	0	0	0	0	0	0	0	(2,143,074)	2,143,074	0	0	0	0	0	0		
	Expenditures										(2,143,074)									
	Net Position											2,143,074								
<b>Total passed adjustments</b>			0	0	(5,111,843)	0	0	0	0	0	2,968,769	2,143,074			(5,111,843)	5,111,843				
											<b>Impact on Change in Net Position</b>		<b>2,968,769</b>							
											<b>Impact on Net Position</b>		<b>5,111,843</b>							

# City of Aurora, Colorado

## ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

### Business Type Activities (Government-Wide Statements)

#### QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	3,201,835,504		3,201,835,504	
Non-Current Assets & Deferred Outflows				
Current Liabilities	(761,987,596)	(2,376,710)	(764,364,306)	0.31%
Non-Current Liabilities & Deferred Inflows				
Current Ratio			4.19	
Total Assets & Deferred Outflows				
Total Liabilities & Deferred Inflows				
Total Net Position	(2,439,847,908)	2,376,710	(2,437,471,198)	-0.10%
General Revenues & Transfers	2,098,797		2,098,797	
Net Program Revenues/ Expenses	(132,654,411)	2,376,710	(130,277,701)	-1.79%
Change in Net Position	(130,555,614)	2,376,710	(128,178,904)	-1.82%

**Client: City of Aurora, Colorado**  
**Period Ending: December 31, 2021**

**Governmental Activities (Government-Wide Statements)**  
**SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)**

Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets & Deferred Outflows		Liabilities & Deferred Inflows		General Revenues & Transfers			Net Program Revenues/ Expenses			Net Position			Net Effect on Following Year				
			Current		Noncurrent		Current		Noncurrent		DR		(CR)		DR		(CR)		Change in Net Position	
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
To show financial statement effect for invoices received and paid after year end relating to 2021 which should have been accrued. Management determined on passing.		F		0		0		(2,376,710)		0		2,376,710		0		(2,376,710)		2,376,710		
	Accounts Payable							(2,376,710)											2,376,710	
	Expenditures											2,376,710				(2,376,710)				
<b>Total passed adjustments</b>				0		0		(2,376,710)		0		2,376,710		0		(2,376,710)		2,376,710		
														<b>Impact on Change in Net Position</b>		<b>2,376,710</b>				
														<b>Impact on Net Position</b>		<b>2,376,710</b>				



# City of Aurora, Colorado

## ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

### General Fund

#### QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	246,353,688		246,353,688	
Total Liabilities & Deferred Inflows	(91,338,303)	(1,860,908)	(93,199,211)	2.04%
Total Fund Balance	(155,015,385)	1,860,908	(153,154,477)	-1.20%
Revenues	(439,289,357)		(439,289,357)	
Expenditures	326,491,898	933,904	327,425,802	0.29%
Change in Fund Balance	1,269,145	933,904	2,203,049	73.59%



# City of Aurora, Colorado

## ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

### AURA General Fund

#### QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	58,366,284		58,366,284	
Total Liabilities & Deferred Inflows	(29,314,422)		(29,314,422)	
Total Fund Balance	(29,051,862)		(29,051,862)	
Revenues	(55,011,057)		(55,011,057)	
Expenditures	47,143,370		47,143,370	
Change in Fund Balance	(7,453,529)		(7,453,529)	

#### Misstatements within Notes to the Financial Statements

GASB 34 requires that a budgetary comparison schedule be included for the general fund and each major special revenue fund that has a legally adopted budget. The City reports the AURA general fund as a major special revenue fund; however, a budgetary schedule is not presented as budgets for the City's component units are not required to be and are not legally adopted by the City. Per C.R.S. these entities may be subject to the State's budgetary requirements, which require a budget to be legally adopted.

**SCHEDULE OF UNCORRECTED MISSTATEMENTS (NOTES TO THE FINANCIAL STATEMENTS)**

Uncorrected and/or Omitted Disclosure (Include Guidance Reference)	Misstatement Type	Quantitative Amount(s)	Relevant Financial Statement Line(s)
1 GASB 34 requires that a budgetary comparison schedule be included for the general fund and each major special revenue fund that has a legally adopted budget. The City reports the AURA general fund as a major special revenue fund; however, a budgetary schedule is not presented as budgets for the City's component units are not required to be and are not legally adopted by the City. Per C.R.S. these entities may be subject to the State's budgetary requirements, which require a budget to be legally adopted.	Omitted	Entire budget schedule	Required Supplementar Information - Budgetary Comparison Schedule

# City of Aurora, Colorado

## ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

### Aggregate Remaining Funds

#### QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	1,363,126,797		1,363,126,797	
Total Liabilities & Deferred Inflows	(121,763,893)	(3,278,041)	(125,041,934)	2.69%
Total Fund Balance	(1,241,362,904)	3,278,041	(1,238,084,863)	-0.26%
Revenues	(340,133,460)		(340,133,460)	
Expenditures	289,266,800	2,026,654	291,293,454	0.70%
Change in Fund Balance	(174,046,616)	2,026,654	(172,019,962)	-1.16%



# City of Aurora, Colorado

## ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

### Water Fund

#### QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	249,608,227		249,608,227	
Non-Current Assets & Deferred Outflows	2,072,373,787		2,072,373,787	
Current Liabilities	(47,611,167)	(1,666,527)	(49,277,694)	3.50%
Non-Current Liabilities & Deferred Inflows	(579,682,710)		(579,682,710)	
Current Ratio	5.243		5.065	-3.40%
<b>Total Assets &amp; Deferred Outflows</b>	<b>2,321,982,014</b>		<b>2,321,982,014</b>	
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>(627,293,877)</b>	<b>(1,666,527)</b>	<b>(628,960,404)</b>	<b>0.27%</b>
<b>Total Net Position</b>	<b>(1,694,688,137)</b>	<b>1,666,527</b>	<b>(1,693,021,610)</b>	<b>-0.10%</b>
Operating Revenues	(133,945,656)		(133,945,656)	
Operating Expenses	104,216,529	1,666,527	105,883,056	1.60%
Nonoperating (Revenues) Exp	15,910,446		15,910,446	
Change in Net Position	(92,894,646)	1,666,527	(91,228,119)	-1.79%

**Client: City of Aurora, Colorado**  
**Period Ending: December 31, 2021**

**Water Fund**  
 SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets & Deferred Outflows				Liabilities & Deferred Inflows				Operating				Net Effect on Following Year								
			Current		Noncurrent		Current		Noncurrent		Revenues		Expenses		(Revenues) Exp		Net Position						
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)					
To show financial statement effect for invoices received and paid after year end relating to 2021 which should have been accrued. Management determined on passing.		F		0		0		(1,666,527)		0		0		1,666,527		0		0		(1,666,527)		1,666,527	
	Accounts Payable							(1,666,527)															1,666,527
	Expenditures													1,666,527									(1,666,527)
<b>Total passed adjustments</b>				0		0		(1,666,527)		0		1,666,527		0		0				(1,666,527)		1,666,527	
																							<b>1,666,527</b>
																							<b>1,666,527</b>



# City of Aurora, Colorado

## ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

### Wastewater Fund

#### QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	104,389,785		104,389,785	
Non-Current Assets & Deferred Outflows	749,469,011		749,469,011	
Current Liabilities	(26,783,643)	(682,506)	(27,466,149)	2.55%
Non-Current Liabilities & Deferred Inflows	(105,576,434)		(105,576,434)	
Current Ratio	3.898		3.801	-2.49%
<b>Total Assets &amp; Deferred Outflows</b>	<b>853,858,796</b>		<b>853,858,796</b>	
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>(132,360,077)</b>	<b>(682,506)</b>	<b>(133,042,583)</b>	<b>0.52%</b>
<b>Total Net Position</b>	<b>(721,498,719)</b>	<b>682,506</b>	<b>(720,816,213)</b>	<b>-0.09%</b>
Operating Revenues	(73,561,726)		(73,561,726)	
Operating Expenses	73,937,587	682,506	74,620,093	0.92%
Nonoperating (Revenues) Exp	1,578,343		1,578,343	
Change in Net Position	(36,471,057)	682,506	(35,788,551)	-1.87%

**Client: City of Aurora, Colorado**  
**Period Ending: December 31, 2021**

**Wastewater Fund**

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets & Deferred Outflows				Liabilities & Deferred Inflows				Operating				Net Effect on Following Year			
			Current		Noncurrent		Current		Noncurrent		Revenues		Expenses		Nonoperating		Net Position	
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
To show financial statement effect for invoices received and paid after year end relating to 2021 which should have been accrued. Management determined on passing.		F	0	0	(682,506)	0				0	682,506	0	0			(682,506)	682,506	
	Accounts Payable				(682,506)												682,506	
	Expenditures										682,506					(682,506)		
<b>Total passed adjustments</b>			0	0	(682,506)	0				0	682,506	0	0			(682,506)	682,506	
											<b>Impact on Change in Net Position</b>				<b>682,506</b>			
											<b>Impact on Net Position</b>				<b>682,506</b>			

# **City of Aurora, Colorado**

Single Audit Report

Year Ended December 31, 2021

**City of Aurora, Colorado**  
**December 31, 2021**

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**City of Aurora, Colorado**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2021**

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Paid to Subrecipients</u>
<b><u>Department of Agriculture</u></b>				
Passed through from the Colorado Department of Public Health and Environment:				
Child and Adult Care Food Program	10.558	11 FLA 13568	\$ 4,696	\$ -
Total 10.558			<u>4,696</u>	<u>-</u>
<b>Child Nutrition Cluster</b>				
Passed through from the Colorado Department of Education:				
Summer Food Service Program for Children	10.559	4559	24,425	-
Total Child Nutrition Cluster			<u>24,425</u>	<u>-</u>
<b>Total Department of Agriculture</b>			<b><u>29,121</u></b>	<b><u>-</u></b>
<b><u>Department of Housing and Urban Development</u></b>				
Passed through from the Colorado Housing and Finance Authority:				
Housing Counseling Assistance Program	14.169	HC200841001	20,777	-
Housing Counseling Assistance Program	14.169	HC210841003	25,505	-
Total 14.169			<u>46,282</u>	<u>-</u>
Direct Payments:				
<b>CDBG - Entitlement Grant Cluster</b>				
Community Development Block Grants/ Entitlement Grants	14.218	N/A	2,523,453	-
COVID-19 Community Development Block Grants/ Entitlement Grants	14.218	N/A	738,458	-
Total CDBG - Entitlement Grant Cluster			<u>3,261,911</u>	<u>-</u>
Emergency Solutions Grant Program	14.231	N/A	236,044	217,396
COVID-19 Emergency Solutions Grant Program	14.231	N/A	1,737,206	1,248,498
Total 14.231			<u>1,973,250</u>	<u>1,465,894</u>
Home Investment Partnerships Program	14.239	N/A	133,206	-
Total 14.239			<u>133,206</u>	<u>-</u>
<b>Total Department of Housing and Urban</b>			<b><u>5,414,649</u></b>	<b><u>1,465,894</u></b>

**City of Aurora, Colorado**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended December 31, 2021**

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Paid to Subrecipients</u>
<b><u>Department of Justice</u></b>				
Direct payments:				
Bureau of Justice Assistance: Coronavirus Emergency Supplemental Funding	16.034	NA	362,362	-
Passed through from the Colorado Division of Criminal Justice:				
Bureau of Justice Assistance: Coronavirus Emergency Supplemental Funding	16.034	2020-VD-20-18-4	64,958	-
Total 16.034			<u>427,320</u>	<u>-</u>
Passed through from the City of Colorado Springs, Colorado:				
Missing Children's Assistance (Colorado Internet Crimes Against Children)	16.543	2018-MC-FX-K027	(11,373)	-
Total 16.543			<u>(11,373)</u>	<u>-</u>
Passed through from the Colorado Division of Criminal Justice:				
Project Safe Neighborhoods	16.609	2018-GP-19-1001	9,298	-
Total 16.609			<u>9,298</u>	<u>-</u>
Direct payments:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	207,906	50,250
Passed through from the Colorado Division of Criminal Justice:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-19-1-3-1	129,611	-
Total 16.738			<u>337,517</u>	<u>50,250</u>
Direct payments:				
DNA Backlog Reduction Program	16.741	N/A	249,236	-
Total 16.741			<u>249,236</u>	<u>-</u>
Direct payments:				
Paul Coverdell Forensic Science Improvement Grant Program	16.742	N/A	68,623	-
Total 16.742			<u>68,623</u>	<u>-</u>

**City of Aurora, Colorado**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended December 31, 2021**

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Paid to Subrecipients</u>
<b><u>Department of Justice (continued)</u></b>				
Direct payments:				
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	N/A	211,591	185,309
Total 16.745			<u>211,591</u>	<u>185,309</u>
Direct payments:				
Body-Worn Camera Policy and Implementation Program to Support Law Enforcement Agencies	16.835	N/A	325,887	-
Total 16.835			<u>325,887</u>	<u>-</u>
Direct payments:				
Equitable Sharing Program (Seizures-Federal)	16.922	N/A	61,292	-
Total 16.922			<u>61,292</u>	<u>-</u>
<b>Total Department of Justice</b>			<b><u>1,679,391</u></b>	<b><u>235,559</u></b>
<b><u>Department of Transportation</u></b>				
<b>Highway Planning and Construction Cluster</b>				
Passed through from the Colorado Department of Transportation:				
Highway Planning and Construction (Signal System Upgrade)	20.205	M055-048	38,240	-
Highway Planning and Construction (Nine Mile Bridge TIP)	20.205	M055-056	344,416	-
Highway Planning and Construction (Chambers Sand Creek Bridge Rehabilitation)	20.205	M055-051	85,772	-
Highway Planning and Construction (HSIP Grant 19/20)	20.205	M055-055	9,789	-
Highway Planning and Construction (Tollgate Extension IGA G21199 TIP Grant)	20.205	M055-043	1,125,674	-
Highway Planning and Construction (CCTV Expansion Grant)	20.205	M055-050	6,580	-
Highway Planning and Construction (13th Avenue Corridor Study)	20.205	M055-053	257,436	-
Highway Planning and Construction (25th Avenue Pedestrian Improvement Study)	20.205	M055-054	212	-
Total Highway Planning and Construction			<u>1,868,119</u>	<u>-</u>

**City of Aurora, Colorado**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended December 31, 2021**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Amount Paid to Subrecipients
<b><u>Department of Transportation (continued)</u></b>				
<b>Highway Safety Cluster</b>				
Passed through from the Colorado Department of				
State and Community Highway Safety Cluster (2021 Distracted Drivers)	20.600	411024871	48,498	-
State and Community Highway Safety Cluster (2021 CDOT Speed Enforcement)	20.600	411024293	30,055	-
State and Community Highway Safety Cluster (2022 Traffic Services)	20.600	491002665	38,041	-
Total 20.600			<u>116,594</u>	<u>-</u>
National Priority Safety Program (2021 DUI Enforcement)	20.616	431006557	117,218	-
National Priority Safety Program (2021 CDOT Pedestrians Education and Safety Campaign)	20.616	411024905	53,136	-
National Priority Safety Program (2021 Seatbelt Enforcement)	20.616	411024940	62,607	-
National Priority Safety Program (2022 CDOT Pedestrians Education and Safety Campaign)	20.616	491002705	8,578	-
Total 20.616			<u>241,539</u>	<u>-</u>
Total Highway Safety Cluster			<u>358,133</u>	<u>-</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	491002684	5,755	-
Total 20.608			<u>5,755</u>	<u>-</u>
<b>Total Department of Transportation</b>			<u><b>2,232,007</b></u>	<u><b>-</b></u>
<b><u>Department of Treasury</u></b>				
Direct payments:				
Emergency Rental Assistance Program	21.023	N/A	12,595,081	9,414,482
Total 21.023			<u>12,595,081</u>	<u>9,414,482</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	2,126,185	-
Total 21.027			<u>2,126,185</u>	<u>-</u>
<b>Total Department of Treasury</b>			<u><b>14,721,266</b></u>	<u><b>9,414,482</b></u>



**City of Aurora, Colorado**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended December 31, 2021**

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Paid to Subrecipients</u>
<b><u>Small Business Administration</u></b>				
Passed through from the Colorado Office of Economic Development and International Trade:				
COVID-19 Small Business Development Centers (Host)	59.037	SBAHQ20C0014	153,430	-
Small Business Development Centers (Host)	59.037	CTGG1-2021-2835	155,000	-
Total 59.037			<u>308,430</u>	<u>-</u>
Direct payments:				
COVID-19 Shuttered Venues Operators Grant Program	59.075	N/A	79,811	-
Total 59.075			<u>79,811</u>	<u>-</u>
<b>Total Small Business Administration</b>			<b><u>388,241</u></b>	<b><u>-</u></b>
<b><u>Office of National Drug Control Policy</u></b>				
Passed through from Rocky Mountain High Intensity Drug Trafficking Area:				
High Intensity Drug Trafficking Areas Program	95.001	G20RM0002A	(6,719)	-
High Intensity Drug Trafficking Areas Program	95.001	G21RM0002A	464,961	-
Total 95.001			<u>458,242</u>	<u>-</u>
<b>Total Office of National Drug Control Policy</b>			<b><u>458,242</u></b>	<b><u>-</u></b>
<b><u>Department of Homeland Security</u></b>				
Passed through from the West Metro Fire Protection District:				
National Urban Search and Rescue Response System	97.025	83643	2,077	-
Total 97.025			<u>2,077</u>	<u>-</u>
Passed through from the Colorado Department of Public Safety Division of Homeland Security and Emergency Management:				
Emergency Management Performance Grants	97.042	21EM-22-58	92,000	-
Total 97.042			<u>92,000</u>	<u>-</u>
Direct payments:				
Assistance to Firefighters Grant: AFG	97.044	N/A	165,132	-
COVID-19 Assistance to Firefighters Grant: AFG	97.044	N/A	86,915	-
Total 97.044			<u>252,047</u>	<u>-</u>

**City of Aurora, Colorado**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended December 31, 2021**

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Paid to Subrecipients</u>
<b><u>Department of Homeland Security (continued)</u></b>				
Passed through from the Colorado Department of Public Safety Division of Homeland Security and Emergency Management:				
Pre-Disaster Mitigation (PDM)	97.047	18PDM20AUR	40,496	-
Total 97.047			40,496	-
Passed through from Arapahoe County				
Homeland Security Grant Program:	97.067	19SHS20NCR	51,320	-
Homeland Security Grant Program:	97.067	20SHS21NCR	57,540	-
Total 97.067			108,860	-
Direct payments:				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	1,021,565	-
Total 97.083			1,021,565	-
<b>Total Department of Homeland Security</b>			<b>1,517,045</b>	-
<b>Total Federal Awards</b>			<b>\$ 26,439,962</b>	<b>\$ 11,115,935</b>

**City of Aurora, Colorado**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2021**

**(1) Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the primary government of the City of Aurora, Colorado (the City). The City's reporting entity is defined in Note 1 in the City's basic financial statements for the year ended December 31, 2021.

The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City. The schedule of expenditures of federal awards includes federally funded projects received directly from federal agencies and the federal amount of pass-through awards received by the City through the state of Colorado or other non-federal entities.

**(2) Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are recognized on the accrual or modified accrual basis of accounting. The City's summary of significant accounting policies is presented in Note 1 to the City's basic financial statements for the year ended December 31, 2021. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements or reports to federal agencies. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior periods.

**(3) Indirect Cost Rate**

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**(4) Pass-through Entity Identifying Number**

For federal awards expended by the City as a subrecipient, the Schedule includes identification of the pass-through grantor and the identifying number assigned to the grant by the pass-through grantor where the pass-through grantor has supplied such number to the City.

**City of Aurora, Colorado**  
**Notes to Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended December 31, 2021**

**(5) Revolving Loan Funds – Not Subject to Compliance**

The City has certain revolving loan funds, which were originally financed with federal financial assistance through the Community Development Block Grant Program, the HOME Investment Partnership Program and the Brownfields Grant Program. The outstanding balances of these loan funds at December 31, 2021 were \$3,887,712 for the Community Development Block Grant Program, \$11,778,150 for the HOME Investment Partnership Program, and \$983,977 for the Brownfields Grant Program. Since there are no continuing compliance requirements other than continued loan payments, the outstanding loan balances have not been included in the Schedule. New loans made during the year under these programs are included in the Schedule.

**(6) Revolving Loan Funds – Subject to Further Compliance**

The City and the Department of Commerce, Economic Development Administration entered into an agreement to terminate the revolving loan fund. The amount recovered by the Department of Commerce is equal to \$174,975, which represent the Federal share of the revolving loan fund base.

**(7) Noncash Awards – Equipment**

The City received equipment that was purchased with Homeland Security funds by Arapahoe County. The amount reported on the schedule is the value of the property on the date it was received by the City and priced by Arapahoe County.

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

### **Independent Auditor's Report**

Honorable Mayor and Members of City Council  
City of Aurora, Colorado  
Aurora, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Aurora, Colorado (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 8, 2022.

The financial statements of the Havana Business Improvement District, the Parkside City Centre Business Improvement District, and the Citadel on Colfax Business Improvement District, component units included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Havana Business Improvement District, the Parkside City Centre Business Improvement District, or the Citadel on Colfax Business Improvement District.

### ***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Honorable Mayor and Members of City Council  
City of Aurora, Colorado

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**FORVIS,LLP**

Denver, Colorado  
June 8, 2022

## Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

### Independent Auditor's Report

Honorable Mayor and Members of City Council  
City of Aurora, Colorado  
Aurora, Colorado

#### Report on Compliance for the Major Federal Program

##### *Opinion on Each Major Federal Program*

We have audited the City of Aurora's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

##### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the City of Aurora and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Honorable Mayor and Members of City Council  
City of Aurora, Colorado

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002. Our opinion on each major federal program is not modified with respect to these matters.



Honorable Mayor and Members of City Council  
City of Aurora, Colorado

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The City is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The City's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated June 8, 2022, which contained unmodified opinions on those financial statements, and referenced the reports of other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial

Honorable Mayor and Members of City Council  
City of Aurora, Colorado

statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**FORVIS,LLP**

Denver, Colorado  
June 8, 2022

**City of Aurora, Colorado**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2021**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:  
 Unmodified       Qualified       Adverse       Disclaimer
  
2. Internal control over financial reporting:
  - Material weakness(es) identified?       Yes       No
  - Significant deficiency(ies) identified?       Yes       None reported
  
3. Noncompliance material to the financial statements noted?       Yes       No

*Federal Awards*

4. Internal control over major federal awards programs:
  - Material weakness(es) identified?       Yes       No
  - Significant deficiency(ies) identified?       Yes       None reported
  
5. Type of auditor’s report issued on compliance for major federal award program(s):  
 Unmodified       Qualified       Adverse       Disclaimer
  
6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)?       Yes       No

7. Identification of major federal programs:

<b>Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>
14.231	Highway Planning and Construction Cluster
21.023	Emergency Solutions Grant Program
21.027	Emergency Rental Assistance Program
97.083	Coronavirus State and Local Fiscal Recovery Funds
	Federal Emergency Management Agency (Staffing for Adequate Fire and Emergency Response) (SAFER)

8. Dollar threshold used to distinguish between Type A and Type B programs: \$ 793,199
  
9. Auditee qualified as a low-risk auditee?       Yes       No

**City of Aurora, Colorado**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended December 31, 2021**

**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
	No matters are reportable

**City of Aurora, Colorado**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended December 31, 2021**

**Section III – Federal Award Findings and Questioned Costs**

Reference Number	Finding
2021-001	<p><b>Finding:</b> Reporting</p> <p><b>Program:</b> Emergency Rental Assistance Program</p> <p><b>Assistance Listing Number:</b> 21.023</p> <p><b>Sponsoring Agency:</b> Department of Treasury</p> <p><b>Sponsor Award Number:</b> ERA1 1505-0266 and ERA2 1505-0270</p> <p><b>Criteria:</b> The Emergency Rental Assistance (ERA) Program Reporting Guide requires that all ERA1 and ERA2 Recipients gather and track required information throughout each reporting period and submit required reports using Treasury’s online reporting portal. The ERA program requires ERA Recipients to certify and submit quarterly reports. The reporting guide further outlines the submission deadline for each required quarterly report.</p> <p><b>Condition:</b> The City of Aurora was unable to submit the quarterly reports due in October 2021.</p> <p><b>Questioned Costs:</b> None</p> <p><b>Context:</b> Three Quarterly Reports under the ERA1 grant award and two Quarterly Reports under the ERA2 grant award were required to be submitted by October 29, 2021. None of the quarterly ports due in October 2021 have been submitted by the City.</p> <p><b>Effect:</b> The City has not complied with reporting requirements associated with the ERA1 and ERA2 grant awards and therefore the Department of Treasury may not have all the information associated with the activity of the program they need to monitor the program.</p> <p><b>Cause:</b> The City has attempted to file the reports; however, issues within the Department of Treasury portal have prevented the City from being able to finalize the reports due in October 2021. The City has submitted and has several open tickets for assistance from the Department of Treasury; however, the issue has not been resolved.</p> <p><b>Identification as a repeat finding:</b> Not applicable.</p> <p><b>Recommendation:</b> We recommend the City continue to work with the Department of Treasury to attempt to resolve the issues preventing the submission of the reports and submit the past-due reports as soon as possible.</p> <p><b>Views of Responsible Officials:</b> The City agrees with the finding. See separate report for planned corrective actions.</p>

**City of Aurora, Colorado**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended December 31, 2021**

**Reference  
Number**

**Finding**

**2021-002** **Finding:** Eligibility

**Program:** Emergency Rental Assistance Program

**Assistance Listing Number:** 21.023

**Sponsoring Agency:** Department of Treasury

**Sponsor Award Number:** ERA1 1505-0266

**Criteria:** The Emergency Rental Assistance (ERA) funds may be used for rent and rental arrears. The Treasury ERA Frequently Asked Questions (FAQs) dated August of 2021 outline the requirements grantees are to follow in making eligibility determinations and how those determinations should be documented. Question 5 of the FAQs addresses how a grantee should document where an applicant resides and the amount of rent or rental arrears owed. It specifically states "Grantees must obtain, if available, a current lease, signed by the applicant and the landlord or sublessor, that identifies the unit where the applicant resides and establishes the rental payment amount. If a household does not have a signed lease, documentation of residence may include evidence of paying utilities for the residential unit, an attestation by a landlord who can be identified as the verified owner or management agent of the unit, or other reasonable documentation as determined by the grantee. In the absence of a signed lease, evidence of the amount of a rental payment may include bank statements, check stubs, or other documentation that reasonably establishes a pattern of paying rent, a written attestation by a landlord who can be verified as the legitimate owner or management agent of the unit, or other reasonable documentation as defined by the grantee in its policies and procedures."

**Condition:** The City of Aurora did not have formal documentation supporting the residence was verified prior to making a rental assistance payment to one recipient whose application was supported by an expired lease.

**Questioned Costs:** \$2,550

**Context:** The City of Aurora paid rental assistance of \$3,129,167 to 618 recipients. We selected a sample of 25 recipients for testing and noted the above condition. A non-statistical sampling methodology was used to select the samples.

**Effect:** The recipient may not have qualified for the level of funding they received.

**Cause:** The City did not formally document the steps it took to confirm the recipients documentation of residence after receiving an expired lease.

**Identification as a repeat finding:** Not applicable.

**Recommendation:** We recommend the City ensure formal documentation is received and retained to support all eligibility determinations.

**Views of Responsible Officials:** The City agrees with the finding. See separate report for planned corrective actions.

Administration  
 15151 E. Alameda Parkway, Ste. 5700  
 Aurora, Colorado 80012  
 303.739.7055



## Summary Schedule of Prior Audit Findings Year Ended December 31, 2021

Reference Number	Summary of Finding	Status
2020-001	Finding: Capital Assets - Recording of Disposals - The City should provide training to those individuals involved in the inventory process and institute a verification over disposals that requires requests for disposals to be approved by the respective department and/or relevant project manager. Additionally, a general review over the listing of disposals to identify unusual and/or unexpected activity during the fiscal year should occur.	Implemented



Community Development Division  
15151 E Alameda Pkwy, Suite 4500  
Aurora, Colorado 80012  
303.739.7900

## CORRECTIVE ACTION PLAN

### FISCAL YEAR OF FINDING: 2021

#### AUDITOR FINDING:

2021-001 Reporting - **Criteria:** The Emergency Rental Assistance (ERA) Program Reporting Guide requires that all ERA1 and ERA2 Recipients gather and track required information throughout each reporting period and submit required reports using Treasury's online reporting portal. The ERA program requires ERA Recipients to certify and submit quarterly reports. The reporting guide further outlines the submission deadline for each required quarterly report.

**Condition:** The City of Aurora was unable to submit any of the quarterly reports due in 2021.

**Questioned Costs:** None

**Context:** Five Quarterly Reports under the ERA1 and three Quarterly Reports under the ERA 2 grant awards were due in 2021. None of the reports due in 2021 have been submitted by the City.

**Effect:** The City has not complied with reporting requirements associated with the ERA1 and ERA2 grant awards and therefore the Department of Treasury may not have all the information associated with the activity of the program they need to monitor the program.

**Cause:** The City has attempted to file the reports; however, issues within the Department of Treasury portal have prevented the City from being able to finalize all of the required reports. The City has submitted and has several open tickets for assistance from the Department of Treasury; however, the issue has not been resolved.

**Identification as a repeat finding:** Not applicable.

**Recommendation:** We recommend the City continue to work with the Department of Treasury to attempt to resolve the issues preventing the submission of the reports and submit the past-due reports as soon as possible.

#### CITY OF AURORA PLANNED ACTION:

Management agrees with the finding. The City will continue to work with the Department of Treasury to upload the required reports.

**City of Aurora Responsible Party:**  
Barbara Abbotts, HOAP Supervisor





## CORRECTIVE ACTION PLAN

### FISCAL YEAR OF FINDING: 2021

### AUDITOR FINDING:

#### 2021-002 **Eligibility - Criteria:**

The Emergency Rental Assistance (ERA) funds may be used for rent and rental arrears. The Treasury ERA Frequently Asked Questions (FAQs) dated August of 2021 outline the requirements grantees are to follow in making eligibility determinations and how those determinations should be documented. Question 5 of the FAQs addresses how a grantee should document where an applicant resides and the amount of rent or rental arrears owed. It specifically states "Grantees must obtain, if available, a current lease, signed by the applicant and the landlord or sublessor, that identifies the unit where the applicant resides and establishes the rental payment amount. If a household does not have a signed lease, documentation of residence may include evidence of paying utilities for the residential unit, an attestation by a landlord who can be identified as the verified owner or management agent of the unit, or other reasonable documentation as determined by the grantee. In the absence of a signed lease, evidence of the amount of a rental payment may include bank statements, check stubs, or other documentation that reasonably establishes a pattern of paying rent, a written attestation by a landlord who can be verified as the legitimate owner or management agent of the unit, or other reasonable documentation as defined by the grantee in its policies and procedures."

**Condition:** The City of Aurora did not have formal documentation supporting the residence was verified prior to making a rental assistance payment to one recipient whose application was supported by an expired lease.

**Questioned Costs:** \$2,550

**Context:** The City of Aurora paid rental assistance of \$3,129,167 to 618 recipients. We selected a sample of 25 recipients for testing and noted the above condition. A non-statistical sampling methodology was used to select the samples.

**Effect:** The recipient may not have qualified for the level of funding they received.

**Cause:** The City did not formally document the steps it took to confirm the recipient's documentation of residence after receiving an expired lease.

**Identification as a repeat finding:** Not applicable.

### CITY OF AURORA PLANNED ACTION:

Management agrees with the finding. The City has since started receiving verification from the landlord that there is no Notice to Vacate from them to the tenant or from the tenant to the landlord. They are not aware of the tenant leaving before the date the rent is being paid through.

**CITY OF AURORA RESPONSIBLE PARTY:**

Barbara Abbotts, HOAP Supervisor



**CITY OF AURORA, COLORADO**  
**Implementation of 2021 Single Audit and Management Letter Comments**

<u><b>Audit Recommendation</b></u>	<u><b>Responsible Department</b></u>	<u><b>Status/ Estimated Completion Date</b></u>	<u><b>Planned Action</b></u>
<p><b>Single Audit 2021-001 Federal Award Other Instance of Noncompliance – Reporting.</b> The Emergency Rental Assistance (ERA) Program requires ERA recipients to certify and submit quarterly reports using Treasury’s online reporting portal. The City attempted to file the required reports; however, issues within the Department of Treasury portal have prevented the City from being able to finalize the required reports. The City has several open tickets for assistance from the Department of Treasury; however, the issue has not been resolved. Recommend the City continue to work with the Department of Treasury to attempt to resolve the issues and submit the past-due reports as soon as possible.</p>	<p>Housing and Community Services</p>	<p>Q3 2022</p>	<p>Management agrees with the finding and will continue to work with the Department of Treasury to upload the required reports.</p>
<p><b>Single Audit 2021-002 – Federal Award Other Instance of Noncompliance - Eligibility.</b> Emergency Rental Assistance (ERA) funds may be used for rent and rental arrears and the City must follow requirements for making and documenting eligibility determinations. The City did not have formal documentation supporting the residence was verified prior to making a rental assistance payment to one recipient whose application was supported by an expired lease. The recipient may not have qualified for the level of funding they received. The City should ensure formal documentation is received and retained to support all eligibility determinations.</p>	<p>Housing and Community Services</p>	<p>Implemented</p>	<p>Management agrees with the finding. The City has since started receiving verifications from the landlord that there is no Notice to Vacate from them to the tenant or from the tenant to the landlord which will help ensure the recipient qualifies for the rental assistance they applied for.</p>

<u><b>Audit Recommendation</b></u>	<u><b>Responsible Department</b></u>	<u><b>Status/ Estimated Completion Date</b></u>	<u><b>Planned Action</b></u>
<p><b>Management Letter Deficiency 1 – Suspension and Debarment.</b> Non-federal entities are prohibited from contracting with or making subawards to parties that are suspended or debarred. During single audit testing, three instances were identified where a suspension and debarment check was not performed, or documentation of the check was not saved. The vendors used in those instances were not suspended or debarred based upon a search on the Sam.gov website. We recommend the City reinforce policies with grant managers and procurement to verify these checks to help ensure the City does not pass federal dollars to entities who are suspended and debarred.</p>	Finance Department	Q3 2022	Management agrees with the finding and will conduct grant manager training where discussion of suspension and debarment checks is covered. The grant compliance officer will request grant managers perform applicable SAM.gov suspension and debarment checks and save documentation of those checks for all vendors paid from Federal funds.
<p><b>Management Letter Other Matters 1 – Payment Risk Analytics.</b> We recommend management consider monitoring payments by leveraging data analytics. Harnessing the power of data can help identify potential fraud patterns and internal control vulnerabilities by flagging risky payments, vendors, purchasing card holders, and employees.</p>	Finance Department	N/A	Management appreciates the information provided regarding use of payment risk analytics. Management will consider use of data analytic tools to help identify potential fraud patterns and internal control vulnerabilities.

<p><b>Management Letter Other Matters 2 – Future Accounting Pronouncements.</b> Future pronouncements include GASB Statement No. 87, <i>Leases</i>, GASB Statement No. 91, <i>Conduit Debt Obligations</i>, GASB Statement No. 92, <i>Omnibus 2020</i>, GASB Statement No. 93, <i>Replacement of Interbank Offered Rates</i>, GASB Statement No. 94, <i>Public-Private Partnerships</i>, and GASB Statement No. 96, <i>Subscription-based Information Technology Arrangements</i>.</p>	Finance Department	N/A	Management appreciates the information provided regarding these upcoming accounting standards. Accounting staff is aware of the upcoming changes and will work with the external auditors to ensure all financial statement impacts have been addressed.
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# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> Resolution to Decline Participation in the Family and Medical Leave Insurance (FAMLI) Program
<b>Item Initiator:</b> Nancy Wishmeyer, Controller
<b>Staff Source/Legal Source:</b> Jennifer Lorenzen, Deputy Director of Human Resources / Kimberly Skaggs, Assistant City Attorney
<b>Outside Speaker:</b> N/A
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### COUNCIL MEETING DATES:

**Study Session:** 8/1/2022

**Regular Meeting:** 8/8/2022

### ITEM DETAILS:

- Agenda long title: RESOLUTION TO DECLINE PARTICIPATION IN THE FAMILY AND MEDICAL LEAVE INSURANCE (FAMLI) PROGRAM
- Waiver of reconsideration requested, and if so, why: N/A
- Sponsor name: Councilmember Gardner
- Staff source name and title / Legal source name and title: Jennifer Lorenzen, Deputy Director of Human Resources / Kimberly Skaggs, Assistant City Attorney
- Outside speaker name and organization: N/A
- Estimated Presentation/discussion time: 10/10

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

- Approve Item and Move Forward to Study Session       Approve Item as proposed at Study Session
- Approve Item and Move Forward to Regular Meeting       Approve Item as proposed at Regular Meeting
- Information Only
- Approve Item with Waiver of Reconsideration  
Reason for waiver is described in the Item Details field.

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### PREVIOUS ACTIONS OR REVIEWS:

**Policy Committee Name:** N/A

**Policy Committee Date:** N/A

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**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

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**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.)**

Colorado voters approved Proposition 118 in November of 2020 for a state-run paid Family and Medical Leave Insurance (FAMLI) program to provide paid family leave to Colorado employees. Employees may begin filing claims for benefits beginning January 1, 2024.

The State fund will pay up to 12 weeks of paid time off to qualifying employees for qualifying reasons. Benefit is capped at \$1100 per week. Both employers and employees contribute to the program with premiums currently set at .9% of employee's wage (.045% from employee, .045% from employer)

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

The State provides the ability for local governments to decline participation in the program. The decision to opt out must be made by the City Council Resolution after taking/hearing testimony. Council can also reconsider the decision to opt out and elect coverage annually. If the City takes no action, it will be a covered employer and will need to begin payroll deductions in January 2023 and quarterly payments to the State beginning in 2023.

Prior to the vote at Regular Council meeting, the City must notify all employees in writing of the vote and how to submit comments to Council. After the Council vote, each employee must receive a notice about that decision and its impact on FAMLI coverage.

Staff recommends declining participation in the FAMLI program as current employee benefits offer income replacement and job protection that equals and exceeds coverage provided by the FAMLI program. Additionally, the FAMLI program requires additional taxes to be paid by both the employee and the City.

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**QUESTIONS FOR COUNCIL**

Does the Committee support moving this item forward to Study Session?

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**LEGAL COMMENTS**

The council shall have all legislative powers of the city and all other powers of a home rule city not specifically limited by the Constitution of the State of Colorado and not specifically limited or conferred upon others by this Charter. (City Charter Art. 3-9) Council shall act only by ordinance, resolution or motion. All legislative enactments must be in the form of ordinances; all other actions, except as herein provided, may be in the form of resolutions or motions. (City Charter Art. 5-1) A local government may decline participation in the family and medical leave insurance program in the form and manner determined by the director by rule. (C.R.S. § 8-13.3-522(1)) Local government employers are permitted to decline to participate in the FAMLI program after a written notice has been delivered to the FAMLI Division memorializing the decision by an affirmative vote of the local government's governing body to decline participation in the program. Such a vote will follow the local government's procedures for other votes of the governing body. (7 C.C.R. 1107-2:2.6(A)) (Skaggs)

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**PUBLIC FINANCIAL IMPACT**

YES       NO

**If yes, explain:** The city must fund 50% of the FAMLI premium if the city does not opt out.

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**PRIVATE FISCAL IMPACT**

Not Applicable       Significant       Nominal

**If Significant or Nominal, explain:** Employees must fund 50% of the FAMLI premium if the city does not opt out.

RESOLUTION NO. R2022- \_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AURORA, COLORADO, DECLINING THE CITY OF AURORA'S PARTICIPATION IN THE STATE OF COLORADO'S PAID FAMILY AND MEDICAL LEAVE INSURANCE PROGRAM PURSUANT TO C.R.S. § 8-13.3-522.

WHEREAS, the State of Colorado's Paid Family and Medical Leave Insurance Act ("FAMLI Act"), C.R.S. § 8-13.3-501 et seq., provides Colorado workers state-administered paid time off to address family and medical needs, funded through payroll premiums paid by employers and employees; and

WHEREAS, the FAMLI Act permits a local government to decline participation in the program, and Regulation 2.6 of 7 C.C.R. 1107-2, adopted by the Colorado Department of Labor and Employment, Division of FAMLI, states that a local government may decline participation in the FAMLI program by an affirmative vote of the local government's governing body to decline participation following the local government's procedures for formal votes; and

WHEREAS, the FAMLI Act allows any employee of a local government that has declined participation in the FAMLI program to elect coverage individually under the FAMLI program and remit quarterly premiums into the system; and

WHEREAS, the City of Aurora benefits program offers employee income replacement and job protection that equals and exceeds coverage provided by the FAMLI program, and the FAMLI program requires additional taxes paid by both the employee and the employer; and

WHEREAS, pursuant to Regulation 2.6 of 7 C.C.R. 1107-2 public notice of the vote on this Resolution has been given in the same manner as other business coming before City Council, the City Council has provided opportunity to give testimony prior to the vote, and City of Aurora employees have previously been notified in writing of the vote process on this Resolution and have had an opportunity to submit comments through a public process to the City Council; and

WHEREAS, Article 5-4 of the Aurora City Charter provides that City Council's non-legislative enactments may be in the form of a resolution;

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

Section 1. The City of Aurora declines all participation in the family and medical leave insurance program set out in C.R.S. § 8-13.3-501 et seq.

Section 2. City staff is directed to deliver written notice of this decision to the FAMLI Division of the Colorado Department of Labor and Employment and within 30 days to provide all



City employees written notice of this declination vote, the impact toward FAMILI or other paid family and leave insurance coverage, and information on which employees are eligible for job protection under the federal Family and Medical Leave Act (FMLA) benefits or other local provisions.

Section 3. All resolutions or parts of resolutions of the City in conflict herewith are hereby rescinded.

Section 4. This resolution shall take effect immediately without reconsideration.

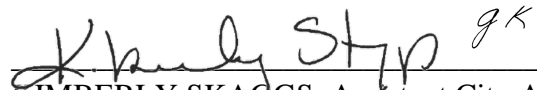
RESOLVED AND PASSED this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

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

ATTEST:

\_\_\_\_\_  
KADEE RODRIGUEZ, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
KIMBERLY SKAGGS, Assistant City Attorney



# FAMLI Paid Leave Program

## FAMLI Paid Leave and Local Government Opt-Out

Presentation, Discussion and Request for Support of Recommendation  
**Management and Finance Policy Committee**

June 28, 2022

Human Resources

# FAMLI OVERVIEW

## FAMLI created by Proposition 118 in November 2020

### Provides paid family leave to Colorado employees

- State funded provides up to 12 weeks of paid-time-off for qualifying reasons: care of new child, personal or family serious health condition, arrangements for family member's military deployment, domestic violence, sexual assault and additional time for complications in pregnancy and childbirth
- Runs concurrently with FMLA Leave
- Benefit capped at \$1,100/week (equivalency of \$13,200/year)

### Paid for by taxes on both employees and employers

- Premiums are .9% of an employee's wage
  - .045% from employee
  - .045% from employer
- Local governments may decline (or opt-out) of participation
- Procedures to opt-out will take time and should be initiated and completed during Summer and Fall of 2022



# FAMLI OVERVIEW

## Reasons to Opt-Out

City offers job protected leave:

- Family Medical Leave (FMLA) for up to 12 weeks
- Employee Medical Leave (EML) for up to 1 year
- Military Leave
- City of Aurora Addiction Rehabilitation Services (CAARS) 30 to 60 days

City offers paid benefits:

- Paid leave accruals: Annual, Sick and Personal leave hours
- Healthy Families Workplace Act (HFWA)
- Short-term disability (STD)
- Long-term disability (LTD)
- Military Leave Pay and Differential Pay
- Emergency Leave
- Bereavement Leave
- CAARS

City already provides paid leave in excess of FAMLI



# FAMLI OVERVIEW

## Should City Choose to Opt-Out of FAMLI coverage

- Resolution passed by City Council is required
- If the city intends to opt out, a declination vote by City Council is needed prior to January 1, 2023

## Actions Prior to City Council Vote

- Public notice must be given and city must take testimony
- Employees must be notified in writing before the vote and provided opportunity to submit comments to City Council through public process

## Actions After City Council Vote

- Formal notification to the Division of Family and Medical Leave Insurance
- Notification to Employees
  - Declination of vote and the impact towards FAMLI
  - Difference between benefits offered by FAMLI and city paid benefits
  - Other items: job protection with FMLA, posted/displayed notices, etc.



# FAMLI OVERVIEW

## Reconsidering the Declination Decision

- Declination period is not permanent. Participation may be reconsidered annually and must be reconsidered a minimum of every eight years
- In the absence of a vote further declining coverage, the city will become a covered employer
- If electing or returning to FAMLI coverage, the city must remain in the program for a minimum of three fiscal years

## If city wishes to opt-out, suggested timeline

- Management and Finance Policy Committee: June 28
- Council Study Session: August 1
- Notification to employees of the vote and how to submit comments
- Regular City Council: August 8

## Questions for Council

- Does Council support the FAMLI Opt-out Resolution to move to Study Session?
- Is there a Councilmember willing to sponsor this item?



# APPENDIX – SIDE-BY-SIDE COMPARISON

Colorado Paid Family Medical Leave				
Side-by-side Comparison	State	City of Aurora		
	FAMLI	Family Medical Leave Act (FMLA)	Employee Medical Leave (EML)	Health Families Workplace Act (HFWA)
Type of Leave (coverage for)	Medical and Family	Medical and Family	Medical	Medical and Family
Who's Covered	Applies to eligible employees and family members	Applies to eligible employees and family members	Applies to employees only	Applies to eligible employees and family members
Family Members Definition	Employees: *Spouse *Domestic Partner *Child *Parent *Grandparent *Grandchild *Sibling *Individual with whom the employees has a significant personal bond that is like a family relationship	Employees: *Spouse *Domestic Partner *Child *Parent *Designated guardian or in loco parentis	None. Employee only	Employees: *Spouse *Domestic Partner *Child *Parent (or person who stood in loco parentis to the employee when employee was a minor) *Designated guardian or in loco parentis *Person for whom employee is responsible for providing or arranging health or safety related care
Eligibility	After the employee has earned \$2,500 in wages in the State	Employee has worked 12 months and 1,250 hours	Employees who have completed their introductory period	Immediately upon hire
Job Protection	Yes, if employee has worked for employer for 180 days	Yes	Yes	Yes
Length of Leave Time	Up to 12 weeks in a rolling calendar year	Up to 12 weeks in a calendar year	Up to one (1) year (concurrent with FMLA)	48 hours per year
Paid or Unpaid	Paid	Unpaid	Unpaid	Paid
Income replacement	N/A	Short-term Disability, Sick Leave, Annual Leave, Personal Leave	Short-term Disability, Long-term Disability, Sick Leave, Annual Leave, Personal Leave	N/A
Cost to Employee	.045% of pay	None	None	None
Cost to City	.045% of employee's pay	City provided paid benefits	City provided paid benefits	City provided paid benefits
Qualifying Reasons	<ul style="list-style-type: none"> <li>To care for a new child, including adopted and fostered children</li> <li>To care for themselves, if they have a serious health condition</li> <li>To care for a family member with a serious health condition</li> <li>To make arrangements for a family member's military deployment</li> <li>To address the immediate safety needs and impact of domestic violence and/or sexual assault.</li> </ul>	<ul style="list-style-type: none"> <li>The birth of a child or placement of a child for adoption or foster care;</li> <li>To bond with a child (leave must be taken within 1 year of the child's birth or placement);</li> <li>To care for the employee's spouse, child, or parent who has a qualifying serious health condition;</li> <li>For the employee's own qualifying serious health condition that makes the employee unable to perform the employee's job;</li> <li>For qualifying exigencies related to the foreign deployment of a military member who is the employee's spouse, child, or parent.</li> </ul>	<ul style="list-style-type: none"> <li>One year of leave time for an injured or ill employee to return to full duty.</li> </ul>	<ul style="list-style-type: none"> <li>Mental or physical illness, injury or health condition that prevents work</li> <li>Obtaining preventive medical care, or a medical diagnosis, care of treatment, of any mental or physical illness, injury, or health condition</li> <li>Being a victim of domestic abuse, sexual assault, or criminal harassment who needs leave for medical attention, mental health care or other counseling, victim services (including legal), or relocation</li> <li>Care for a family member who has a mental or physical illness, injury or health condition or who needs the sort of care listed in above categories</li> <li>Due to a public health emergency, a public official closed the employee's (A) place of business, or B child's school or place of care, requiring the employee to care for the child</li> </ul>
Extensions Available	Up to an additional 4 weeks (16 weeks in total) for serious health condition related to pregnancy or childbirth complications	No extension beyond 12 weeks, transitions to Employee Medical Leave for employee's health conditions (up to a year)	Director of HR may approve extension beyond one year if employee is expected to return to work	Up to an additional 80 hours of paid leave (40 hours for Variable Hour Non-Benefits Employees) for PHE related absences
Length/Frequency of Pay	Up to 12 weeks once every 12 months	STD - Up to 90 days (including waiting period) per qualifying condition		48 hours per calendar year; PHE leave allowed once during entirety of PHE
Health Benefit Continuation	Yes, required to continue paying their portion of premiums	Yes, required to continue paying their portion of premiums	Yes, required to continue paying their portion of premiums	Yes, required to continue paying their portion of premiums

# Colorado FAMLI and City of Aurora Leave Comparison

Side-by-side Comparison	State	City of Aurora		
	FAMLI	Family Medical Leave Act (FMLA)	Employee Medical Leave (EML)	Health Families Workplace Act (HFWA)
<b>Type of Leave (coverage for)</b>	Medical and Family	Medical and Family	Medical	Medical and Family
<b>Who's Covered</b>	Applies to eligible employees and family members	Applies to eligible employees and family members	Applies to employees only	Applies to eligible employees and family members
<b>Family Members Definition</b>	Employees: *Spouse *Domestic Partner *Child *Parent *Grandparent *Grandchild *Sibling *Individual with whom the employees has a significant personal bond that is like a family relationship	Employees: *Spouse *Domestic Partner *Child *Parent *Designated guardian or in loco parentis	None. Employee only	Employees: *Spouse *Domestic Partner *Child *Parent (or person who stood in loco parentis to the employee when employee was a minor) *Designated guardian or in loco parentis *Person for whom employee is responsible for providing or arranging health or safety related care
<b>Eligibility</b>	After the employee has earned \$2,500 in wages in the State	Employee has worked 12 months and 1,250 hours	Employees who have completed their introductory period	Immediately upon hire
<b>Job Protection</b>	Yes, if employee has worked for employer for 180 days	Yes	Yes	Yes
<b>Length of Leave Time</b>	Up to 12 weeks in a rolling calendar year	Up to 12 weeks in a calendar year	Up to one (1) year (concurrent with FMLA)	48 hours per year
<b>Paid or Unpaid</b>	Paid	Unpaid (can use city-paid income replacement)	Unpaid (can use city-paid income replacement)	Paid
<b>Income Replacement</b>	N/A	Short-term Disability (STD), Sick Leave, Annual Leave, Personal Leave	Short-term Disability (STD), Long-term Disability (LTD), Sick Leave, Annual Leave, Personal Leave	N/A
<b>Amount of Income Replacement</b>	Based on employee's salary with maximum benefit of \$1,100/week	Based on employee's salary: -- Sick, Annual, Personal Leaves 100% of employee's pay and/or -- Short Term Disability maximum benefit of \$1,500/week	Based on employee's salary: -- Sick, Annual, Personal Leaves 100% of employee's pay and/or -- Short Term Disability maximum benefit of \$1,500/week -- Long Term Disability maximum benefit of \$2,077/week	Based on employee's salary: -- Sick/HFWA Leave 100% of employee's pay
<b>Length/Frequency of Pay</b>	Up to 12 weeks once every 12 months	-- Sick, Annual, Personal Leaves until employee's balances are exhausted -- STD up to 90 days (including waiting period) per qualifying condition -- LTD starts after 90 days of disability and can continue to age 65	-- Sick, Annual, Personal Leaves until employee's balances are exhausted -- STD up to 90 days (including waiting period) per qualifying condition -- LTD starts after 90 days of disability and can continue to age 65	48 hours per calendar year; PHE leave allowed once during entirety of PHE
<b>Cost to Employee</b>	.045% of employee's base pay	None	None	None
<b>Cost to City</b>	.045% of employee's base pay	City provided paid benefits	City provided paid benefits	City provided paid benefits
<b>Qualifying Reasons</b>	<ul style="list-style-type: none"> <li>To care for a new child, including adopted and fostered children</li> <li>To care for themselves, if they have a serious health condition</li> <li>To care for a family member with a serious health condition</li> <li>To make arrangements for a family member's military deployment</li> <li>To address the immediate safety needs and impact of domestic violence and/or sexual assault.</li> </ul>	<ul style="list-style-type: none"> <li>The birth of a child or placement of a child for adoption or foster care;</li> <li>To bond with a child (leave must be taken within 1 year of the child's birth or placement);</li> <li>To care for the employee's spouse, child, or parent who has a qualifying serious health condition;</li> <li>For the employee's own qualifying serious health condition that makes the employee unable to perform the employee's job;</li> <li>For qualifying exigencies related to the foreign deployment of a military member who is the employee's spouse, child, or parent.</li> </ul>	<ul style="list-style-type: none"> <li>One year of leave time for an injured or ill employee to return to full duty.</li> </ul>	<ul style="list-style-type: none"> <li>Mental or physical illness, injury or health condition that prevents work</li> <li>Obtaining preventive medical care, or a medical diagnosis, care of treatment, of any mental or physical illness, injury, or health condition</li> <li>Being a victim of domestic abuse, sexual assault, or criminal harassment who needs leave for medical attention, mental health care or other counseling, victim services (including legal), or relocation</li> <li>Care for a family member who has a mental or physical illness, injury or health condition or who needs the sort of care listed in above categories</li> <li>Due to a public health emergency, a public official closed the employee's (A) place of business, or B child's school or place of care, requiring the employee to care for the child</li> </ul>
<b>Extensions Available</b>	Up to an additional 4 weeks (16 weeks in total) for serious health condition related to pregnancy or childbirth complications	No extension beyond 12 weeks, transitions to Employee Medical Leave for employee's health conditions (up to a year)	Director of HR may approve extension beyond one year if employee is expected to return to work	Up to an additional 80 hours of paid leave (40 hours for Variable Hour Non-Benefits Employees) for PHE related absences
<b>Health Benefit Continuation</b>	Yes, required to continue paying their portion of premiums	Yes, required to continue paying their portion of premiums	Yes, required to continue paying their portion of premiums	Yes, required to continue paying their portion of premiums





# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> Title 32 Metropolitan Districts November 2022
<b>Item Initiator:</b> Cesarina Dancy, Senior Development Project Manager, Office of Development Assistance
<b>Staff Source/Legal Source:</b> Cesarina Dancy, Senior Development Project Manager, Office of Development Assistance/ Brian Rulla, Assistant City Attorney
<b>Outside Speaker:</b>
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### COUNCIL MEETING DATES:

**Study Session:** 7/18/2022

**Regular Meeting:** 8/8/2022

### ITEM DETAILS:

- Title 32 Metropolitan Districts November 2022
- No waiver
- Cesarina Dancy, Senior Development Project Manager Office of Development Assistance/ Brian Rulla, Assistant City Attorney
- 5/10 Minutes

---

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

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Approve Item and Move Forward to Study Session  | <input type="checkbox"/> Approve Item as proposed at Study Session   |
| <input type="checkbox"/> Approve Item and Move Forward to Regular Meeting   | <input type="checkbox"/> Approve Item as proposed at Regular Meeting |
| <input type="checkbox"/> Information Only   |  |
| <input type="checkbox"/> Approve Item with Waiver of Reconsideration<br>Reason for waiver is described in the Item Details field. |  |

---

### PREVIOUS ACTIONS OR REVIEWS:

**Policy Committee Name:** Management & Finance

**Policy Committee Date:** 6/28/2022

**Action Taken/Follow-up:** *(Check all that apply)*

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

---

**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.*)

In 2004, the City adopted a model service plan for Title 32 Metropolitan District with the intent that any proposed service plan for a metropolitan district will be compliant with the model. The model service plan provides the following key features:

1. Maximum debt mill levy of 50 mills
2. Maximum term for debt repayment of 40 years (for residential districts),
3. Agreement to impose the Aurora Regional Improvements (ARI) mill levy.

---

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

The items in this package contain Service Plan proposals for the November 2022 election cycle.

- A. Eastern Hills Metropolitan Districts Nos. 21-23
  - a. Location- generally Southeast of E. Alameda Avenue and S. Powhatan Road
  - b. Size- 973 acres (412 initial; 561 inclusion)
  - c. Type of District- Residential
  - d. Population Projection- 4,975
  - e. Debt Limit- \$150,000,000
  - f. Current Development Status- Master Plan under review
  - g. Model Compliant? Yes – approval by Resolution
  
- B. Kings Point South Metropolitan District No. 3
  - a. Location- generally Southeast of E. County Line Road and E-470
  - b. Size- 95 acres (initial)
  - c. Type of District- Residential
  - d. Population Projection- 1,190
  - e. Debt Limit- \$25,000,000
  - f. Current Development Status- Vacant land
  - g. Model Compliant? Yes – approval by Resolution
  
- C. Green Valley Ranch East Metropolitan District Nos. 6-14 (Nos. 6-8 amended and restated; Nos. 9-14 new)
  - a. Location- generally Southeast of E. 56<sup>th</sup> Avenue and Picadilly Road
  - b. Size- 877 acres (588 initial; 289 inclusion)
  - c. Type of District- Residential and Commercial
  - d. Population Projection- 8,500
  - e. Debt Limit- \$4,000,000,000 per district
  - f. Current Development Status- as of March 31, 2022, approximately 380 homes have been sold and an additional 168 are under contract for purchase. There are an additional 161 homes under construction.
  - g. Model Compliant? No– approval by Ordinance. The inclusion of language in this service plan allowing for the inclusion of the property into ARTA makes this plan non-compliant with the City’s model. This language is consistent with the previously approved plan for GVRE Nos. 6-8.

---

**QUESTIONS FOR COUNCIL**

Does Council wish to move these items forward to Study Session?

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**LEGAL COMMENTS**

Section 32-1-204.5(1), C.R.S. provides that no special district shall be organized if its boundaries are wholly contained within the boundaries of a municipality, except upon adoptions of a resolution of approval by the governing body of such municipality.

Chapter 122 of the City Code establishes the procedure by which the proponents of a special district may seek approval for their district from the City. Section 122-32 of the City Code requires that the City Council conduct a public hearing regarding approval of the proposed district and its service plan. Thereafter, the City Council shall adopt a resolution (1) approving the service plan without conditions or modifications; (2) disapproving the service plan; or (3) conditionally approving the service plan subject to the submission of information relating to, or the modification of, the service plan. (City Code Section. 122-35).

Section 122-30(21) further requires that the special district enter into a written agreement with the City. The proposed Intergovernmental Agreement satisfies the requirements set forth therein. As the proposed Agreement is with another governmental entity, a resolution is required to authorize its execution. (City Charter Section 10-12.)

Title 32, Article 1, C.R.S., as amended, and Section 122-36(b) of the City Code each provide that material modifications to an approved metropolitan district service plan may be made by the board of directors of a district only by petition to and approval by the City Council in substantially the same manner as provided for in the approval for an original service plan.

All legislative enactments must be in the form of ordinances pursuant to Section 5-1 of the Charter of the City of Aurora, Colorado and City Council Rule F.1 provides that an ordinance remains in effect until otherwise rescinded or amended by the City Council. (Rulla)

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**PUBLIC FINANCIAL IMPACT**

YES       NO

**If yes, explain:** Approval of these districts will allow the cost of providing infrastructure and certain operating costs to be passed on to the district property owners via metropolitan district taxes and fees. The debt service will be paid by metropolitan district property taxes.

---

**PRIVATE FISCAL IMPACT**

Not Applicable       Significant       Nominal

**If Significant or Nominal, explain:** Title 32 Metropolitan Districts have the authority to levy a property tax within the boundaries of the District. Approval of these districts will provide a mechanism for the developer to finance infrastructure for new development by recovering the associated costs through metropolitan district taxes.

NICOLE PEYKOV  
DIRECT DIAL: 303-839-3715  
npeykov@spencerfane.com

File No. 5029751.0010

May 31, 2022

**VIA E-MAIL**

Cesarina Dancy  
Senior Development Project Manager  
City of Aurora  
Office of Development Assistance  
15151 E. Alameda Parkway, Suite 5200  
Aurora, CO 80012  
cdancy@auroragov.org

**Re: Formal Submittal Transmittal Letter  
(Proposed) Eastern Hills Metropolitan District Nos. 21-23**

Dear Ms. Dancy:

This firm serves as legal counsel to Ventana Capital, Inc. (“Petitioner”). On behalf of the Petitioner, enclosed are the formal submittal materials for the (Proposed) Eastern Hills Metropolitan District Nos. 21-23 (collectively, the “Districts”) pursuant to the “Special Districts Act,” Section 32-1-101, et seq., of the Colorado Revised Statutes and the City of Aurora City Code. The enclosed materials include the following:

1. A clean electronic copy of the Proposed Service Plan in PDF and word format with all exhibits included.
2. A redline electronic copy of the Proposed Service Plan in PDF format with all exhibits included.

The following information is being provided pursuant to the City of Aurora Formal Submittal Requirements:

- a. Name of Districts: Eastern Hills Metropolitan District Nos. 21-23
- b. Contact Information:
  - i. Metro District Counsel:  
Spencer Fane LLP  
Attn: Russell Dykstra, Esq.  
1700 Lincoln Street, Suite 2000

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Denver, Colorado 80203  
(303) 839-3800  
rdykstra@spencerfane.com

- ii. Petitioner:
  - Ventana Capital, Inc.
  - 8678 Concord Center Drive, #200
  - Englewood, CO 80112
  - (303) 346-7006
  - tclark@ventanacap.com

- iii. Property Owner:
  - i. NL Parklands V4 Land CO, LLC
  - c/o Ventana Capital, Inc.
  - 8678 Concord Center Drive, #200
  - Englewood, CO 80112
  - (303) 346-7006
  - tclark@ventanacap.com

- c. Form of Service Plan: Multiple District Single Service Plan
- d. Type of Development: Residential
- e. Status of Aurora Development Review Process on Development Plans (if applicable): The developer is currently seeking a Framework Development Plan Amendment, then Site Plan and Final Plat approval.
- f. Justification for Petitioner’s request to City Council to approve Proposed Districts: The property located within the Service Area of the proposed Districts consists of approximately 973 acres of residential development. Development of the project will require substantial investment in project infrastructure, including but not limited to water system improvements, sanitary sewer and storm drainage improvements, street and roadway improvements, park and recreation improvements, and landscaping. In addition, there is an adjacent major drainageway, Coal Creek, which will require improvements, including a bridge over Coal Creek at Harvest Road. The Petitioner requests the City Council approve the Proposed Service Plan in order to allow for the project infrastructure to be eligible for tax-exempt financing. The Districts will also provide a mechanism to ensure that certain project infrastructure is constructed and maintained at a level commensurate with other first-class residential development located within the City of Aurora.



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- g. Compliance Certification: The Proposed Service Plan is an exact copy of the appropriate Aurora model service plan and any and all changes from the model are clearly identified.
- h. Debt Limit Statement: The debt limits reported in Sections V.A.10 (Total Debt Issuance Limitation) and VII.A. (Financial Plan – General) are the same. The debt limits reported in Section V.A.10 (Total Debt Issuance Limitation) and VII.A. (Financial Plan – General) DO NOT include any debt associated with regional improvements as described in the last sentence of VI.C.
- i. Special Requests: N/A
- j. Summary Table:

Name of Metro District	Public Improvements	Debt Limit	Debt Limit Includes ARI? Yes or No	ARI Debt Limit	Total Debt Capacity	Organizing & Operating Reimbursement	1 <sup>st</sup> year Operating and Maintenance
Location in Service Plan	V.B.	V.A.10	From transmittal letter	VI.C	Calculation	VII.I	VII.I
Eastern Hills Metropolitan District Nos. 21-23	\$75,000,000	\$150,000,000	No	\$150,000,000	\$300,000,000	\$75,000	\$100,000
Total	\$75,000,000	\$150,000,000	No	\$150,000,000	\$300,000,000	\$75,000	\$100,000

Payment in the amount of \$4,830.00 has been delivered to your office. Please do not hesitate to contact us if you have any questions. Thank you for your consideration.

Best regards,  
*/s/ Nicole Peykov*  
Nicole Peykov

Enclosures

**SERVICE PLAN  
FOR  
EASTERN HILLS METROPOLITAN DISTRICT NOS. 21-23  
CITY OF AURORA, COLORADO**

Prepared

by

SPENCER FANE LLP  
1700 LINCOLN STREET, SUITE 2000  
DENVER, COLORADO 80203

MAY 31, 2022

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**LIST OF EXHIBITS**

<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 D</b>	Notice of Special District Disclosure
<b>EXHIBIT E</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 District.

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 Plan.

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 the Districts have 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:

Agreed Upon Procedures Engagement: means an attestation engagement in which a certified public accountant performs specific procedures on subject matter and reports the findings without providing an opinion or conclusion. The subject matter may be financial or nonfinancial information. Because the needs of an engaging party vary, the nature, timing, and extent of the procedures may vary, as well.

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 Boards 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.

Boards: means the boards of directors of the Districts.

Bond, Bonds or Debt: means bonds or other obligations for the payment of which a 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.

C.R.S.: means the Colorado Revised Statutes, as the same may be amended from time to time.

District: means Eastern Hills Metropolitan District No. 21, Eastern Hills Metropolitan District No. 22, and Eastern Hills Metropolitan District No. 23, individually.

Districts: means Eastern Hills Metropolitan District No. 21, Eastern Hills Metropolitan District No. 22, and Eastern Hills Metropolitan District No. 23, 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 Districts and has not been otherwise engaged to provide services in connection with the transaction related to the applicable Debt.

Fee(s): 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 combined Financial Plan of the Districts as 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 areas described in the Initial District Boundary Maps.

Initial District Boundary Maps: means the maps attached hereto as **Exhibit C**, describing the Districts' initial boundaries.

Maximum Debt Mill Levy: means the maximum mill levy each District 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.

Operations and Maintenance Mill Levy: means the mill levy each District projects to impose for payment of administration, operations, and maintenance costs as set forth in the Financial Plan in Section VII below.

Project: means the development or property commonly referred to as Eastern Hills.

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 Boards 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 Maps and Inclusion Area Boundary Map.

Service Plan: means this 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.

### **III. BOUNDARIES**

The area of the Initial District Boundaries includes approximately Four Hundred Twelve (412) acres and the total area proposed to be included in the Inclusion Area Boundaries is approximately Five Hundred Sixty One (561) acres. Legal descriptions of the Initial District Boundaries and the Inclusion Area Boundaries are attached hereto as **Exhibit A**. A vicinity map is attached hereto as **Exhibit B**. Maps of the Initial District Boundaries are attached hereto as **Exhibit C-1** and a map of the Inclusion Area Boundaries is attached hereto as **Exhibit C-2**. It is anticipated that the Districts' boundaries may change from time to time as they undergo 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 Nine Hundred Seventy Three (973) acres of agricultural and farm ranch/residence land. The current assessed valuation of the Service Area is \$0.00 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 within the Project at build-out is estimated to be approximately Four Thousand Nine Hundred Seventy Five (4,975) 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 District 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 are described in the Special District Act, and other applicable statutes, common law and the Constitution, subject to the limitations set forth herein.

In connection with the performance of all acts or activities hereunder, the Districts shall not violate any protection clauses of the United States or Colorado State Constitutions. The Districts shall not discriminate against any person because of race, color, religion, national origin, gender, age, military status, sexual orientation, gender identity or gender expression, marital status, or physical or mental disability, and further shall insert the foregoing provision in contracts or subcontracts let by the Districts to accomplish the purposes of this Service Plan.

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 owner's 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. 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 Districts 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 their 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.

10. Total Debt Issuance Limitation. The Districts shall not issue Debt in excess of One Hundred Fifty Million Dollars (\$150,000,000) in the aggregate; provided however, that any Debt issued by the Districts for Regional Improvements shall not be included within this limitation and shall be subject to the limitations set forth in Section VI.

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. The Districts 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 by and between two or all three of the Districts.

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. Website. When a district is required to have a website in accordance with the requirements of C.R.S. Section 32-1- 104.5, the Districts shall establish, maintain and annually update a public website or provide information on a shared community website, on which the Districts will timely post all information and documents required by C.R.S. § 32-1- 104.5.

16. 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 V.A.1-14 above or in 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 Seventy Five Million Dollars (\$75,000,000).

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 improvements contemplated herein. Specifically, the Districts shall enter into an Intergovernmental Cost Sharing and Recovery Agreement which shall govern the relationships between and among the Districts with respect to the financing, construction and operation of the improvements contemplated herein. The Districts will establish a mechanism whereby any one or more of the Districts may separately or cooperatively fund, construct, install and operate the improvements.

**VI. REGIONAL IMPROVEMENTS**

The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment and a contribution to the funding 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 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, the Districts 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 Section 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. A District shall cease to be obligated to impose, collect and convey to the City the revenue from the ARI Mill Levy described in this Section VI at such time as the area within such District's 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 One Hundred Fifty Million Dollars (\$150,000,000) pursuant to agreements as described in VI.A, B or C above. Such limit is not subject to the Total Debt Issuance Limitation described in section VII below.

## 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 and other legally available revenues. The total Debt that the Districts shall be permitted to issue shall not exceed One Hundred Fifty Million Dollars (\$150,000,000) (exclusive of Debt issued for Regional Improvements described in Section VI above) 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 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 each 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 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 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 of such District 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 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.

3. For purposes of the foregoing, once Debt has been determined to be within Section VII.C.2 above, so that a 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 the 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 a 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 a 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.

The Maximum Debt Mill Levy shall not apply to a District's Operations and Maintenance Mill Levy for the provision of operation and maintenance services to a District's taxpayers and service users as set for in Section VII.K below.

D. Maximum Debt Mill Levy Imposition Term.

Each District 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, a 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 such 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, et seq., C.R.S.

E. Debt Repayment Sources.

Each District 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(I), C.R.S., as amended from time to time. In no event shall the debt service mill levy in a 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 a 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, a 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 District.

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 a District in the payment of any such obligation.

H. TABOR Compliance.

The Districts will comply with the provisions of TABOR. In the discretion of the Boards, 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 Boards.

I. District's 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 Seventy Five Thousand Dollars (\$75,000.00), 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 One Hundred Thousand Dollars (\$100,000.00) 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 a District's ability to increase its Operations and Maintenance Mill Levy as necessary for provision of operation and maintenance services to its taxpayers and service users.



J. Agreed Upon Procedures Examination.

For districts with property within their boundaries developed with any residential uses, at such time that a majority of the Board of Directors of a District are residents of such District, such District is encouraged to engage the services of a certified public accountant for an Agreed Upon Procedures Engagement. Such Board, in its discretion, will set the scope and the procedures for the engagement.

**VIII. ANNUAL REPORT**

A. General.

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 Orders and Decrees creating the Districts have been issued. The annual report shall include all information required pursuant to the Special District Act.

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 Districts' boundaries 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 District 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 final assessed valuations of the Districts as of December 31 of the reporting year.
8. Current year budgets including a description of the Public Improvements to be constructed in such year.

9. Audits 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 Districts, which continue beyond a ninety (90) day period, under any Debt instrument.

11. Any inability of a District to pay its 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 a District was created have been accomplished, such 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 such District has provided for the payment or discharge of all of its outstanding indebtedness and other financial obligations as required pursuant to State statutes.

## **X. DISCLOSURE NOTICES AND MEETINGS**

1. The Districts will provide the City with written notice of the date of hearing on their petitions for organization filed with the district court.

2. The Districts will use reasonable efforts and due diligence to cause each developer and home builder to provide written notice of disclosure to all initial purchasers of property in the Districts that describes the general purpose of the Districts and financial impact on each residential property at the time of entering into the purchase contract. The form of notice shall be filed with the City prior to the initial issuance of the Debt of a District imposing the mill levy which is the subject of the Maximum Debt Mill Levy. The form of notice shall be substantially in the form of **Exhibit E** attached hereto; provided that such notice may be modified by a District so long as a new notice is submitted to and approved by the City prior to using such modified notice. Any modified notice will be expected to provide the following information for a District:

- a. General description and purpose(s) of the District.
- b. Contact information for the District.
- c. Website address for the District (once established per Section V.A.15).
- d. District boundary map showing all lots within the District.
- e. The Maximum Debt Mill Levy that may be imposed on the residential property for each year the District is in existence and a calculation of the associated taxes that the homeowner will pay.
- f. List of all other taxing entities within the District boundaries and their current mill levies and associated taxes.
- g. The District's Total Debt Issuance Limitation and a description of the Public Improvements that the District Debt is being issued to pay for.
- h. The Maximum Debt Mill Levy Imposition Term, providing an understanding of the duration for which the property will be taxed to pay off Debt.

- i. A description of what the Operations and Maintenance Mill Levy is, pays for, and the duration that the property will be taxed to pay for the eligible Operations and Maintenance Mill Levy expenses.
- j. Any and all Fees currently imposed on each residential property for each year the District is in existence.
- k. Any additional information required by the Colorado Revised Statutes, including without limitation C.R.S. § 38-35.7-110, as amended from time to time.

The Districts will use reasonable efforts and due diligence to cause each developer and home builder to require that each home buyer is asked to acknowledge receipt of such notice of disclosure at the time of entering into the purchase contract.

3. To ensure that potential residential buyers are educated about the Districts, the Districts will provide the information identified in Section X.2 above to the developer or home builders for prominent display at all sales offices, and by inspecting the sales offices within the District Boundaries on a quarterly basis to assure the information provided is accurate and prominently displayed.

4. The Districts shall provide annual notice to all eligible electors of the Districts, in accordance with Section 32-1-809, C.R.S. In addition, the Districts shall record a District public disclosure document and a map of the District boundaries with the Clerk and Recorder of each County in which District property is located, in accordance with Section 32-1-104.8, C.R.S. The Districts shall use reasonable efforts to ensure that copies of the annual notice, public disclosure document and map of the District boundaries are provided to potential purchasers of real property within the District as part of the seller's required property disclosures.

5. All special and regular District meetings shall be open to the public and shall be held at a location within the District boundaries, or virtually with participation via teleconference, webcast, video conference or other technological means. If a Board meeting is held virtually, the Districts shall provide information on the Districts' website accessible to all residents on how to access and participate in the virtual meeting. If the Districts utilize email to communicate with residents, the Districts shall also send notification of the virtual meeting by email. The Districts shall provide notification via the District website and, if applicable, email, at least ten (10) days prior to the virtual Board meeting. If the Boards schedule a virtual special meeting that will be convened in fewer than ten (10) days, the Districts shall provide notification via the District website and, if applicable, email, as soon as possible after scheduling the special meeting.

## **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 E**. The Districts shall approve the intergovernmental agreement in the form attached as **Exhibit E** at their first Board meeting after their organizational election. 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 E** 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 their proposed boundaries.
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 district is 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 Districts is in the best interests of the area proposed to be served.

**EXHIBIT A**  
Legal Descriptions

**NORTHWEST PARCEL**

**LEGAL DESCRIPTION**

A PARCEL OF LAND BEING THE NORTHWEST QUARTER OF SECTION 17, TOWNSHIP 4 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, IN THE COUNTY OF ARAPAHOE, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**BEGINNING** AT THE NORTHWEST CORNER OF SAID SECTION 17;

THENCE ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 17, NORTH 89°52'40" EAST, A DISTANCE OF 2646.04 FEET TO THE NORTH QUARTER CORNER OF SAID SECTION 17 WITH ALL BEARINGS HEREON REFERENCED TO THIS LINE;

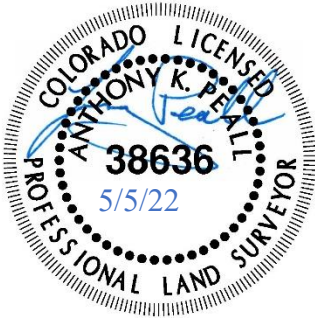
THENCE ALONG THE NORTH-SOUTH CENTERLINE OF SAID SECTION 17, SOUTH 00°21'27" EAST, A DISTANCE OF 2634.94 FEET TO THE CENTER QUARTER CORNER OF SAID SECTION 17;

THENCE ALONG THE EAST-WEST CENTERLINE OF SAID SECTION 17, SOUTH 89°31'16" WEST, A DISTANCE OF 2653.09 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 17;

THENCE ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 17, NORTH 00°12'18" WEST, A DISTANCE OF 2651.44 FEET TO THE **POINT OF BEGINNING**.

CONTAINING AN AREA OF 160.773 ACRES, (7,003,252 SQUARE FEET), MORE OR LESS.

ILLUSTRATION ATTACHED AND MADE A PART HEREOF.



ANTHONY K. PEALL, PLS 38636  
FOR AND ON BEHALF OF AZTEC CONSULTANTS, INC.  
300 EAST MINERAL AVE., SUITE 1, LITTLETON, CO 80122

## NORTHEAST PARCEL

### LEGAL DESCRIPTION

A PARCEL OF LAND BEING A PORTION OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 4 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, IN THE COUNTY OF ARAPAHOE, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**BEGINNING** AT THE NORTH QUARTER CORNER OF SAID SECTION 17;

THENCE ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 17, NORTH 89°37'09" EAST, A DISTANCE OF 2,441.81 FEET TO THE WESTERLY BOUNDARY OF THAT 210-FOOT-WIDE PUBLIC SERVICE COMPANY PARCEL (PSCo), WITH ALL BEARINGS HEREON REFERENCED TO THIS LINE;

THENCE ALONG SAID WESTERLY BOUNDARY, SOUTH 00°26'23" EAST, A DISTANCE OF 1,430.15 FEET;

THENCE DEPARTING SAID WESTERLY BOUNDARY, SOUTH 89°45'15" WEST, A DISTANCE OF 775.57 FEET;

THENCE SOUTH 00°14'58" EAST, A DISTANCE OF 471.00 FEET;

THENCE SOUTH 88°35'37" WEST, A DISTANCE OF 77.09 FEET;

THENCE SOUTH 00°31'43" EAST, A DISTANCE OF 521.35 FEET;

THENCE SOUTH 70°38'32" EAST, A DISTANCE OF 243.67 FEET;

THENCE SOUTH 89°03'02" EAST, A DISTANCE OF 548.77 FEET;

THENCE SOUTH 89°12'10" EAST, A DISTANCE OF 75.54 FEET TO SAID WESTERLY PSCo BOUNDARY;

THENCE ALONG SAID WESTERLY BOUNDARY SOUTH 00°26'23" EAST, A DISTANCE OF 112.12 FEET TO A POINT ON THE EAST-WEST CENTERLINE OF SAID SECTION 17;

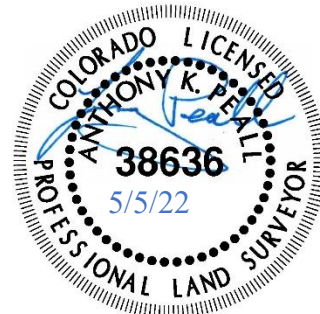
THENCE ALONG SAID EAST-WEST CENTERLINE, SOUTH 89°31'16" WEST, A DISTANCE OF 2445.59 FEET TO THE CENTER QUARTER CORNER OF SAID SECTION 17;

THENCE ALONG THE NORTH-SOUTH CENTERLINE OF SAID SECTION 17, NORTH 00°21'27" WEST, DISTANCE OF 2634.94 FEET TO THE **POINT OF BEGINNING**.

CONTAINING AN AREA OF 127.580 ACRES, (5,557,370 SQUARE FEET), MORE OR LESS.

ILLUSTRATION ATTACHED AND MADE A PART HEREOF.

ANTHONY K. PEALL, PLS 38636  
FOR AND ON BEHALF OF AZTEC CONSULTANTS, INC.  
300 EAST MINERAL AVE., SUITE 1, LITTLETON, CO 80122



**SOUTHEAST PARCEL**

**LEGAL DESCRIPTION**

A PARCEL OF LAND BEING A PORTION OF THE SOUTHEAST QUARTER OF SECTION 17, TOWNSHIP 4 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, IN THE COUNTY OF ARAPAHOE, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**BEGINNING** AT THE CENTER QUARTER CORNER OF SAID SECTION 17;

THENCE ALONG THE EAST-WEST CENTERLINE OF SAID SECTION 17, NORTH 89°31'16" EAST, A DISTANCE OF 2,445.59 FEET TO THE WESTERLY BOUNDARY OF THAT 210-FOOT-WIDE PUBLIC SERVICE COMPANY PARCEL (PSCo), WITH ALL BEARINGS HEREON REFERENCED TO THIS LINE;

THENCE ALONG SAID WESTERLY PSCo BOUNDARY, SOUTH 00°26'20" EAST, A DISTANCE OF 1,125.39 FEET;

THENCE DEPARTING SAID WESTERLY BOUNDARY, SOUTH 89°16'56" WEST, A DISTANCE OF 225.01 FEET;

THENCE NORTH 00°26'20" WEST, A DISTANCE OF 64.50 FEET;

THENCE SOUTH 89°16'56" WEST, A DISTANCE OF 125.86 FEET;

THENCE NORTH 00°43'04" WEST, A DISTANCE OF 74.65 FEET;

THENCE SOUTH 89°20'54" WEST, A DISTANCE OF 304.94 FEET;

THENCE SOUTH 00°31'46" EAST, A DISTANCE OF 75.00 FEET;

THENCE SOUTH 89°30'57" WEST, A DISTANCE OF 221.64 FEET;

THENCE SOUTH 00°23'14" EAST, A DISTANCE OF 615.10 FEET;

THENCE NORTH 89°16'11" EAST, A DISTANCE OF 803.24 FEET;

THENCE NORTH 89°16'08" EAST, A DISTANCE OF 75.01 FEET TO SAID WESTERLY PSCo BOUNDARY;

THENCE ALONG SAID WESTERLY BOUNDARY, SOUTH 00°26'20" EAST, A DISTANCE OF 746.03 FEET TO THE NORTHERLY BOUNDARY OF THAT 210-FOOT-WIDE PUBLIC SERVICE COMPANY PARCEL (PSCo);

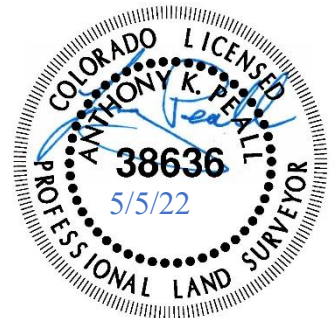
THENCE ALONG SAID NORTHERLY BOUNDARY, SOUTH 89°16'54" WEST, A DISTANCE OF 2,449.06 FEET TO A POINT ON THE NORTH-SOUTH CENTERLINE OF SAID SECTION 17:

THENCE ALONG SAID NORTH-SOUTH LINE, NORTH 00°21'27" WEST, A DISTANCE OF 2,431.16 FEET TO THE **POINT OF BEGINNING**.

CONTAINING AN AREA OF 123.730 ACRES, (5,389,688 SQUARE FEET), MORE OR LESS.

ILLUSTRATION ATTACHED AND MADE A PART HEREOF.

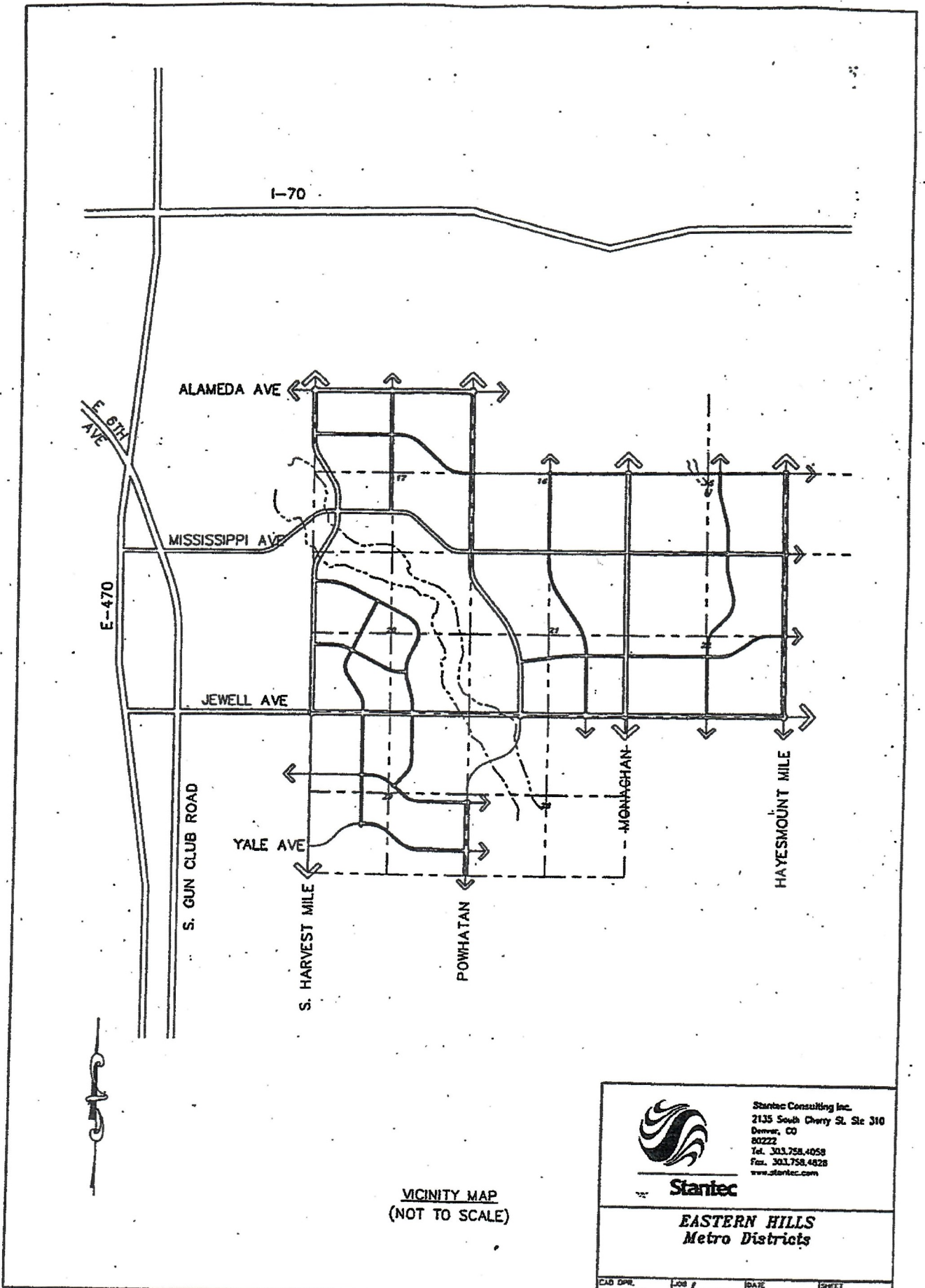
ANTHONY K. PEALL, PLS 38636  
FOR AND ON BEHALF OF AZTEC CONSULTANTS, INC.  
300 EAST MINERAL AVE., SUITE 1, LITTLETON, CO 80122






**EXHIBIT B**

Aurora Vicinity Map



VICINITY MAP  
(NOT TO SCALE)



Stantec Consulting Inc.  
2135 South Cherry St. Ste 310  
Denver, CO  
80222  
Tel. 303.758.4058  
Fax. 303.758.4828  
www.stantec.com

**Stantec**

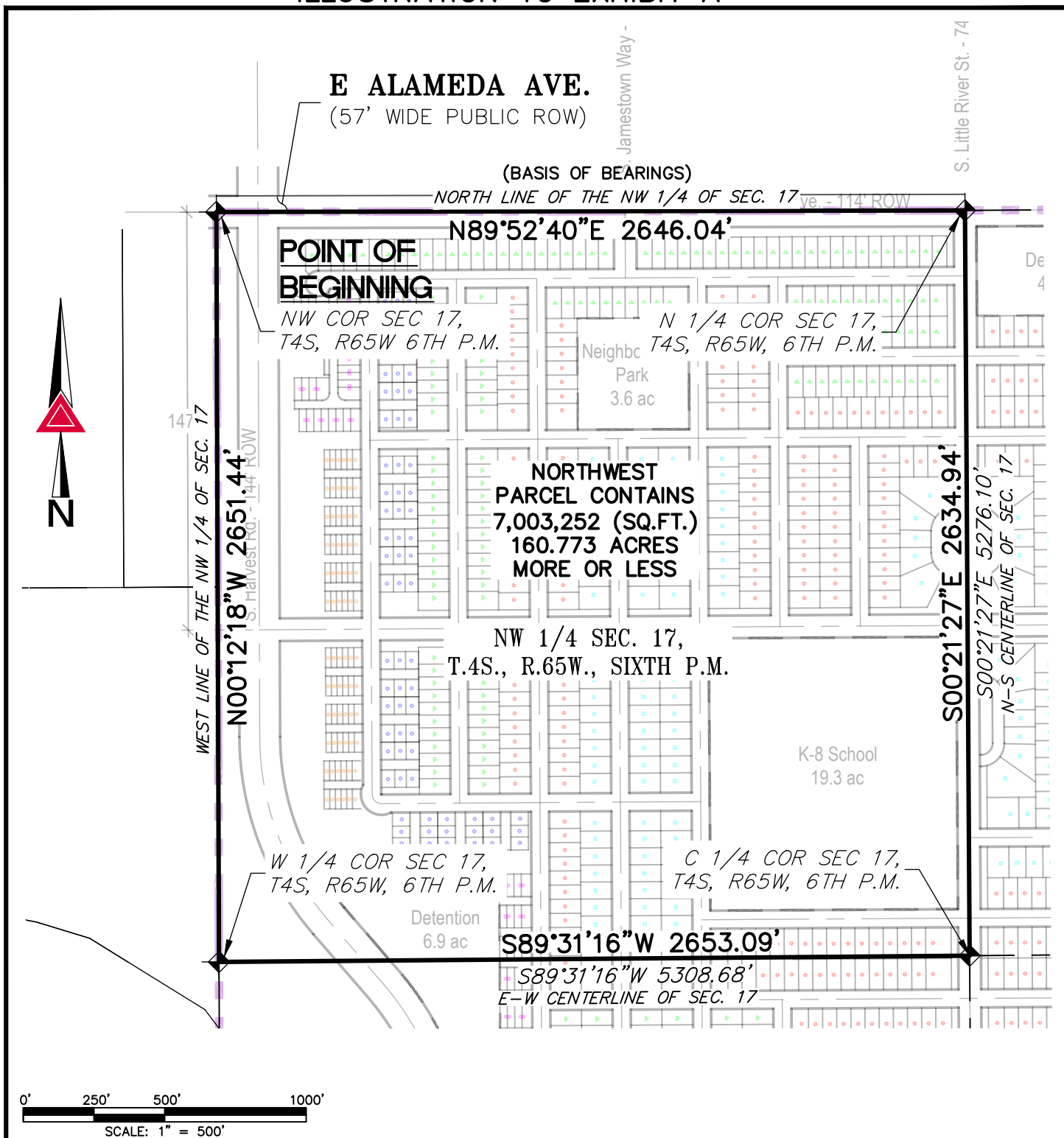
**EASTERN HILLS  
Metro Districts**

CAD DRN CRC	JOB # 87002370	DATE April, 2002	SHEET 1 of 1
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**EXHIBIT C-1**

Initial District Boundary Maps

# ILLUSTRATION TO EXHIBIT A



NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

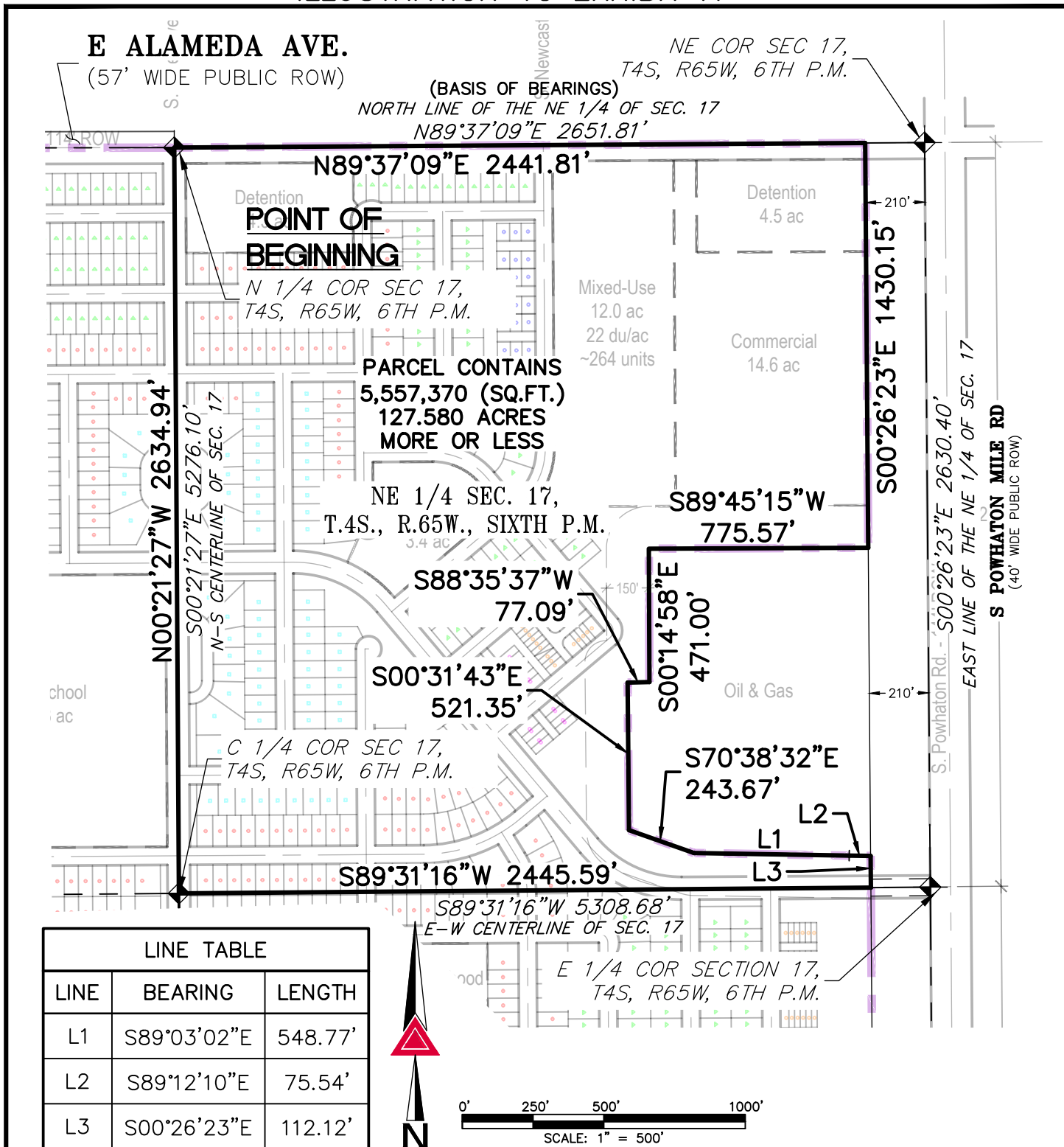
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 DWG: TP CHK: AKP  
 DATE: 5/5/2022  
 SCALE: 1" = 500'

**AZTEC**  
CONSULTANTS, INC.

300 East Mineral Ave,  
Suite 1  
Littleton, Colorado 80122  
Phone: (303)713-1898  
Fax: (303)713-1897  
[www.aztecconsultants.com](http://www.aztecconsultants.com)

**NW DISTRICT PARCEL**  
 PARKLANDS 4  
 ARAPAHOE COUNTY

# ILLUSTRATION TO EXHIBIT A



NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

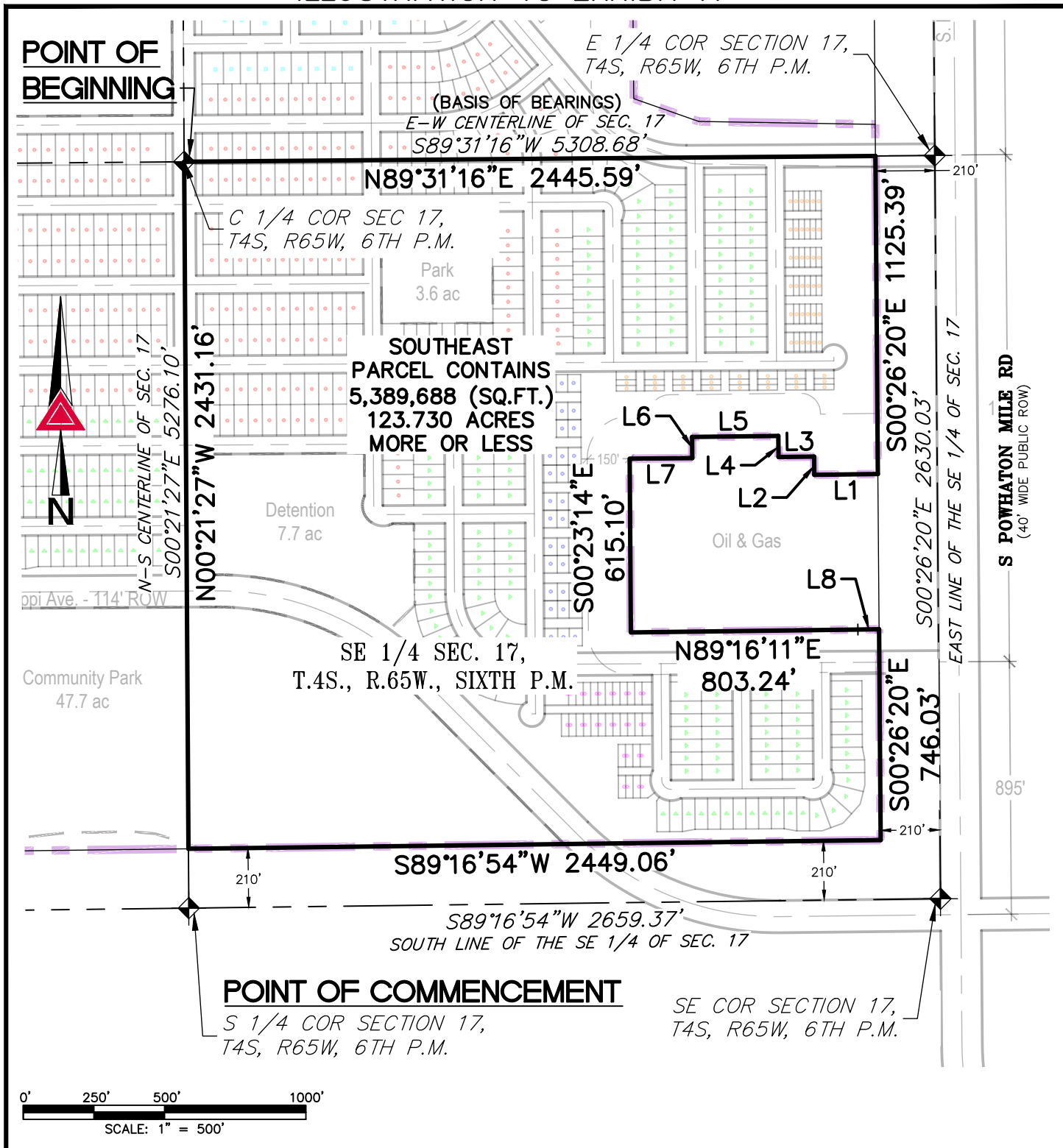
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 DWG: TP CHK: AKP  
 DATE: 5/5/2022  
 SCALE: 1" = 500'

**AZTEC**  
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**NE DISTRICT PARCEL**  
 PARKLANDS 4  
 ARAPAHOE COUNTY

# ILLUSTRATION TO EXHIBIT A



NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

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 DWG: TP CHK: AKP  
 DATE: 5/5/2022  
 SCALE: 1" = 500'

**AZTEC**  
 CONSULTANTS, INC.

300 East Mineral Ave,  
 Suite 1  
 Littleton, Colorado 80122  
 Phone: (303)713-1898  
 Fax: (303)713-1897  
[www.aztecconsultants.com](http://www.aztecconsultants.com)

**SE DISTRICT PARCEL**  
**PARKLANDS 4**  
**ARAPAHOE COUNTY**

JOB NUMBER 171021-02 2 OF 3 SHEETS

## ILLUSTRATION TO EXHIBIT A

LINE TABLE		
LINE	BEARING	LENGTH
L1	S89°16'56"W	225.01'
L2	N00°26'20"W	64.50'
L3	S89°16'56"W	125.86'
L4	N00°43'04"W	74.65'
L5	S89°20'54"W	304.94'
L6	S00°31'46"E	75.00'
L7	S89°30'57"W	221.64'
L8	N89°16'08"E	75.01'

NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

PATH: Q:\DWG\EXHIBITS\  
 DWG NAME: SE DISTRICT PARCEL.DWG  
 DWG: TP      CHK: AKP  
 DATE: 5/5/2022  
 SCALE: 1" = 500'



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**SE DISTRICT PARCEL**  
**PARKLANDS 4**  
**ARAPAHOE COUNTY**

JOB NUMBER 171021-02

3 OF 3 SHEETS

**EXHIBIT C-2**

Inclusion Area Boundary Map



**PARCEL A**

**LEGAL DESCRIPTION**

A PARCEL OF LAND BEING A PORTION OF SECTION 17, TOWNSHIP 4 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, IN THE COUNTY OF ARAPAHOE, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**BEGINNING** AT THE NORTHWEST CORNER OF SAID SECTION 17;

THENCE ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 17, NORTH 89°52'40" EAST, A DISTANCE OF 2646.04 FEET TO THE NORTH QUARTER CORNER OF SAID SECTION 17 WITH ALL BEARINGS HEREON REFERENCED TO THIS LINE;

THENCE ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 17, NORTH 89°37'09" EAST, A DISTANCE OF 2,441.81 FEET TO THE WESTERLY BOUNDARY OF THAT 210-FOOT-WIDE PUBLIC SERVICE COMPANY PARCEL (PSCo);

THENCE ALONG SAID WESTERLY BOUNDARY, SOUTH 00°26'23" EAST, A DISTANCE OF 1,430.15 FEET;

THENCE DEPARTING SAID WESTERLY BOUNDARY, SOUTH 89°45'15" WEST, A DISTANCE OF 775.57 FEET;

THENCE SOUTH 00°14'58" EAST, A DISTANCE OF 471.00 FEET;

THENCE SOUTH 88°35'37" WEST, A DISTANCE OF 77.09 FEET;

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THENCE SOUTH 89°03'02" EAST, A DISTANCE OF 548.77 FEET;

THENCE SOUTH 89°12'10" EAST, A DISTANCE OF 75.54 FEET TO SAID WESTERLY PSCo BOUNDARY;

THENCE ALONG SAID WESTERLY BOUNDARY SOUTH 00°26'23" EAST, A DISTANCE OF 112.12 FEET TO A POINT ON THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 17;

THENCE ALONG SAID WESTERLY PSCo BOUNDARY, SOUTH 00°26'20" EAST, A DISTANCE OF 1,125.39 FEET;

THENCE DEPARTING SAID WESTERLY BOUNDARY, SOUTH 89°16'56" WEST, A DISTANCE OF 225.01 FEET;

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THENCE ALONG SAID WESTERLY BOUNDARY, SOUTH 00°26'20" EAST, A DISTANCE OF 746.03 FEET TO THE NORTHERLY BOUNDARY OF THAT 210-FOOT-WIDE PUBLIC SERVICE COMPANY PARCEL (PSCo);

THENCE ALONG SAID NORTHERLY BOUNDARY, SOUTH 89°16'54" WEST, A DISTANCE OF 2,449.06 FEET TO A POINT ON THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 17:

THENCE ALONG SAID NORTHERLY BOUNDARY, SOUTH 89°17'49" WEST, A DISTANCE OF 2,657.91 FEET TO THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 17;

THENCE DEPARTING SAID NORTHERLY BOUNDARY, ALONG SAID WEST LINE NORTH 00°14'44" WEST, A DISTANCE OF 2,441.57 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 17;

THENCE ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 17, NORTH 00°12'18" WEST, A DISTANCE OF 2,651.44 FEET TO THE POINT OF BEGINNING.

CONTAINING AN AREA OF 560.605 ACRES, (24,419,960 SQUARE FEET), MORE OR LESS.

ILLUSTRATION ATTACHED AND MADE A PART HEREOF.

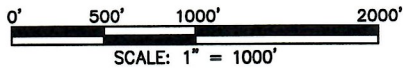


ANTHONY K. PEALL, PLS 38636  
FOR AND ON BEHALF OF AZTEC CONSULTANTS, INC.  
300 EAST MINERAL AVE., SUITE 1, LITTLETON, CO 80122

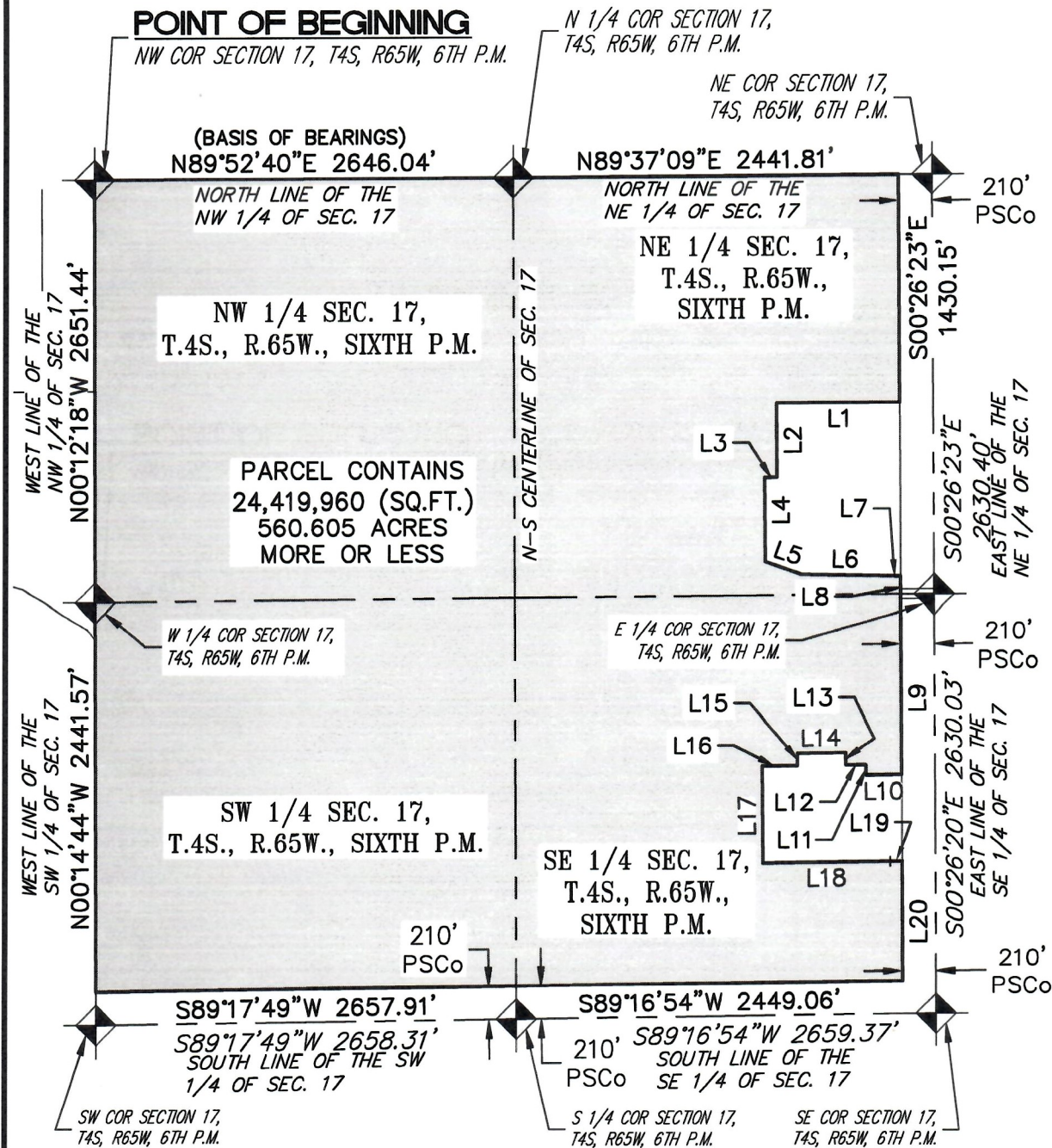


# ILLUSTRATION TO EXHIBIT A

NOTE: EASEMENTS OF RECORD ARE NOT SHOWN HEREON



SEE SHEET 4 FOR LINE TABLES



NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

PATH: Q:\DWG\EXHIBITS\  
 DWG NAME: O&G PARCEL OVERALL.DWG  
 DWG: RDR CHK: AKP  
 DATE: 01/28/2022  
 SCALE: 1" = 1000'

**AZTEC**  
 CONSULTANTS, INC.

300 East Mineral Ave,  
 Suite 1  
 Littleton, Colorado 80122  
 Phone: (303)713-1898  
 Fax: (303)713-1897  
 www.aztecconsultants.com

**OVERALL PARCEL**  
 PARKLANDS VILLAGE 4  
 ARAPAHOE COUNTY, COLORADO

## EXHIBIT D

### Notice of Special District Disclosure

<p><b>ATTENTION HOMEBUYER:</b> You are purchasing a home that is located within <i>[District name]</i> <b>Metropolitan District</b>. This District has the authority to issue bonds or other debt to pay for development improvements and levy taxes and fees on all properties within the District for debt repayment and ongoing operations and maintenance.</p>	
Name of District:	<i>[District name]</i> Metropolitan District
Contact Information for District:	Spencer Fane LLP, Attn: Russell Dykstra, 1700 Lincoln Street, Suite 2000, Denver, Colorado 80203, (303) 839-3800
District Website:	
District Boundaries:	See attached map.
Purpose of the District:	<p>Metropolitan district organized pursuant to C.R.S. § 32-1-101 et seq. The District was created to assist with the planning, design, acquisition, construction, installation, operation, maintenance, relocation, and financing of certain public improvements serving the Parklands Village 4, located in the City of Aurora, Colorado and described further in the District’s Service Plan.</p> <p>A copy of the District’s Service Plan can be found on the District’s website or by contacting the District at the District contact information above.</p>
Authorized Types of District Taxes:	<p><b>Debt Mill Levy and Operations and Maintenance Mill Levy</b></p> <p>These mill levies result in taxes you will owe to the District and are described further below.</p>
District’s Total Debt Issuance Authorized per District’s Service Plan:	\$150,000,000
District Improvements Financed by Debt:	The District intends to, or has already issued debt to pay for water, sewer, road and street, park and recreation, storm sewer, drainage, and landscaping facilities and improvements.
<b>Maximum Debt Mill Levy</b> that may be levied annually on properties within the District to pay back debt:	<p>Maximum Debt Mill Levy: 50.000 Mills</p> <p>The Maximum Debt Mill Levy may adjust based on changes in the residential assessment ratio occurring after January 1, 2004.</p> <p><b><i>[depending on service plan amendments, add info about the Board potentially being able to change the Debt Mill Levy]</i></b></p>
Ongoing Operations and Maintenance Services of the District:	<p>The District intends to impose an Operations and Maintenance Mill Levy to pay for</p> <p><b><i>[list eligible ongoing administration, operating and maintenance</i></b></p>

	<i>obligations]</i>
<b>District Fees:</b>	<i>[For transparency, District should indicate that the Board may choose to impose operations and maintenance fees in the future]</i>
<b>Other Taxing Entities to which you will pay taxes to:</b>	<i>[List all taxing entities and current mill levies within the District Boundaries as identified by the County Assessor]</i>

**Sample Calculation of Taxes Owed for a Residential Property within the District:**

**Assumptions:**

Average market value of home in District is \$\_\_\_\_\_ Debt Mill Levy is 50 mills  
 Operations and Maintenance Mill Levy is \_\_\_\_mills  
**Total Metropolitan District mill levies = 60 mills**

**Calculation of Metropolitan District Taxes:**

\$\_\_\_\_\_ x .0715 = \$\_\_\_\_\_ (Assessed Valuation)  
 \$\_\_\_\_\_ x .060 mills = \$\_\_\_\_\_ per year in taxes owed solely to the Metro District

**Total Additional Mill Levies from Other Taxing Entities:** \_\_\_\_\_ mills = \$\_\_\_\_\_ annual taxes

**TOTAL [YEAR] PROPERTY TAXES FOR A HOME COSTING \$\_\_\_\_\_ = \$\_\_\_\_\_**

-----  
**THIS ESTIMATE ONLY PROVIDES AN ILLUSTRATION OF THE AMOUNT OF THE NEW PROPERTY TAXES THAT MAY BE DUE AND OWING AFTER THE PROPERTY HAS BEEN REASSESSED AND, IN SOME INSTANCES, RECLASSIFIED AS RESIDENTIAL PROPERTY. THIS ESTIMATE IS NOT A STATEMENT OF THE ACTUAL AND FUTURE TAXES THAT MAY BE DUE. FIRST YEAR PROPERTY TAXES MAY BE BASED ON A PREVIOUS YEAR'S TAX CLASSIFICATION, WHICH MAY NOT INCLUDE THE FULL VALUE OF THE PROPERTY AND, CONSEQUENTLY, TAXES MAY BE HIGHER IN SUBSEQUENT YEARS. A SELLER HAS COMPLIED WITH THIS DISCLOSURE STATEMENT AS LONG AS THE DISCLOSURE IS BASED UPON A GOOD-FAITH EFFORT TO PROVIDE ACCURATE ESTIMATES AND INFORMATION.**

ACKNOWLEDGED AND AGREED TO BY BUYER:

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT E**

Intergovernmental Agreement between the Districts and Aurora

[MULTIPLE DISTRICT MULTIPLE SERVICE PLAN]

**INTERGOVERNMENTAL AGREEMENT BETWEEN  
THE CITY OF AURORA, COLORADO  
AND  
EASTERN HILLS METROPOLITAN DISTRICT NOS. 21-23**

THIS AGREEMENT is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between the CITY OF AURORA, a home-rule municipal corporation of the State of Colorado (“City”), and EASTERN HILLS METROPOLITAN DISTRICT NOS. 21-23, quasi-municipal corporations and political subdivisions of the State of Colorado (collectively, 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’ Service Plan approved by the City on \_\_\_\_\_ (“Service Plan”); and

WHEREAS, the Service Plan makes 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 owner’s 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 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 Districts 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 Districts' 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, a 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 their 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 such 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 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.

10. Total Debt Issuance. The Districts shall not issue Debt in excess of One Hundred Fifty Million Dollars (\$150,000,000) 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 of the Service Plan.

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. The Districts 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 by and between the Districts.

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. Website. When a district is required to have a website in accordance with the requirements of C.R.S. Section 32-1- 104.5, the Districts shall establish, maintain and annually update a public website or provide information on a shared community website, on which the Districts will timely post all information and documents required by C.R.S. § 32-1- 104.5.

17. Dissolution. Upon an independent determination of the City Council that the purposes for which a District was created have been accomplished, such 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.

18. 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 notice shall conform with the City’s standard model disclosure attached as Exhibit D to the Service Plan as

may be amended from time to time. The City shall be provided a copy of the notice prior to the initial issuance of the Debt of a District imposing the mill levy which is the subject of the Maximum Debt Mill Levy.

19. 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 Plan 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.

20. Multiple District Structure. It is anticipated that the Districts, collectively, will undertake the financing and construction of the improvements contemplated herein. Specifically, the Districts shall enter into an Intergovernmental Agreement which shall govern the relationships between and among the Districts with respect to the financing, construction and operation of the improvements contemplated herein. The Districts will establish a mechanism whereby any one or more of the Districts may separately or cooperatively fund, construct, install and operate the improvements.

21. 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 Orders and Decrees creating the Districts have been issued, pursuant to the City Code and containing the information set forth in Section VIII of the Service Plan.

22. Regional Improvements. The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment and a contribution to the funding 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 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 of the Service Plan 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, the Districts 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 Section 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. A District shall cease to be obligated to impose, collect and convey to the City the revenue from the ARI Mill Levy described in Section VI of the Service Plan at such time as the area within such District's 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.

23. Maximum Debt Mill Levy. The "Maximum Debt Mill Levy" shall be the maximum mill levy each 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 a 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 a 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.

The Maximum Debt Mill Levy shall not apply to a District's Operations and Maintenance Mill Levy for the provision of operation and maintenance services to such District's taxpayers and service users.

24. 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 of the Service Plan. Other than the ARI Mill Levy, a 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 such 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, et seq., C.R.S.

25. 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: Eastern Hills Metropolitan District Nos. 21-23  
c/o Spencer Fane LLP  
1700 Lincoln Street, Suite 2000  
Denver, CO 80203  
Attn: Russell Dykstra

Phone: (303) 839-3800  
Fax: (303) 839-3838

To the City:

City of Aurora  
15151 E. Alameda Pkwy., 5th Floor  
Aurora, CO 80012  
Attn: Daniel L. Brotzman, 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.

26. 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.

27. Assignment. Neither 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 the other Party, which consent will not be unreasonably withheld. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.

28. Default/Remedies. In the event of a breach or default of this Agreement by any Party, the non-defaulting Party 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 in such proceeding shall be entitled to obtain as part of its judgment or award its reasonable attorneys' fees.

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

30. 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.

31. 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.

32. 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.

33. 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.

34. 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.

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

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

**SIGNATURE PAGES TO INTERGOVERNMENTAL AGREEMENT**

EASTERN HILLS METROPOLITAN  
DISTRICT NOS. 21-23

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

Attest:

\_\_\_\_\_  
Secretary



CITY OF AURORA, COLORADO

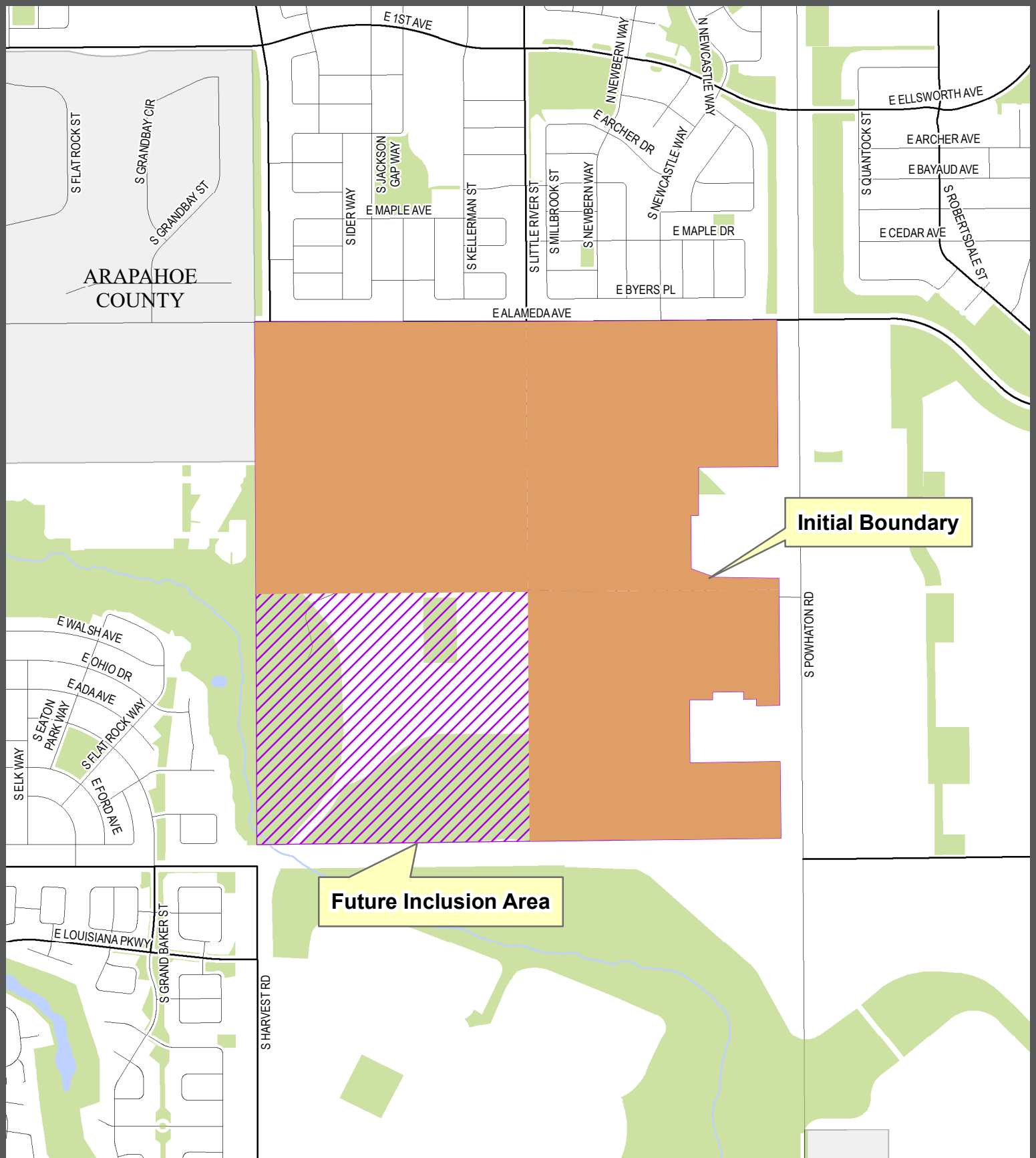
By: \_\_\_\_\_  
MIKE COFFMAN, Mayor

ATTEST:

\_\_\_\_\_  
KADEE RODRIGUEZ, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
BRIAN J. RULLA, Assistant City Attorney



**Planning & Development Services**

15151 E. Alameda Parkway  
 Aurora CO 80012 USA  
 AuroraGov.org  
 303.739.7250  
 GIS@auroragov.org

**City of Aurora, Colorado**

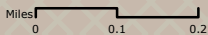
Eastern Hills  
 Metropolitan District No. 21-23

June 10, 2022



**Legend**

- Initial Boundary
- Inclusion Area
- Creeks
- Parks and Open Space
- Other Jurisdictions



WILLIAM P. ANKELE, JR.  
JENNIFER GRUBER TANAKA  
CLINT C. WALDRON  
KRISTIN BOWERS TOMPKINS  
ROBERT G. ROGERS  
BLAIR M. DICKHONER  
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JON L. WAGNER  
NELSON G. DUNFORD  
RUTH O. BORNE

May 23, 2022

City of Aurora  
Office of Development Assistance  
Attn: Cesarina Dancy  
15151 E. Alameda Parkway, Suite 5200  
Aurora, CO 80012

RE: Kings Point South Metropolitan District No. 3

Dear Ms. Dancy:

Enclosed for review by the City of Aurora (“**Aurora**”) is the proposed Service Plan (the “**Proposed Service Plan**”) for Kings Point South Metropolitan District No. 3 (the “**District**”). Contact information for the relevant parties is as follows:

**Legal Counsel**

Blair M. Dickhoner, Esq.  
WHITE BEAR ANKELE TANAKA & WALDRON  
2154 E. Commons Avenue, Ste. 2000  
Centennial, CO 80122  
(303) 858-1800  
[bdickhoner@wbapc.com](mailto:bdickhoner@wbapc.com)

**Petitioner**

Kings Point Investment, LLC  
2707 E. Willamette Lane  
Littleton, CO 80121  
Attn: Tim Sanford  
[tim@elliott-sanford.com](mailto:tim@elliott-sanford.com)

The Proposed Service Plan is being submitted as a single service plan for the yet to be organized District. The District will service a development consisting of residential property (the “**Project**”). It is the petitioner’s understanding that Aurora does not consider it feasible or practicable to provide the services or facilities necessary to support the Project. There are currently no other governmental entities located in the immediate vicinity of the District that have either the ability or desire to undertake the design, financing, and construction of the public improvements

needed for the Project. Formation of the District is necessary in order that the public improvements be provided in the most efficient and economical manner possible. The Petitioner plans to meet with the Aurora Planning Department to discuss the status and future development plans for the Project.

In compliance with Aurora City Code Sec. 122-26 – 122-36, the Proposed Service Plan complies with the form and content of Aurora’s current model service plan. Any and all changes from the model were clearly identified in tracked changes in the preliminary submission.

The debt limits reported in Section V.A.10 (Total Debt Issuance Limitation) and VII.A (Financial Plan – General) do not include any debt associated with regional improvements as described in the last sentence of VI.C.

Kings Point South Metropolitan District No. 3	Public Improvements	Debt Limit	Debt Limit Includes ARI?	ARI Debt Limit	Total Debt Capacity	Organizing and Operating Reimbursement	1 <sup>st</sup> Year Operating and Maintenance
(Location in Service Plan)	V.B	V.A.10	Transmittal Letter	V.I.C	Calculate	VII.I	VII.I
Estimates/Limitations	\$10,000,000	\$25,000,000	No	\$25,000,000	\$25,000,000	\$400,000	\$100,000
Totals	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Should you have any questions or concerns regarding this letter or the Proposed Service Plan, please do not hesitate to contact me at your earliest convenience.

Sincerely,

WHITE BEAR ANKELE TANAKA & WALDRON



Blair M. Dickhoner, Esq.

cc: Tim Sanford

Enclosure

**MODEL SERVICE PLAN  
FOR  
KINGS POINT SOUTH METROPOLITAN DISTRICT NO. 3  
CITY OF AURORA, COLORADO**

Prepared

by

**WHITE BEAR ANKELE TANAKA & WALDRON**  
Attorneys at Law  
2154 East Commons Avenue, Suite 2000  
Centennial, CO 80122  
(303) 858-1800

, 2022

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**LIST OF EXHIBITS**

<b>EXHIBIT A</b>	Legal Description
<b>EXHIBIT B</b>	Aurora Vicinity Map
<b>EXHIBIT C</b>	Initial District Boundary Map
<b>EXHIBIT D</b>	Notice of Special District Disclosure
<b>EXHIBIT E</b>	Intergovernmental Agreement between the District and Aurora



## I. INTRODUCTION

### A. Purpose and Intent.

The District is an independent unit 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, its 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 District will provide a part or all of the Public Improvements for the use and benefit of all anticipated inhabitants and taxpayers of the District. The primary purpose of the District will be to finance the construction of these Public Improvements.

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

### B. Need for the District.

There are currently no other governmental entities, including the City, located in the immediate vicinity of the District 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 District 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 District's Service Plan.

The City's objective in approving the Service Plan for the District is to authorize the District 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 District. 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 District 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 District 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 the 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 District 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 District. With regard to Regional Improvements, this Service Plan also provides for the District 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:

Agreed Upon Procedures Engagement: means an attestation engagement in which a certified public accountant performs specific procedures on subject matter and reports the findings without providing an opinion or conclusion. The subject matter may be financial or nonfinancial information. Because the needs of an engaging party vary, the nature, timing, and extent of the procedures may vary, as well.

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 District which constitute such ARI Authority, which master plan will change from time to time.

ARI Mill Levy: means the following:

A. For a district with property within its 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 a district with property within its 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 the District.

Bond, Bonds or Debt: means bonds or other obligations for the payment of which the 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.

C.R.S.: means the Colorado Revised Statutes, as the same may be amended from time to time.

District: means the Kings Point South Metropolitan District No. 3.

End User: means any owner, or tenant of any owner, of any taxable improvement within the District, 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 District for services, programs or facilities provided by the District, 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.

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**, describing the District's initial boundaries.

Maximum Debt Mill Levy: means the maximum mill levy the District 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.

Operations and Maintenance Mill Levy: means the mill levy the District projects to impose for payment of administration, operations, and maintenance costs as set forth in the Financial Plan in Section VII below.

Project: means the development or property commonly referred to as Vista at Kings Point.

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 the District.

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.

Service Plan: means this service plan for the District 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 District.

### **III. BOUNDARIES**

The area of the Initial District Boundaries includes approximately ninety-five (95) 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**. 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 ninety-five (95) acres of vacant land. The current assessed valuation of the Service Area is \$0.00 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 District at build-out is estimated to be approximately one thousand, one hundred and ninety (1,190) people.

Approval of this Service Plan by the City does not imply approval of the development of a specific area within the District, 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 District and Service Plan Amendment.**

The District shall have the power and authority to provide the Public Improvements and related operation and maintenance services within and without the boundaries of the District 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.

In connection with the performance of all acts or activities hereunder, the District shall not violate any protection clauses of the United States or Colorado State Constitutions. The District shall not discriminate against any person because of race, color, religion, national origin, gender, age, military status, sexual orientation, gender identity or gender expression, marital status, or physical or mental disability, and further shall insert the foregoing provision in contracts or subcontracts let by the District to accomplish the purposes of this Service Plan.

1. Operations and Maintenance Limitation. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. The District 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 District 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 District 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 District. However, the District 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 District residents. All such Fees shall be based upon the District's 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 District shall be open to the general public and Non-District Aurora residents, subject to the rules and regulations of the District 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 District.

2. Fire Protection Limitation. The District 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 District 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 District 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 District 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. The District 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 its boundaries any property outside the Service Area without the prior written consent of the City.

8. Overlap Limitation. The District 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 District 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 District.

9. Initial Debt Limitation. On or before the effective date of approval by the City of an Approved Development Plan, the District 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.

10. Total Debt Issuance Limitation. The District shall not issue Debt in excess of Twenty-Five Million Dollars (\$25,000,000) in the aggregate; provided however, that any Debt issued by the Districts for Regional Improvements shall not be included within this limitation and shall be subject to the limitations set forth in Section VI.

11. Fee Limitation. The District 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 District.

12. Monies from Other Governmental Sources. The District 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 be a revenue source for the District without any limitation.

13. Consolidation Limitation. The District shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the City.

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. Website. When a district is required to have a website in accordance with the requirements of Section 32-1- 104.5, C.R.S., the District shall establish, maintain and annually update a public website or provide information on a shared community website, on which the District will timely post all information and documents required by Section 32-1-104.5, C.R.S..

16. Service Plan Amendment Requirement. This Service Plan has been designed with sufficient flexibility to enable the District to provide required services and facilities under evolving circumstances without the need for numerous amendments. Actions of the District which violate the limitations set forth in V.A.1-14 above or in 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 District.

B. Preliminary Engineering Survey.

The District 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 District, 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 Ten Million Dollars (\$10,000,000).

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.

## **VI. REGIONAL IMPROVEMENTS**

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment and a contribution to the funding 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 District shall impose the ARI Mill Levy and shall convey it as follows:

A. If the District has 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 District 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 District 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 District 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 District as prioritized and determined by the City.

As set forth in the definition of the ARI Mill Levy, the 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 Section 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 District shall cease to be obligated to impose, collect and convey to the City the revenue from the ARI Mill Levy described in this Section VI at such time as the area within the District's 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 District shall have the authority to issue Debt for the Regional Improvements, in an amount not to exceed Twenty-Five Million Dollars (\$25,000,000) pursuant to agreements as described in VI.A, B or C above. Such limit is not subject to the Total Debt Issuance Limitation described in section VII below.

## **VII. FINANCIAL PLAN**

### **A. General.**

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Public Improvements from its revenues and by and through the proceeds of Debt to be issued by the District. The Financial Plan for the District shall be to issue such Debt as the District 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 District shall be permitted to issue shall not exceed Twenty-Five Million Dollars (\$25,000,000) (exclusive of Debt issued for Regional Improvements described in Section VI above) and shall be permitted to be issued on a schedule and in such year or years as the District determine shall meet the needs of the Financial Plan referenced above and phased to serve development as it occurs. All Bonds and other Debt issued by the District may be payable from any and all legally available revenues of the District, including general ad valorem taxes and Fees to be imposed upon all Taxable Property within the District. The District 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 the District is permitted to impose upon the taxable property within the District for payment of Debt, and shall be determined as follows:

1. 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 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 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.

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, 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.

The Maximum Debt Mill Levy shall not apply to the District’s Operations and Maintenance Mill Levy for the provision of operation and maintenance services to the District’s taxpayers and service users as set for in Section VII.K below.

D. 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. 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.

E. Debt Repayment Sources.

The District 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 District may also rely upon various other revenue sources authorized by law. At the District's discretion, these may 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. In no event shall the debt service mill levy in the District exceed the Maximum Debt Mill Levy or, for residential property within the District, the Maximum Debt Mill Levy Imposition Term, except pursuant to an intergovernmental agreement between the 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 District.

G. Security for Debt.

The District 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 District's 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 District in the payment of any such obligation.

H. TABOR Compliance.

The District will comply with the provisions of TABOR. In the discretion of the Board, the District 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 District will remain under the control of the District's Board.

I. District's Operating Costs.

The estimated cost of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the District's organization and initial operations, are anticipated to be Four Hundred Thousand Dollars (\$400,000), which will be eligible for reimbursement from Debt proceeds.

In addition to the capital costs of the Public Improvements, the District 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 One Hundred Thousand Dollars (\$100,000) 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 its their Operations and Maintenance Mill Levy as necessary for provision of operation and maintenance services to its taxpayers and service users.

J. Agreed Upon Procedures Examination.

If property within the boundaries of the District is developed with any residential uses, at such time that a majority of Board of Directors of the District are residents of the District, the District is encouraged to engage the services of a certified public accountant for an Agreed Upon Procedures Engagement. The Board of Directors, in its discretion, will set the scope and the procedures for the engagement.

**VIII. ANNUAL REPORT**

A. General.

The District 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. The annual report shall include all information required pursuant to the Special District Act.

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 District's rules and regulations, if any as of December 31 of the prior year.
4. A summary of any litigation which involves the District Public Improvements as of December 31 of the prior year.

5. Status of the District's construction of the Public Improvements as of December 31 of the prior year.
6. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City as of December 31 of the prior year.
7. The final assessed valuation of the District as of December 31 of the reporting year.
8. Current year budget including a description of the Public Improvements to be constructed in such year.
9. Audit of the District's 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 District to pay its 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 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.

**X. DISCLOSURE NOTICES AND MEETINGS**

1. The District will provide the City with written notice of the date of hearing on its petition for organization filed with the district court.
2. The District will use reasonable efforts and due diligence to cause each developer and home builder to provide written notice of disclosure to all initial purchasers of property in the District that describes the general purpose of the district and financial impact on each residential property at the time of entering into the purchase contract. 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. The form of notice shall be substantially in the form of **Exhibit E** attached hereto; provided that such notice may be modified by the District so long as a new notice is submitted to and approved by the City prior to using such modified notice. Any modified notice will be expected to provide the following information:
  - a. General description and purpose(s) of the District.

- b. Contact information for the District.
- c. Website address for the District (once established per Section V.A.15).
- d. District boundary map showing all lots within the District.
- e. The Maximum Debt Mill Levy that may be imposed on the residential property for each year the District is in existence and a calculation of the associated taxes that the homeowner will pay.
- f. List of all other taxing entities within the District boundaries and their current mill levies and associated taxes.
- g. The District's Total Debt Issuance Limitation and a description of the Public Improvements that the District Debt is being issued to pay for.
- h. The Maximum Debt Mill Levy Imposition Term, providing an understanding of the duration for which the property will be taxed to pay off Debt.
- i. A description of what the Operations and Maintenance Mill Levy is, pays for, and the duration that the property will be taxed to pay for the eligible Operations and Maintenance Mill Levy expenses.
- j. Any and all Fees currently imposed on each residential property for each year the District is in existence.
- k. Any additional information required by the Colorado Revised Statutes, including without limitation Section 38-35.7-110, C.R.S., as amended from time to time.

The District will use reasonable efforts and due diligence to cause each developer and home builder to require that each home buyer is asked to acknowledge receipt of such notice of disclosure at the time of entering into the purchase contract.

3. To ensure that potential residential buyers are educated about the District, the District will provide the information identified in Section X.2 above to the developer or home builders for prominent display at all sales offices, and by inspecting the sales offices within the District Boundaries on a quarterly basis to assure the information provided is accurate and prominently displayed.

4. The District shall provide annual notice to all eligible electors of the District, in accordance with Section 32-1-809, C.R.S. In addition, the District shall record a District public disclosure document, if applicable, and a map of the District boundaries with the Clerk and Recorder of each County in which District property is located, in accordance with Section 32-1-104.8, C.R.S. The District shall use reasonable efforts to ensure that copies of the annual notice, public disclosure document and map of the District boundaries are provided to potential purchasers of residential real property within the District as part of the seller's required property disclosures.

5. All special and regular District meetings shall be open to the public and shall be held at a location within the District boundaries, or virtually with participation via teleconference, webcast, video conference or other technological means. If a Board meeting is held virtually, the District shall provide information on the District website accessible to all residents on how to access and participate in the virtual meeting. If the District utilizes email to communicate with residents, the District shall also send notification of the virtual meeting by



email. The District shall provide notification via the District website and, if applicable, email, at least ten (10) days prior to the virtual Board meeting. If the Board schedules a virtual special meeting that will be convened in fewer than ten (10) days, the District shall provide notification via the District website and, if applicable, email, as soon as possible after scheduling the special meeting.

## **XI. INTERGOVERNMENTAL AGREEMENT**

The form of the intergovernmental agreement required by the City Code, relating to the limitations imposed on the District's activities, is attached hereto as **Exhibit E**. The District shall approve the intergovernmental agreement in the form attached as **Exhibit E** at its first Board meeting after approval of this Service Plan. Failure of the District 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 E** at the public hearing approving the Service Plan.

## **XII. CONCLUSION**

It is submitted that this Service Plan for the District, 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 District;
2. The existing service in the area to be served by the District is inadequate for present and projected needs;
3. The District is capable of providing economical and sufficient service to the area within its proposed boundaries; and
4. The area to be included in the District 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 District are compatible with the facility and service standards of the City within which the special district is 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.

**EXHIBIT A**

Legal Description



# LEGAL DESCRIPTION

EMK CONSULTANTS, INC.

ENGINEERING & SURVEYING

7006 SOUTH ALTON WAY, BUILDING F, CENTENNIAL, COLORADO 80112-2019 (303) 694-1520

NOTICE: This drawing does not represent a monumented survey and is only intended to depict the accompanying legal description.

Date 05/28/10 Job No. 12528-02  
Scale N/A Drawn By AAP

NOTICE: According to Colorado law you must commence any legal action based upon any defect in this survey within 3 years after you first discover such defect. In no event, may any action based upon any defect in this survey be commenced more than ten years from the date of the certification shown hereon.

## LEGAL DESCRIPTION (SANFORD PARCEL)

A TRACT OF LAND SITUATED IN THE NORTHWEST QUARTER OF SECTION 2 AND THE NORTHEAST QUARTER OF SECTION 3, TOWNSHIP 6 SOUTH, RANGE 66 WEST OF THE 6TH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTH LINE OF SAID NORTHEAST QUARTER OF SECTION 3, ALSO BEING THE NORTHEAST CORNER OF THAT PARCEL OF LAND DESCRIBED AT BOOK 906, PAGE 288 OF THE DOUGLAS COUNTY RECORDS;

THENCE ALONG SAID NORTH LINE N89°38'32"E, 1031.22 FEET TO THE NORTHEAST CORNER OF SAID NORTHEAST QUARTER;

THENCE ALONG THE NORTH LINE OF SAID NORTHWEST QUARTER N89°38'32"E, 228.77 FEET TO THE SOUTHWEST CORNER OF THE SOUTHWEST QUARTER OF SECTION 35, TOWNSHIP 5 SOUTH, RANGE 66 WEST OF THE 6TH PRINCIPAL MERIDIAN;

THENCE S04°41'19"W, 160.73 FEET;

THENCE S43°00'22"E, 322.41 FEET;

THENCE S45°28'08"E, 396.33 FEET;

THENCE S17°01'56"E, 359.47 FEET;

THENCE S41°44'09"E, 445.32 FEET;

THENCE S19°30'33"E, 630.91 FEET TO THE NORTHEAST CORNER OF THE SOUTH HALF OF THE SOUTHWEST QUARTER OF SAID NORTHWEST QUARTER;

THENCE ALONG THE NORTH LINE OF SAID SOUTH HALF OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER N89°35'57"W, 1338.11 FEET TO THE NORTHWEST CORNER OF SAID SOUTH HALF OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER;

THENCE ALONG THE WEST LINE OF SAID SOUTH HALF OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER S00°13'27"W, 312.43 FEET TO THE NORTHEAST CORNER OF THAT PARCEL OF LAND DESCRIBED AT BOOK 367 PAGE 95 OF THE DOUGLAS COUNTY RECORDS;

THENCE ALONG THE NORTH LINE OF SAID PARCEL, PARALLEL WITH AND 335 FEET NORTH OF THE SOUTH LINE OF SAID NORTHEAST QUARTER OF SECTION 3 S89°29'55"W, 260.02 FEET;

THENCE ALONG THE WEST LINE OF SAID PARCEL, PARALLEL WITH AND 260 FEET WEST OF THE EAST LINE OF SAID NORTHEAST QUARTER S00°13'27"W, 335.03 FEET TO THE SOUTH LINE OF SAID NORTHEAST QUARTER;

THENCE ALONG THE SOUTH LINE OF SAID NORTHEAST QUARTER S89°29'55"W, 755.92 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL OF LAND DESCRIBED AT BOOK 906 PAGE 288 OF THE DOUGLAS COUNTY RECORDS;

THENCE ALONG THE EAST LINE OF SAID PARCEL N00°06'54"W, 2583.73 FEET TO THE POINT OF BEGINNING; CONTAINING 95.183 ACRES, MORE OR LESS.

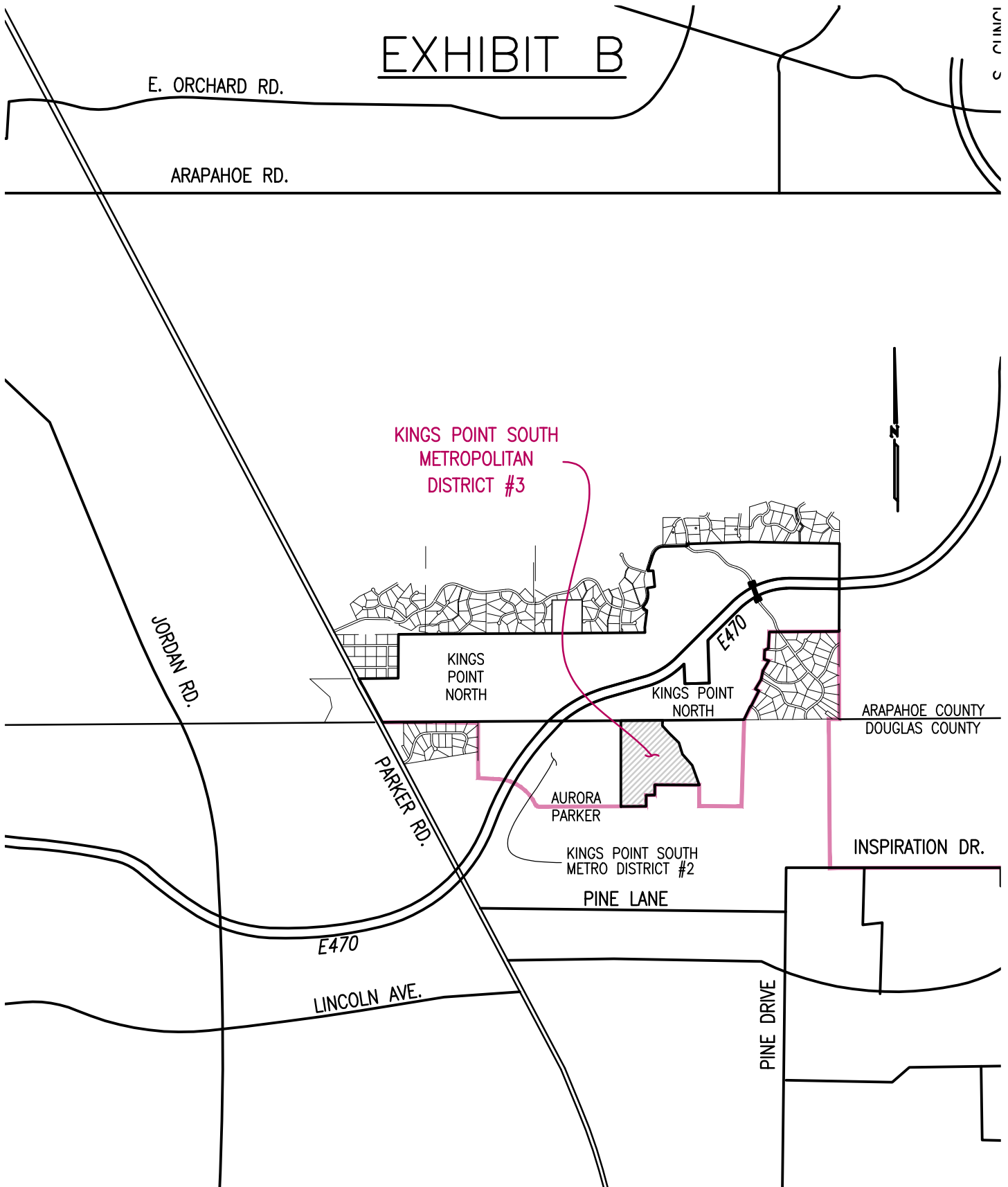
PREPARED BY:  
JON S. MCDANIEL, PLS  
FOR AND ON BEHALF OF  
EMK CONSULTANTS, INC.



**EXHIBIT B**

Aurora Vicinity Map

# EXHIBIT B



## KINGS POINTS SOUTH METROPOLITAN DISTRICT #3 VICINITY MAP

1" = 4000'

**EXHIBIT C**

Initial District Boundary Map



# LEGAL DESCRIPTION

SHEET 2 OF 2

EMK CONSULTANTS, INC.

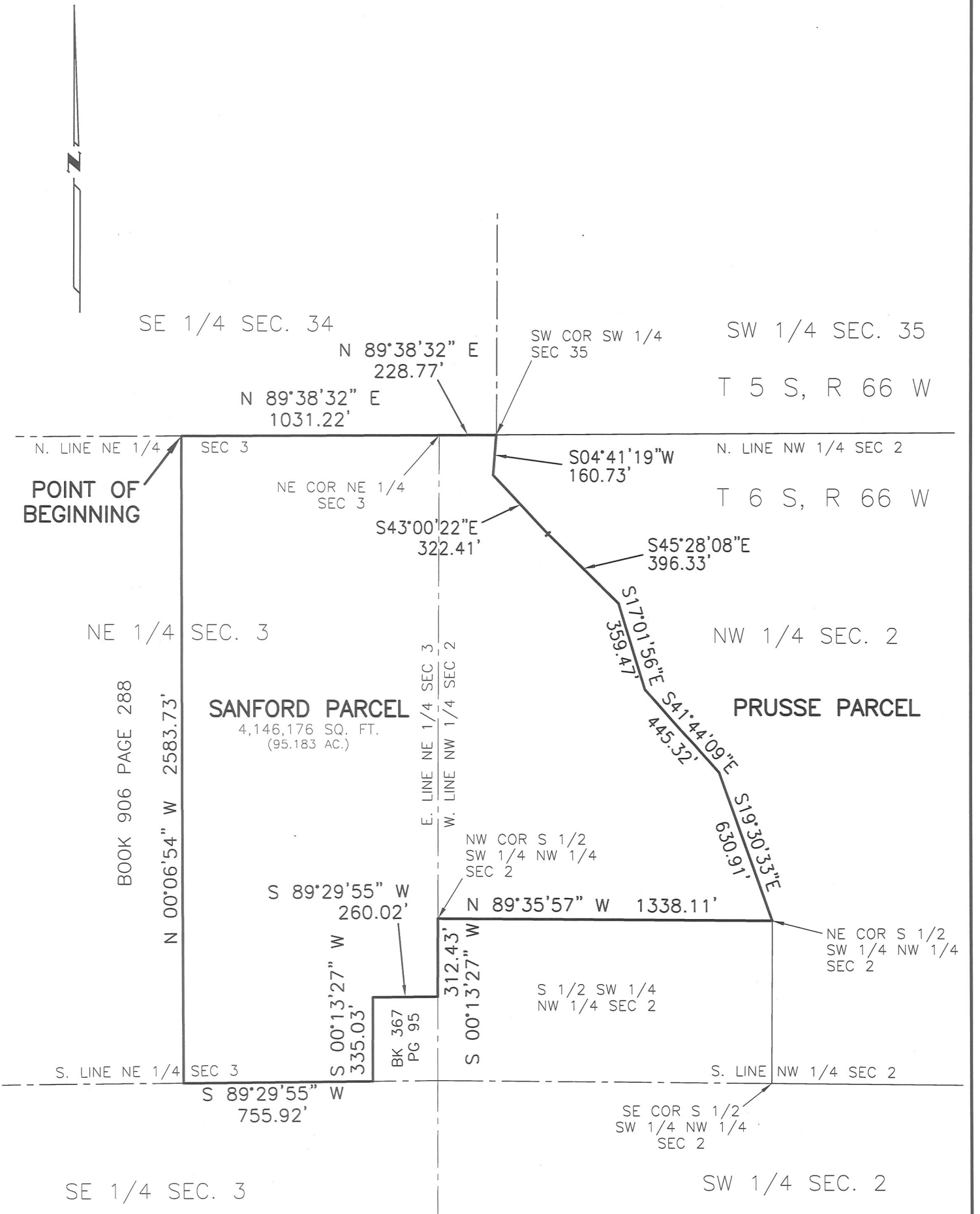
ENGINEERING & SURVEYING

7006 SOUTH ALTON WAY, BUILDING F, CENTENNIAL, COLORADO 80112-2019 (303) 694-1520

NOTICE: This drawing does not represent a monumented survey and is only intended to depict the accompanying legal description.

Date 05/28/10 Job No. 12528-02  
Scale 1"=500' Drawn By AAP

NOTICE: According to Colorado law you must commence any legal action based upon any defect in this survey within 3 years after you first discover such defect. In no event, may any action based upon any defect in this survey be commenced more than ten years from the date of the certification shown hereon.





## EXHIBIT D

### Notice of Special District Disclosure

**ATTENTION HOMEBUYER:** You are purchasing a home that is located within **Kings Point South Metropolitan District No. 3**. This District has the authority to issue bonds or other debt to pay for development improvements and levy taxes and fees on all properties within the District for debt repayment and ongoing operations and maintenance.

Name of District:	<b>Kings Point South Metropolitan District No. 3</b>
Contact Information for District:	
District Website:	
District Boundaries:	See attached map.
Purpose of the District:	Metropolitan district organized pursuant to C.R.S. § 32-1-101 <u>et seq.</u> The District was created to assist with the planning, design, acquisition, construction, installation, operation, maintenance, relocation, and financing of certain public improvements serving the Vista at Kings Point located in the City of Aurora, Colorado and described further in the District’s Service Plan.  A copy of the District’s Service Plan can be found on the District’s website or by contacting the District at the District contact information above.
Authorized Types of District Taxes:	<b>Debt Mill Levy</b> and <b>Operations and Maintenance Mill Levy</b> These mill levies result in taxes you will owe to the District and are described further below.
District’s Total Debt Issuance Authorized per District’s Service Plan:	\$
District Improvements Financed by Debt:	The District intends to, or has already issued debt to pay for <b><i>[list major Public Improvement categories, and where appropriate identify specific improvements by name (i.e. specific roads, parks, etc.)]</i></b>
<b>Maximum Debt Mill Levy</b> that may be levied annually on properties within the District to pay back debt:	Maximum Debt Mill Levy: 50.000 Mills  The Maximum Debt Mill Levy may adjust based on changes in the residential assessment ratio occurring after January 1, 2004.  <b><i>[depending on service plan amendments, add info about the Board potentially being able to change the Debt Mill Levy]</i></b>
Ongoing Operations and Maintenance Services of the District:	The District intends to impose an Operations and Maintenance Mill Levy to pay for <b><i>[list eligible ongoing administration, operating and maintenance</i></b>

	<i>obligations]</i>
<b>District Fees:</b>	<i>[For transparency, District should indicate that the Board may choose to impose operations and maintenance fees in the future]</i>
<b>Other Taxing Entities to which you will pay taxes to:</b>	<i>[List all taxing entities and current mill levies within the District Boundaries as identified by the County Assessor]</i>

**Sample Calculation of Taxes Owed for a Residential Property within the District:**

**Assumptions:**

Average market value of home in District is \$\_\_\_\_\_ Debt Mill Levy is 50 mills  
 Operations and Maintenance Mill Levy is \_\_\_\_mills  
**Total Metropolitan District mill levies = 60 mills**

**Calculation of Metropolitan District Taxes:**

\$\_\_\_\_\_ x .0715 = \$\_\_\_\_\_ (Assessed Valuation)  
 \$\_\_\_\_\_ x .060 mills = \$\_\_\_\_\_ per year in taxes owed solely to the Metro District

**Total Additional Mill Levies from Other Taxing Entities:** \_\_\_\_\_ mills = \$\_\_\_\_\_ annual taxes

**TOTAL [YEAR] PROPERTY TAXES FOR A HOME COSTING \$\_\_\_\_\_ = \$\_\_\_\_\_**

-----  
**THIS ESTIMATE ONLY PROVIDES AN ILLUSTRATION OF THE AMOUNT OF THE NEW PROPERTY TAXES THAT MAY BE DUE AND OWING AFTER THE PROPERTY HAS BEEN REASSESSED AND, IN SOME INSTANCES, RECLASSIFIED AS RESIDENTIAL PROPERTY. THIS ESTIMATE IS NOT A STATEMENT OF THE ACTUAL AND FUTURE TAXES THAT MAY BE DUE. FIRST YEAR PROPERTY TAXES MAY BE BASED ON A PREVIOUS YEAR'S TAX CLASSIFICATION, WHICH MAY NOT INCLUDE THE FULL VALUE OF THE PROPERTY AND, CONSEQUENTLY, TAXES MAY BE HIGHER IN SUBSEQUENT YEARS. A SELLER HAS COMPLIED WITH THIS DISCLOSURE STATEMENT AS LONG AS THE DISCLOSURE IS BASED UPON A GOOD-FAITH EFFORT TO PROVIDE ACCURATE ESTIMATES AND INFORMATION.**

ACKNOWLEDGED AND AGREED TO BY BUYER:

Name: \_\_\_\_\_

Date: \_\_\_\_\_

EXHIBIT E  
Intergovernmental Agreement between the District and Aurora

**INTERGOVERNMENTAL AGREEMENT BETWEEN  
THE CITY OF AURORA, COLORADO  
AND  
KINGS POINT SOUTH METROPOLITAN DISTRICT NO. 3**

THIS AGREEMENT is made and entered into as of this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, 2022, by and between the CITY OF AURORA, a home-rule municipal corporation of the State of Colorado (“City”), and KINGS POINT SOUTH METROPOLITAN DISTRICT NO. 3, a quasi-municipal corporation and political subdivision of the State of Colorado (the “District”). The City and the District are collectively referred to as the Parties.

**RECITALS**

WHEREAS, the District was organized to provide those services and to exercise powers as are more specifically set forth in the District’s Service Plan approved by the City on \_\_\_\_\_, 2022 (“Service Plan”); and

WHEREAS, the Service Plan makes reference to the execution of an intergovernmental agreement between the City and the District, as required by the Aurora City Code; and

WHEREAS, the City and the District 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 District 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 District 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 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 District shall be open to the general public and Non-District City residents, subject to the rules and regulations of the District 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 District.

2. Fire Protection. The District 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 District 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 District 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 District 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 District 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 District shall not include within its boundaries any property outside the Service Area without the prior written consent of the City.

8. Overlap Limitation. The District 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 District 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 District.

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 District 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.

10. Total Debt Issuance. The District shall not issue Debt in excess of Twenty-Five Million Dollars (\$25,000,000) 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 of the Service Plan.

11. Fee Limitation. The District 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 District.

12. Debt Issuance Limitation. The District shall not be authorized to incur any indebtedness until such time as the District has 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 District.

13. Monies from Other Governmental Sources. The District 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 District without any limitation.

14. Consolidation. The District shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the City.

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. Website. When the District is required to have a website in accordance with the requirements of Section 32-1- 104.5, C.R.S., the District shall establish, maintain and annually update a public website or provide information on a shared community website, on which the District will timely post all information and documents required by Section 32-1- 104.5, C.R.S..

17. 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.

18. Disclosure to Purchasers. The District will use reasonable efforts to assure that all developers of residential property located within the District provide written notice to all purchasers of residential 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 notice shall conform with the City’s standard model disclosure attached as Exhibit D to the Service Plan as may be amended from time to time. The City shall be provided a copy of the notice 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.

19. Service Plan Amendment Requirement. Actions of the District which violate the limitations set forth in V.A.1-14 or VII.B-G of the Service Plan 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 District.

20. Annual Report. The District 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 District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment and a contribution to the funding 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 District shall impose the ARI Mill Levy and shall convey it as follows:

(a) If the District has 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 District 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 District 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 District 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 of the Service Plan 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 District as prioritized and determined by the City.

As set forth in the definition of the ARI Mill Levy, the 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 Section 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 District shall cease to be obligated to impose, collect and convey to the City the revenue from the ARI Mill Levy described in Section VI of the Service Plan at such time as the area within the District's 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.

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.

The Maximum Debt Mill Levy shall not apply to the District's Operations and Maintenance Mill Levy for the provision of operation and maintenance services to the District's taxpayers and service users.

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 District: Kings Point South Metropolitan District No. 3  
c/o White Bear Ankele Tanaka & Waldron  
2154 E. Commons, Ave., Suite 2000  
Centennial, CO 80122  
Attn: Blair M. Dickhoner, Esq.  
Phone: 303-858-1800

To the City: City of Aurora  
15151 E. Alameda Pkwy., 5th Floor  
Aurora, CO 80012  
Attn: Daniel L. Brotzman, 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. Neither 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 the other Party, 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 Party 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 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 District 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 District and the City shall be for the sole and exclusive benefit of the District 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.

**SIGNATURE PAGE TO INTERGOVERNMENTAL AGREEMENT**

KINGS POINT SOUTH METROPOLITAN  
DISTRICT NO. 3

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

Attest:

\_\_\_\_\_  
Secretary

CITY OF AURORA, COLORADO

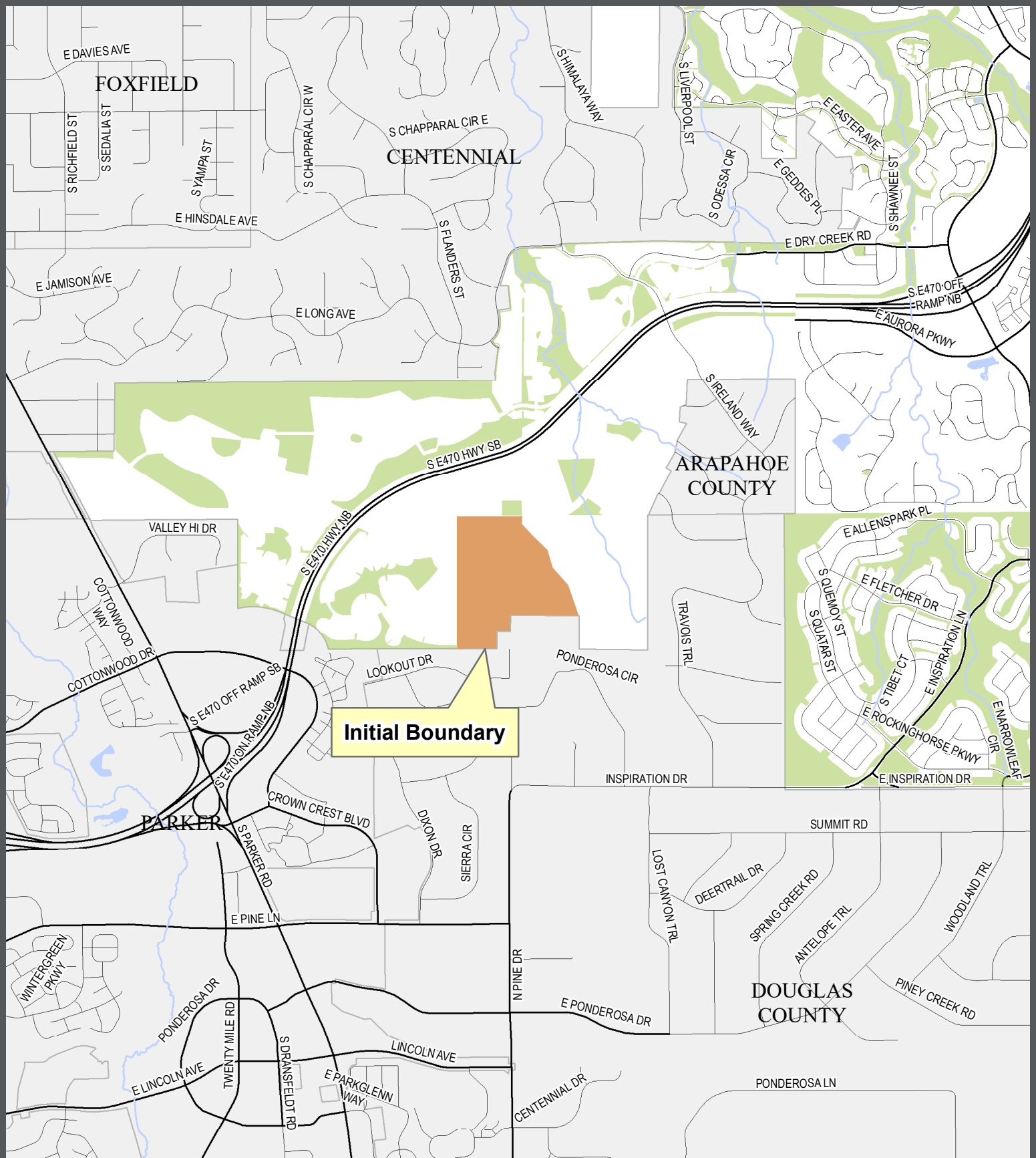
By: \_\_\_\_\_  
MIKE COFFMAN, Mayor

ATTEST:

\_\_\_\_\_  
KADEE RODRIGUEZ, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
BRIAN J. RULLA, Assistant City Attorney



**Planning & Development Services**

15151 E. Alameda Parkway  
 Aurora CO 80012 USA  
 AuroraGov.org  
 303.739.7250  
 GIS@auroragov.org

**City of Aurora, Colorado**

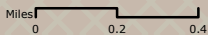
Kings Point  
 Metropolitan District No. 3

June 13, 2022



**Legend**

- Initial Boundary
- Creeks
- Parks and Open Space
- Other Jurisdictions





## ICENOGL SEAVR POGUE

June 6, 2022

City of Aurora  
Office of Development Assistance  
15151 E. Alameda Parkway, Suite 5200  
Aurora, CO 80012  
Attn: Cesarina Dancy, Senior Development Project Manager  
Email: [cdancy@auroragov.org](mailto:cdancy@auroragov.org)

Re: Transmittal Letter Concerning Proposed Consolidated Second Amended and Restated Service Plan for Green Valley Ranch East Metropolitan District Nos. 6 – 8 and Corresponding Formation of Green Valley Ranch East Metropolitan District Nos. 9 - 14

Dear Ms. Dancy:

Enclosed please find a “clean” electronic copy of the proposed Consolidated Second Amended and Restated Service Plan for the existing Green Valley Ranch East Metropolitan District Nos. 6 – 8 and for the formation of the proposed Green Valley Ranch East Metropolitan District Nos. 9 – 14 (collectively, the “Districts”) within the City of Aurora (the “City”) in both PDF and Word format. The Petitioner is separately sending a check in the amount of \$4,830 in payment of the application fee associated with this submittal. Below is the information required by the City’s November 2022 Cycle Title 32 Metropolitan District Submittal Instructions for Filing of Proposed Service Plan regarding the Districts.

**a. Metro district name:** Green Valley Ranch East Metropolitan District Nos. 6 – 14

**b. Contact information:**

**a. Districts’ Counsel:** Jennifer Ivey  
Icenogle Seaver Pogue, P.C.  
4725 S. Monaco Street, Suite 360  
Denver, CO 80237  
Telephone: 303-867-3003  
Email: [JIvey@ISP-Law.com](mailto:JIvey@ISP-Law.com)

**b. Petitioner:** Clayton Properties Group II, Inc.  
4908 Tower Road  
Denver, CO 80249  
Telephone: 303-486-8517  
Attn: Brandon Wyszynski  
Email: [BWyszynski@OakwoodHomesCo.com](mailto:BWyszynski@OakwoodHomesCo.com)

- c. Owner of land:** *Proposed Green Valley Ranch East Metropolitan District No. 9: Clayton Properties Group II, Inc.*

*Proposed Green Valley Ranch East Metropolitan District Nos. 10-14:*

Green Valley Aurora LLC  
c/o George McElroy & Associates Inc.  
1080 W. Charleston Blvd., Suite 170  
Las Vegas, NV 891351210

- c. Form of service plan:**

The Service Plan is based on the previously approved Service Plan for the Green Valley Ranch East Metropolitan District Nos. 6-8 which included the then “standard” deviations from the City’s Model Service Plan to allow for inclusion of the property into the Aerotropolis Regional Transportation Authority (ARTA) and was based on the Multiple District Single Service Plan.

- d. Type of Development:** Residential and Commercial

- e. Status of Aurora development review process on development plans (FDP, etc.), if applicable:**

The “GVRE Development” consists of an approximately 588-acre residential development (existing Green Valley Ranch East Metropolitan District Nos. 6-8 and proposed Green Valley Ranch East Metropolitan District No. 9), as well as an approximately 289-acre residential and mixed-use development north of the 588-acre development (proposed Green Valley Ranch East Metropolitan District Nos. 10-14) and is part of a larger development known as Green Valley Ranch East.

Except for completed lots that have already been sold to individual homeowners, the Petitioner owns or controls all of the land comprising the approximate 588-acres. The Petitioner has completed certain land entitlements, platting, and engineering activities, as well as certain public and private infrastructure improvements for the GVRE Development. Subject to the sales and contracts described herein, the Petitioner is continuing with the marketing, sale, and development of property within the GVRE Development.

The Petitioner is under contract to purchase an approximate additional 289-acres of land.

*Planned Anticipated Development for existing Metropolitan Districts No. 6-8 and proposed Metropolitan District 9.* There is an original approved FDP from 2008, with an approved amendment 1 in 2018. Currently, Amendment 2 is underway for the FDP.



At full buildout, the GVRE Development (south of 52<sup>nd</sup> Ave/north of 38<sup>th</sup> Ave and east of Picadilly Road/generally West of Tibet Road and E470) is expected to include approximately 2,227 homes including 1,584 traditional single-family detached residences and 643 single-family detached residences in an active adult community. As of this date, for the traditional single-family lots, the Petitioner has completed the entitlement process for 1,418 lots (Filings 1, 2, 3, 5, 6, 7 and 10) and construction of utilities serving 871 lots (Filings 1, 2, 3, and 5). The remaining lots are anticipated to be fully entitled in 2023. The GVRE Development is being developed in various stages and additional governmental and other approvals must be obtained before it can be completed.

As of March 31, 2022, 380 homes had closed and sold to homeowners. As of March 31, 2022, 168 homes were under contract for purchase by homeowners from the Petitioner and 161 homes were under construction.

Planned Anticipated Development for existing Metropolitan Districts No. 10-14. There is an original approved FDP from 2008. Currently, Amendment 2 is underway for the FDP. After the approved FDP, it is anticipated that entitlements/development activities will commence.

The planned and anticipated development described above is consistent with the framework development plan for the GVRE Development submitted by the Petitioner and approved by the City, as the same may be amended from time to time by the City.

**f. Justification for petitioner’s request to City Council to approve these 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 required for the Project to be provided in the most economic manner possible. The Districts are necessary for the financing and development of public improvements as well as certain regional improvements.

**g. Statement certifying compliance with the Aurora Model Service Plan:**

The Service Plan is based on the previously approved Service Plan for the Green Valley Ranch East Metropolitan District Nos. 6-8 which included the then “standard” deviations from the City’s Model Service Plan to allow for inclusion of the property into the Aerotropolis Regional Transportation Authority (ARTA), assessment of the ARTA mill levy in lieu of the ARI Mill Levy, and payment/pledging of that ARTA mill levy to ARTA. This Second Amended and Restated Service Plan makes modifications to show the existing boundaries of the Green Valley Ranch East Metropolitan District Nos. 6-8, the proposed initial boundaries of the Green Valley Ranch East Metropolitan District Nos. 9-14, the expanded Inclusion Area adding property located to the North of the existing Inclusion Area, to incorporate

clarifications related to the formation of ARTA, the payment of the ARTA Mill Levy, and other clarifications related to ARTA that have been added to other similar service plans, and to incorporate certain of the changes included in the most recent version of the City’s Multiple District Single Service Plan. Any and all changes from the current model service plan are clearly identified in the redlines that were submitted to the City.

**h. Statement on the Debt Limit:**

The debt limits reported in Section V.A.10. (Total Debt Issuance Limitation) and VII.A. (Financial Plan – General) are the same and DOES NOT include any debt associated with the regional improvements as described in the last sentence of VI.C.

**i. Any special requests:**

The Petitioner does not have any special requests but would note that the existing Green Valley Ranch East Metropolitan District Nos. 6-8 will be engaging in outreach to existing residents to inform them and answer any questions that they may have regarding this proposed Consolidated Second Amended and Restated Service Plan, including, but not limited to the following:

- Continued discussion at board meetings of Green Valley Ranch East Metropolitan District Nos. 6-8
- Posting on community websites and, when/if available district websites.
- Email blast to all residents in Green Valley Ranch East Metropolitan District Nos. 6-8
- Discussion at the Reserve Community “Metro District 101” session scheduled for July 21, 2022

Re: Transmittal Letter Concerning Proposed Consolidated Second Amended and Restated  
 Service Plan for Green Valley Ranch East Metropolitan District Nos. 6 – 14

Page 5 of 6

j. Summary Table identifying each district and key financial data for each district:

Name of Metro District	Public Improvements	Debt Limit	Debt Limit includes ARI	ARI Debt Limit	Total Debt Capacity	Organizing and Operating Reimbursement	1 <sup>st</sup> year Operating and Maintenance
(Location in Service Plan)	V.B	V.A.10	From Transmittal Letter	VI.C	Calculate	VII.I	VIII.I
Green Valley Ranch East Metropolitan District No. 6	\$4,000,000,000	\$4,000,000,000	No	\$4,000,000,000	\$8,000,000,000	\$100,000	\$50,000
Green Valley Ranch East Metropolitan District No. 7	\$4,000,000,000	\$4,000,000,000	No	\$4,000,000,000	\$8,000,000,000	\$100,000	\$50,000
Green Valley Ranch East Metropolitan District No. 8	\$4,000,000,000	\$4,000,000,000	No	\$4,000,000,000	\$8,000,000,000	\$100,000	\$50,000
Green Valley Ranch East Metropolitan District No. 9	\$4,000,000,000	\$4,000,000,000	No	\$4,000,000,000	\$8,000,000,000	\$100,000	\$50,000
Green Valley Ranch East Metropolitan District No. 10	\$4,000,000,000	\$4,000,000,000	No	\$4,000,000,000	\$8,000,000,000	\$100,000	\$50,000
Green Valley Ranch East Metropolitan District No. 11	\$4,000,000,000	\$4,000,000,000	No	\$4,000,000,000	\$8,000,000,000	\$100,000	\$50,000
Green Valley Ranch East Metropolitan District No. 12	\$4,000,000,000	\$4,000,000,000	No	\$4,000,000,000	\$8,000,000,000	\$100,000	\$50,000
Green Valley Ranch East Metropolitan District No. 13	\$4,000,000,000	\$4,000,000,000	No	\$4,000,000,000	\$8,000,000,000	\$100,000	\$50,000
Green Valley Ranch East Metropolitan District No. 14	\$4,000,000,000	\$4,000,000,000	No	\$4,000,000,000	\$8,000,000,000	\$100,000	\$50,000
TOTALS	N/A	N/A	N/A	N/A	N/A	\$100,000	\$50,000

Re: Transmittal Letter Concerning Proposed Consolidated Second Amended and Restated  
Service Plan for Green Valley Ranch East Metropolitan District Nos. 6 – 14

Page 6 of 6

Thank you for the opportunity to submit this proposed Consolidated Second Amended and Restated Service Plan for Green Valley Ranch East Metropolitan District Nos. 6 - 14 and corresponding formation of Green Valley Ranch East Metropolitan District Nos. 9 - 14. We look forward to your comments and feedback concerning the Districts.

Sincerely,

ICENOGLE SEAVER POGUE  
A Professional Corporation



Karlie R. Ogden

Enclosures

cc: Jennifer L. Ivey  
Brandon Wyszynski

**CONSOLIDATED  
SECOND AMENDED AND RESTATED  
SERVICE PLAN  
FOR  
GREEN VALLEY RANCH EAST METROPOLITAN  
DISTRICT NOS. 6-14**

**CITY OF AURORA,  
COLORADO**

**PREPARED**

**BY**

Icenogle Seaver Pogue, P.C.  
4725 S. Monaco Street, Suite 360  
Denver, Colorado 80237

SUBMITTED ON MAY 13, 2022

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<b>EXHIBIT B</b>	Aurora Vicinity Map
<b>EXHIBIT C-1</b>	Initial Districts Boundary Map
<b>EXHIBIT C-2</b>	Inclusion Area Boundary Map
<b>EXHIBIT D</b>	Notice of Special District Disclosure
<b>EXHIBIT E</b>	Intergovernmental Agreement between the Districts and Aurora

## I. INTRODUCTION

### A. Purpose and Intent.

On August 6, 2004, the City of Aurora ("**City**") approved the Service Plans ("**Original Service Plans**") for the Green Valley Ranch East Metropolitan District Nos. 6, 7 and 8 (the "**District Nos. 6-8**"). The District Nos. 6-8 were organized on December 7, 2004. On October 30, 2017, the City approved the Consolidated First Amended and Restated Service Plan for Green Valley Ranch East Metropolitan District Nos. 6-8 ("**First Amended Service Plan**"), which superseded the Original Service Plans. This Second Amended and Restated Service Plan for Green Valley Ranch East Metropolitan District Nos. 6-14 (the "**Second Amended and Restated Service Plan**") provides for six (6) additional metropolitan districts, Green Valley Ranch East Metropolitan District No. 9 ("**District No. 9**"), Green Valley Ranch East Metropolitan District No. 10 ("**District No. 10**"), Green Valley Ranch East Metropolitan District No. 11 ("**District No. 11**"), Green Valley Ranch Metropolitan District No. 12 ("**District No. 12**"), Green Valley Ranch East Metropolitan District No. 13 ("**District No. 13**"), and Green Valley Ranch East Metropolitan District No. 14 ("**District No. 14**"), to serve the Project. District No. 9, District No. 10, District No. 11, District No. 12, District No. 13, and District No. 14, together with the District Nos. 6-8, are referred to herein as the "**Districts**". The First Amended Service Plan shall be in full force and effect at all times prior to the City's approval of a Second Amended and Restated Service Plan. Upon approval by the City of this Second Amended and Restated Service Plan, this Second Amended and Restated Service Plan is intended to modify, replace, restate and supersede the First Amended Service Plan in its entirety.

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 Second Amended and Restated 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 Second Amended and Restated 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 Second Amended and Restated 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 Second Amended and Restated Service Plan.

The City's objective in approving the Second Amended and Restated 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 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 and from other legally available revenue. 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 Second Amended and Restated 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; 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; and from any other legally available revenues. It is the intent of this Second Amended and Restated 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 costs 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 Second Amended and Restated 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 Second Amended and Restated Service Plan, the following terms shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

AACMD: means the Aerotropolis Area Coordinating Metropolitan District.

Agreed Upon Procedures Engagement: means an attesting engagement in which a certified public accountant performs specific procedures on subject matter and reports the findings without providing an opinion or conclusion. The subject matter may be financial or non-financial information. Because the needs of an engaging party vary, the nature, timing, and extent of the procedures may vary, as well.

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 Master Plan: means one or more capital improvement plans established pursuant to the ARTA Establishment Agreement or by one or more intergovernmental agreements between the AACMD and the City, establishing Regional Improvements which will benefit the taxpayers and service users of the Districts.

ARI Mill Levy: 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 shall be five (5) mills, plus Assessment Rate Adjustment, minus any ARTA Mill Levy, 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.

ARTA: means the Aerotropolis Regional Transportation Authority.

ARTA Establishment Agreement: means the intergovernmental agreement entered into between the City of Aurora, Aerotropolis Area Coordinating Metropolitan District, and Adams County on February 27, 2018 for the purpose of establishing the ARTA, as certified by the Director of the Division of Local Governments of the Department of Local Affairs of the State of Colorado on April 11, 2018, and as supplemented by that First Supplement, as the same may be amended from time to time, in order to fund certain Regional Improvements.

ARTA Mill Levy: means the total mill levy to be imposed by the ARTA to fund

the costs of overhead and administration of the ARTA and the capital costs and repayment of debt to be incurred by the ARTA for certain Regional Improvements in accordance with the ARTA Establishing Agreement.

Assessment Rate Adjustment: means 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 limitations or mill levy imposition amounts set forth in this Second Amended and Restated Service Plan 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 the Districts, in the aggregate.

Bond, Bonds or Debt: means bonds or other obligations for the payment of which the 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 Green Valley Ranch East Metropolitan District Nos. 6 through 14.

District No. 6: means the Green Valley Ranch East Metropolitan District No. 6.

District No. 7: means the Green Valley Ranch East Metropolitan District No. 7.

District No. 8: means the Green Valley Ranch East Metropolitan District No. 8.

District No. 9: means the Green Valley Ranch East Metropolitan District No. 9.

District No. 10: means the Green Valley Ranch East Metropolitan District No. 10.

District No. 11: means the Green Valley Ranch East Metropolitan District No. 11.

District No. 12: means the Green Valley Ranch East Metropolitan District No. 12.

District No. 13: means the Green Valley Ranch East Metropolitan District No. 13.

District No. 14: means the Green Valley Ranch East Metropolitan District No. 14.

Districts: means District No. 6, District No. 7, District No. 8, District No. 9, District No. 10, District No. 11, District No. 12, District No. 13, and District No. 14, 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 Districts and has not been otherwise engaged to provide services in connection with the transaction related to the applicable Debt.

Fee(s): 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 of the Districts as 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 Districts as of the date of submittal of this Second Amended and Restated Service Plan as described in the Initial District Boundary Maps.

Initial District Boundary Maps: means the maps attached hereto as **Exhibit C-1**,

describing the Initial District Boundaries.

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.

Operations and Maintenance Mill Levy(ies): means the mill levy(ies) the Districts impose for payment of administration, operations, and maintenance costs.

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

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.

Regional Intergovernmental Improvements Agreement: means one or more intergovernmental agreements between the AACMD and the City.

Second Amended and Restated Service Plan: means this Second Amended and Restated Service Plan for the Districts approved by the City Council.

Service Area: means the property within the Initial District Boundary Map and the Inclusion Area Boundary Map, and any inclusions processed pursuant to Section V.A.7 below.

Service Plan Amendment: means an amendment to the Second Amended and Restated 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.

### **III. BOUNDARIES**

The area of the Initial District Boundaries includes approximately 588.264 acres and the total area proposed to be included in the Inclusion Area Boundaries is approximately 877.251 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**. Maps of the Initial District Boundaries is attached hereto as **Exhibit C-1**, and a map of the Inclusion Area Boundaries is attached hereto as **Exhibit C-2**. 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 877.251 acres of undeveloped land. The current assessed valuation of the Service Area is \$0.00 for purposes of this Second Amended and Restated 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 Eight Thousand Five Hundred (8,500) people.

Approval of this Second Amended and Restated 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 Second Amended 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.

In connection with the performance of all acts or activities hereunder, the Districts shall not violate any protection clauses of the United States or Colorado State Constitutions. The Districts shall not discriminate against any person because of race, color, religion, national origin, gender, age, military status, sexual orientation, gender identity or gender expression, marital status, or physical or mental disability, and further, subsequent to the City's approval of this Second Amended and Restated Service Plan, shall insert the foregoing provision in contracts or subcontracts let by the Districts to accomplish the purposes of this Second Amended and Restated Service Plan.

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 Fees 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 residents of the Districts. 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 that 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. 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 Second Amended and Restated 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 Districts.

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 their boundaries any property inside the inclusion area boundaries without 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. Any and all property included within the Districts' boundaries shall be deemed to be included within the Service Area.

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, without the prior consent of the City, 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, without the written consent



of the City: (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.

10. Total Debt Issuance Limitation. Each of the Districts shall not issue Debt in excess of Four Billion Dollars (\$4,000,000,000).

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 District.

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. A District 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 one or more of District No. 6, District No. 7, District No. 8, District No. 9, District No. 10, District No. 11, District No. 12, District No. 13, and District No. 14.

14. Bankruptcy Limitation. All of the limitations contained in this Second Amended and Restated Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy and the Fees have been established under the authority of the City to approve a Second Amended and Restated 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 Second Amended and Restated 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. Website. When a District is required to have a website in accordance with the requirements of C.R.S. Section 32-1- 104.5, the District shall establish, maintain and annually update a public website or provide information on a shared community website, on which the District will timely post all information and documents required by C.R.S. § 32-1-104.5.

16. Service Plan Amendment Requirement. This Second Amended and Restated 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 V.A.1-14 above or in VII.B-G. shall be deemed to be material modifications to this Second Amended and Restated 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 Four Billion Dollars (\$4,000,000,000).

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 will undertake the financing and construction of the improvements contemplated herein. Specifically, the Districts, with the AACMD, shall enter into one or more Intergovernmental Cost Sharing and Recovery Agreements which shall govern the relationships between and among the Districts with respect to the financing, construction and operation of the improvements contemplated herein. The Districts will establish a mechanism whereby any one or more of the Districts may separately or cooperatively fund, construct, install and operate the improvements.

The Districts shall be authorized to enter into agreements which shall govern the relationships between and among the Districts, additional Title 32 districts, and/or other governmental entities, with respect to the financing, construction and operation of the improvements contemplated herein.

## **VI. REGIONAL IMPROVEMENTS**

The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment and a contribution to the funding of the Regional Improvements and fund the administration and overhead costs related to the provisions of the Regional Improvements incurred as a result of the ARTA Establishment Agreement or the Regional Intergovernmental Improvements Agreement described below.

In that regard, the City, Adams County and the AACMD entered into the ARTA Establishment Agreement to form the ARTA on February 27, 2018, as supplemented by that First Supplement to the Establishment Agreement.

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

A. If the ARTA Mill Levy in any tax collection year is less than 5 mills (as adjusted by the Assessment Rate Adjustment), the ARI Mill Levy revenue shall be deposited by the Districts with the AACMD (or as directed by AACMD) and shall only be spent pursuant to a Regional Intergovernmental Improvements Agreement. In the event the property within the Districts' Service Area does not come within the ARTA's boundaries, the Districts shall not be required to deposit the ARI Mill Levy revenue with the AACMD (or as directed by AACMD), and the ARI Mill Levy revenue shall only be spent pursuant to a Regional Intergovernmental Improvements Agreement with the City.

B. 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 in relation thereto, 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.

C. The Districts shall cease to be obligated to impose, collect and convey 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 each shall have the authority to issue Debt for the Regional Improvements, in an amount not to exceed Four Billion Dollars (\$4,000,000,000) pursuant

to agreements as described in VI.A or B 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 with the revenues derived from the Maximum Debt Mill Levy and other legally available revenues. The total Debt that the Districts shall each be permitted to issue shall not exceed Four Billion Dollars (\$4,000,000,000) 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 Second Amended and Restated 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:

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 below, subject to the Assessment Rate Adjustment.

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.

1. 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.

The Maximum Debt Mill Levy shall not apply to the Districts' Operations and Maintenance Mill Levies.

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 fifty (50) 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.

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(1), C.R.S., as amended from time to time. In no event shall the debt service mill levy in the District exceed the Maximum Debt Mill Levy or, for residential property within the District, the Maximum Debt Mill Levy Imposition Term, except pursuant to an intergovernmental agreement between the 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 Second Amended and Restated 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 Second Amended and Restated 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 Second Amended and Restated Service Plan. Approval of this Second Amended and Restated 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 Second Amended and Restated 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 District's Board, except as approved by written consent of the City.

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 Districts' ability to increase their respective Operations and Maintenance Mill Levies as necessary for provision of operation and maintenance services to their taxpayers and service users.

J. Agreed Upon Procedures Examination.

For Districts with property within their boundaries developed with any residential uses, at such time that a majority of Board of Directors of the District are residents of the District, the District is encouraged to engage the services of a certified public accountant for an Agreed Upon Procedures Engagement. The Board of Directors, in its discretion, will set the scope and the procedures for the engagement.

**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 1st 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 District's rules and regulations, if any as of December 31 of the prior year.
4. A summary of any litigation which involves the District Public Improvements as of December 31 of the prior year.
5. Status of the District's construction of the Public Improvements as of December 31 of the prior year.
6. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City as of December 31 of the prior year.
7. The final assessed valuation of the District as of December 31 of the reporting year.
8. Current year budget including a description of the Public Improvements to be constructed in such year.
9. Audit of the District's 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 District to pay its 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 NOTICES AND MEETINGS**

1. District No. 9, District No. 10, District No. 11, District No. 12, District No. 13, and District No. 14 will provide the City with written notice of the date of hearing on their petitions for organization filed with the district court.

2. The Districts will use reasonable efforts and due diligence to cause each developer and home builder to provide written notice of notice disclosure to all initial purchasers of property in the Districts that describes the general purpose of the district and financial impact on each residential property at the time of entering into the purchase contract. The form of 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. The form of notice shall be substantially in the form of **Exhibit D** attached hereto; provided that such notice may be modified by the District so long as a new notice is submitted to and approved by the City prior to using such modified notice. Any modified notice will be expected to provide the following information:

- a. General description and purpose(s) of the District.
- b. Contact information for the District.
- c. Website address for the District (once established per Section V.A.15).
- d. District boundary map showing all lots within the District.
- e. The Maximum Debt Mill Levy that may be imposed on the residential property for each year the District is in existence and a calculation of the associated taxes that the homeowner will pay.
- f. List of all other taxing entities within the District boundaries and their current mill levies and associated taxes.
- g. The District's Total Debt Issuance Limitation and a description of the Public Improvements that the District Debt is being issued to pay for.



- h. The Maximum Debt Mill Levy Imposition Term, providing an understanding of the duration for which the property will be taxed to pay off Debt.
- i. A description of what the Operations and Maintenance Mill Levy is, pays for, and the duration that the property will be taxed to pay for the eligible Operations and Maintenance Mill Levy expenses.
- j. Any and all Fees currently imposed on each residential property for each year the District is in existence.
- k. Any additional information required by the Colorado Revised Statutes, including without limitation C.R.S. § 38-35.7-110, as amended from time to time.

The District will use reasonable efforts and due diligence to cause each developer and home builder to require that each home buyer is asked to acknowledge receipt of such notice of disclosure at the time of entering into the purchase contract.

3. To ensure that potential residential buyers are educated about the District, the District will provide the information identified in Section X.2 above to the developer or home builders for prominent display at all sales offices, and by inspecting the sales offices within the District Boundaries on a quarterly basis to assure the information provided is accurate and prominently displayed.

4. The District shall provide annual notice to all eligible electors of the District, in accordance with Section 32-1-809, C.R.S. In addition, the District shall record a District public disclosure document and a map of the District boundaries with the Clerk and Recorder of each County in which District property is located, in accordance with Section 32-1-104.8, C.R.S. The District shall use reasonable efforts to ensure that copies of the annual notice, public disclosure document and map of the District boundaries are provided to potential purchasers of real property within the District as part of the seller's required property disclosures.

5. All special and regular District meetings shall be open to the public and shall be held at a location within the District boundaries, or virtually with participation via teleconference, webcast, video conference or other technological means. If a Board meeting is held virtually, the District shall provide information on the District website accessible to all residents on how to access and participate in the virtual meeting. If the District utilizes email to communicate with residents, the District shall also send notification of the virtual meeting by email. The District shall provide notification via the District website and, if applicable, email, at least ten (10) days prior to the virtual Board meeting. If the Board schedules a virtual special meeting that will be convened in fewer than ten (10) days, the District shall provide notification via the District website and, if applicable, email, as soon as possible after scheduling the special meeting.

## **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 E**. The Districts shall approve the intergovernmental agreement in the form attached as **Exhibit E** at their first Board meeting after approval of this Second Amended and Restated 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 E** at the public hearing approving the Second Amended and Restated Service Plan.

**XII. CONCLUSION**

It is submitted that this Second Amended and Restated 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 Districts is in the best interests of the area proposed to be served.

**EXHIBIT A**

Legal Descriptions

**LEGAL DESCRIPTION**  
GREEN VALLEY RANCH EAST METROPOLITAN DISTRICT NO. 6  
CURRENT BOUNDARIES

ALL THAT CERTAIN PARCEL OF LAND DESCRIBED IN SPECIAL WARRANTY DEED RECORDED FEBRUARY 23, 2018 AT RECEPTION NO. 2018000015451 IN THE OFFICIAL RECORDS OF THE CLERK AND RECORDER OF ADAMS COUNTY, COLORADO SITUATED WITHIN THE SOUTHWEST QUARTER OF SECTION 13, THE WEST HALF AND SOUTHEAST QUARTER OF SECTION 24, TOWNSHIP 3 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, SAID CITY, COUNTY AND STATE,

**EXCEPTING THEREFROM**

A PORTION OF SAID SPECIAL WARRANTY DEED SITUATED WITHIN SAID SOUTHWEST QUARTER, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**COMMENCING** AT THE SOUTH QUARTER CORNER OF SAID SECTION 13,

THENCE ALONG THE EAST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 13, NORTH 00°06'54" WEST, A DISTANCE OF 1048.16 FEET TO THE **POINT OF BEGINNING**;

THENCE DEPARTING SAID EAST LINE SOUTH 89°49'58" WEST, A DISTANCE OF 267.96 FEET;

THENCE NORTH 00°00'00" EAST, A DISTANCE OF 85.86 FEET;

THENCE SOUTH 89°48'37" WEST, A DISTANCE OF 637.78 FEET;

THENCE NORTH 81°40'37" WEST, A DISTANCE OF 170.42 FEET;

THENCE NORTH 72°10'01" WEST, A DISTANCE OF 111.21 FEET;

THENCE NORTH 57°37'18" WEST, A DISTANCE OF 182.78 FEET;

THENCE NORTH 34°38'52" WEST, A DISTANCE OF 270.56 FEET;

THENCE NORTH 21°29'38" WEST, A DISTANCE OF 232.91 FEET;

THENCE NORTH 00°00'00" EAST, A DISTANCE OF 198.01 FEET;

THENCE NORTH 00°19'27" WEST, A DISTANCE OF 716.46 FEET TO THE NORTH LINE OF SAID SOUTHWEST QUARTER;

THENCE ALONG SAID NORTH LINE NORTH 89°40'33" EAST, A DISTANCE OF 1574.61 FEET TO THE CENTER QUARTER CORNER OF SAID SECTION 13;

THENCE ALONG THE EAST LINE OF SAID SOUTHWEST QUARTER SOUTH 00°06'54" EAST, A DISTANCE OF 1602.23 FEET TO THE **POINT OF BEGINNING**.

**FURTHER EXCEPTING THEREFROM**

A PORTION OF SAID SPECIAL WARRANTY DEED SITUATED WITHIN SAID SOUTHEAST QUARTER, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**COMMENCING** AT THE CENTER QUARTER CORNER OF SAID SECTION 24; THENCE ALONG THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 24, NORTH 89°35'38" EAST, A DISTANCE OF 40.00 FEET TO THE **POINT OF BEGINNING**;

THENCE CONTINUING ALONG SAID NORTH LINE NORTH 89°35'38" EAST, A DISTANCE OF 2226.79 FEET TO THE NORTHEAST CORNER OF PARCEL "II", AS DESCRIBED IN SAID SPECIAL WARRANTY DEED;

THENCE ALONG THE EASTERLY BOUNDARY OF SAID PARCEL "II" THE FOLLOWING FOUR (4) COURSES:

- 1) SOUTH 00°00'07" WEST, A DISTANCE OF 124.94 FEET;
- 2) SOUTH 03°49'04" WEST, A DISTANCE OF 1,713.00 FEET;
- 3) SOUTH 00°00'07" WEST, A DISTANCE OF 374.65 FEET;
- 4) SOUTH 03°48'45" EAST, A DISTANCE OF 440.91 FEET TO THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 24, SAID POINT BEING ON THE NORTHERLY BOUNDARY OF E-470 PARCEL TK-107 AS DESCRIBED IN RULE AND ORDER RECORDED OCTOBER 28, 1997 AT RECEPTION NO. C0347111, IN SAID OFFICIAL RECORDS;

THENCE ALONG SAID SOUTH LINE AND THE LAST DESCRIBED NORTHERLY BOUNDARY, SOUTH 89°32'35" WEST, A DISTANCE OF 2130.01 FEET TO A LINE PARALLEL WITH AND DISTANT 40.00 FEET EASTERLY WITH THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 24;

THENCE ALONG SAID PARALLEL LINE NORTH 00°15'31" EAST, A DISTANCE OF 2649.97 FEET TO THE **POINT OF BEGINNING**.

## LEGAL DESCRIPTION

A PARCEL OF LAND BEING A PORTION OF THAT CERTAIN PARCEL OF LAND DESCRIBED AS PARCEL "I" IN SPECIAL WARRANTY DEED RECORDED FEBRUARY 23, 2018 AT RECEPTION NO. 2018000015451 IN THE OFFICIAL RECORDS OF THE CLERK AND RECORDER, COUNTY OF ADAMS, STATE OF COLORADO, LYING WITHIN THE SOUTHWEST QUARTER OF SECTION 13, AND THE NORTHWEST QUARTER OF SECTION 24, TOWNSHIP 3 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, IN SAID COUNTY AND STATE, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**COMMENCING** AT THE SOUTH QUARTER CORNER OF SAID SECTION 13, WHENCE THE SOUTHWEST CORNER OF SAID SECTION 13 BEARS SOUTH 89°36'20" WEST, A DISTANCE OF 2,643.20 FEET, WITH ALL BEARINGS REFERENCED HEREIN RELATIVE THERETO;

THENCE ALONG THE EAST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 13, NORTH 00°06'54" WEST, A DISTANCE OF 95.83 FEET TO THE NORTHERLY RIGHT-OF-WAY OF EAST 48<sup>TH</sup> AVENUE AS DESCRIBED AS EXHIBIT "B" IN SPECIAL WARRANTY DEED RECORDED APRIL 17, 2006 AT RECEPTION NO. 20060417000386390, IN SAID OFFICIAL RECORDS, AND THE **POINT OF BEGINNING**;

THENCE ALONG SAID NORTHERLY RIGHT-OF-WAY THE FOLLOWING ELEVEN (11) COURSES:

1. SOUTH 89°53'06" WEST, A DISTANCE OF 57.00 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE NORTHWESTERLY HAVING A RADIUS OF 25.00 FEET, THE RADIUS POINT OF SAID CURVE BEARS SOUTH 89°53'06" WEST;
2. SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 87°30'20", AN ARC LENGTH OF 38.18 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 1027.00 FEET;
3. SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 38°25'43", AN ARC LENGTH OF 688.81 FEET;
4. TANGENT TO SAID CURVE, SOUTH 48°57'43" WEST, A DISTANCE OF 400.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY HAVING A RADIUS OF 883.00 FEET;
5. SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 23°17'51", AN ARC LENGTH OF 359.04 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 25.00 FEET;
6. NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 94°02'29", AN ARC LENGTH OF 41.03 FEET;
7. NON-TANGENT TO SAID CURVE, SOUTH 76°18'03" WEST, A DISTANCE OF 74.00 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE NORTHWESTERLY HAVING A RADIUS OF 25.00 FEET, THE RADIUS POINT OF SAID CURVE BEARS SOUTH 76°48'33" WEST;

8. SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 93°44'17", AN ARC LENGTH OF 40.90 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE NORTHERLY HAVING A RADIUS OF 883.00 FEET;
9. WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 09°10'05", AN ARC LENGTH OF 141.29 FEET;
10. TANGENT TO SAID CURVE, SOUTH 89°42'55" WEST, A DISTANCE OF 957.29 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 25.00 FEET;
11. NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90°00'00", AN ARC LENGTH OF 39.27 FEET TO THE EASTERLY RIGHT-OF-WAY OF PICADILLY ROAD AS DESCRIBED AS EXHIBIT "A" IN SAID SPECIAL WARRANTY DEED RECORDED AT RECEPTION NO. 20060417000386390;

THENCE ALONG SAID EASTERLY RIGHT-OF-WAY THE FOLLOWING TWO (2) COURSES:

1. TANGENT TO SAID CURVE, NORTH 00°17'04" WEST, A DISTANCE OF 622.38 FEET TO THE SOUTH LINE OF SAID SOUTHWEST QUARTER;
2. NORTH 00°02'06" WEST, A DISTANCE OF 2,653.57 FEET TO THE NORTH LINE OF SAID SOUTHWEST QUARTER;

THENCE DEPARTING SAID EASTERLY RIGHT-OF-WAY ALONG SAID NORTH LINE, NORTH 89°40'33" EAST, A DISTANCE OF 2,567.49 FEET TO THE CENTER QUARTER CORNER OF SAID SECTION 13;

THENCE ALONG THE EAST LINE OF SAID SOUTHWEST QUARTER, SOUTH 00°06'54" EAST, A DISTANCE OF 2,554.56 FEET TO THE **POINT OF BEGINNING**.

CONTAINING AN AREA OF 180.812 ACRES, (7,876,171 SQUARE FEET), MORE OR LESS.

EXHIBIT ATTACHED AND MADE A PART HEREOF.

DANIEL E. DAVIS, PLS 38256  
COLORADO LICENSED PROFESSIONAL LAND SURVEYOR  
FOR AND ON BEHALF OF AZTEC CONSULTANTS, INC.  
300 E. MINERAL AVENUE, SUITE 1  
LITTLETON, CO 80122

## LEGAL DESCRIPTION

A PARCEL OF LAND BEING A PORTION OF THAT CERTAIN PARCEL OF LAND DESCRIBED AS PARCEL "I" AND ALL OF PARCEL "II" IN SPECIAL WARRANTY DEED RECORDED FEBRUARY 23, 2018 AT RECEPTION NO. 2018000015451 IN THE OFFICIAL RECORDS OF THE CLERK AND RECORDER, COUNTY OF ADAMS, STATE OF COLORADO, LYING WITHIN THE WEST HALF AND SOUTHEAST QUARTER OF SECTION 24, TOWNSHIP 3 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, IN SAID COUNTY AND STATE, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**COMMENCING** AT THE NORTH QUARTER CORNER OF SAID SECTION 24, WHENCE THE NORTHWEST CORNER OF SAID SECTION 24 BEARS SOUTH 89°36'20" WEST, A DISTANCE OF 2,643.20 FEET, WITH ALL BEARINGS REFERENCED HEREIN RELATIVE THERETO;

THENCE ALONG THE EAST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 24, SOUTH 00°16'32" EAST, A DISTANCE OF 98.15 FEET TO THE **POINT OF BEGINNING**;

THENCE CONTINUING ALONG SAID EAST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 24, SOUTH 00°16'32" EAST, A DISTANCE OF 2,552.09 FEET TO THE CENTER QUARTER CORNER OF SAID SECTION 24;

THENCE ALONG THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 24, NORTH 89°35'38" EAST, A DISTANCE OF 2,266.79 FEET TO THE NORTHEAST CORNER OF SAID PARCEL "II";

THENCE ALONG THE EASTERLY BOUNDARY OF SAID PARCEL "II" THE FOLLOWING FOUR (4) COURSES:

- 1) SOUTH 00°00'07" WEST, A DISTANCE OF 124.94 FEET;
- 2) SOUTH 03°49'04" WEST, A DISTANCE OF 1,713.00 FEET;
- 3) SOUTH 00°00'07" WEST, A DISTANCE OF 374.65 FEET;
- 4) SOUTH 03°48'45" EAST, A DISTANCE OF 440.92 FEET TO THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 24, SAID POINT BEING ON THE NORTHERLY BOUNDARY OF E-470 PARCEL TK-107 AS DESCRIBED IN RULE AND ORDER RECORDED OCTOBER 28, 1997 AT RECEPTION NO. C0347111, IN SAID OFFICIAL RECORDS;

THENCE ALONG SAID SOUTH LINE AND THE LAST DESCRIBED NORTHERLY BOUNDARY, SOUTH 89°32'35" WEST, A DISTANCE OF 2,170.09 FEET TO THE SOUTH QUARTER CORNER OF SAID SECTION 24;

THENCE ALONG THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 24, SOUTH 89°33'43" WEST, A DISTANCE OF 2,569.79 FEET TO THE EASTERLY RIGHT-OF-WAY OF PICADILLY ROAD AS DESCRIBED AS EXHIBIT "A" IN SAID SPECIAL WARRANTY DEED RECORDED AT RECEPTION NO. 20060417000386390;

THENCE DEPARTING SAID SOUTH LINE ALONG SAID EASTERLY RIGHT-OF-WAY THE FOLLOWING TWO (2) COURSES:

- 1) NORTH 00°16'48" WEST, A DISTANCE OF 2,651.81 FEET;



NORTH 00°17'05" WEST, A DISTANCE OF 1,834.01 FEET TO THE SOUTHERLY RIGHT-OF-WAY OF EAST 48TH AVENUE AS DESCRIBED AS SAID EXHIBIT "B" IN SPECIAL WARRANTY DEED RECORDED AT RECEPTION NO. 20060417000386390, AND THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 25.00 FEET;

THENCE DEPARTING SAID EASTERLY RIGHT-OF-WAY ALONG SAID SOUTHERLY RIGHT-OF-WAY, THE FOLLOWING FIVE (5) COURSES:

1. NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90°00'00", AN ARC LENGTH OF 39.27 FEET;
2. TANGENT TO SAID CURVE, NORTH 89°42'55" EAST, A DISTANCE OF 957.29 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY HAVING A RADIUS OF 1027.00 FEET;
3. EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 09°51'29", AN ARC LENGTH OF 176.70 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 25.00 FEET;
4. SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 86°57'07", AN ARC LENGTH OF 37.94 FEET;
5. NON-TANGENT TO SAID CURVE, NORTH 76°15'18" EAST, A DISTANCE OF 74.00 FEET TO THE WESTERLY BOUNDARY OF WARRANTY DEED RECORDED MAY 5, 2006 AT RECEPTION NO. 20060501000437490, IN SAID OFFICIAL RECORDS;

THENCE DEPARTING SAID SOUTHERLY RIGHT-OF-WAY ALONG SAID WESTERLY, SOUTHERLY AND EASTERLY BOUNDARY'S OF SAID WARRANTY DEED THE FOLLOWING FIVE (5) COURSES:

1. SOUTH 13°11'27" EAST, A DISTANCE OF 66.17 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE WESTERLY HAVING A RADIUS OF 492.00 FEET;
2. SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 12°54'39", AN ARC LENGTH OF 110.86 FEET;
3. TANGENT TO SAID CURVE, SOUTH 00°16'48" EAST, A DISTANCE OF 292.87 FEET;
4. SOUTH 52°01'33" EAST, A DISTANCE OF 397.32 FEET;
5. NORTH 00°16'48" WEST, A DISTANCE OF 905.00 FEET TO THE SAID SOUTHERLY RIGHT-OF-WAY, AND THE BEGINNING OF A NON-TANGENT CURVE CONCAVE NORTHWESTERLY HAVING A RADIUS OF 1027.00 FEET, THE RADIUS POINT OF SAID CURVE BEARS NORTH 37°07'08" WEST;

THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 03°55'09", AN ARC LENGTH OF 70.25 FEET;

THENCE TANGENT TO SAID CURVE, NORTH 48°57'43" EAST, A DISTANCE OF 400.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 883.00 FEET;

THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°52'57", AN ARC LENGTH OF 583.82 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 25.00 FEET;

THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 92°52'48", AN ARC LENGTH OF 40.53 FEET;

THENCE NON-TANGENT TO SAID CURVE, NORTH 89°43'28" EAST, A DISTANCE OF 57.00 FEET TO THE **POINT OF BEGINNING**.

CONTAINING AN AREA OF 407.346 ACRES, (17,743,984 SQUARE FEET), MORE OR LESS.

EXHIBIT ATTACHED AND MADE A PART HEREOF.

DANIEL E. DAVIS, PLS 38256  
COLORADO LICENSED PROFESSIONAL LAND SURVEYOR  
FOR AND ON BEHALF OF AZTEC CONSULTANTS, INC.  
300 E. MINERAL AVENUE, SUITE 1  
LITTLETON, CO 80122

**EXHIBIT A  
LEGAL DESCRIPTION**

A PARCEL OF LAND BEING A PORTION OF THE SOUTHWEST QUARTER OF SECTION 13, TOWNSHIP 3 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, IN THE COUNTY OF ADAMS, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**COMMENCING** AT THE NORTHEAST CORNER OF SAID SOUTHWEST QUARTER;

THENCE ALONG THE NORTH LINE OF SAID SOUTHWEST QUARTER, SOUTH 89°40'33" WEST, A DISTANCE OF 478.63 FEET;

THENCE DEPARTING SAID NORTH LINE, SOUTH 00°19'27" EAST, A DISTANCE OF 40.00 FEET TO A LINE PARALLEL WITH AND DISTANT 40.00 FEET SOUTH OF SAID NORTH LINE AND THE **POINT OF BEGINNING**;

THENCE ALONG SAID PARALLEL LINE, SOUTH 89°40'33" WEST, A DISTANCE OF 50.00 FEET;

THENCE DEPARTING SAID PARALLEL LINE, SOUTH 00°19'27" EAST, A DISTANCE OF 20.00 FEET;

THENCE NORTH 89°40'33" EAST, A DISTANCE OF 50.00 FEET;

THENCE NORTH 00°19'27" WEST, A DISTANCE OF 20.00 FEET TO THE **POINT OF BEGINNING**.

CONTAINING AN AREA OF 0.023 ACRES, (1,000 SQUARE FEET), MORE OR LESS.

ILLUSTRATION ATTACHED AND MADE A PART HEREOF.

DANIEL E. DAVIS, PLS 38256  
COLORADO LICENSED PROFESSIONAL LAND SURVEYOR  
FOR AND ON BEHALF OF AZTEC CONSULTANTS, INC.  
300 E. MINERAL AVENUE, SUITE 1  
LITTLETON, CO 80122

Green Valley Ranch East Metropolitan District No. 10  
Initial Boundaries

**LEGAL DESCRIPTION**

A PARCEL OF LAND BEING A PORTION OF THE NORTHWEST QUARTER OF SECTION 13, TOWNSHIP 3 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, IN THE COUNTY OF ADAMS, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**COMMENCING** AT THE SOUTHEAST CORNER OF SAID NORTHWEST QUARTER;

THENCE ALONG THE SOUTH LINE OF SAID NORTHWEST QUARTER, SOUTH 89°40'33" WEST, A DISTANCE OF 180.68 FEET;

THENCE DEPARTING SAID SOUTH LINE, NORTH 00°19'27" WEST, A DISTANCE OF 60.00 FEET TO A LINE PARALLEL WITH AND DISTANT 60.00 FEET NORTH OF SAID SOUTH LINE AND THE **POINT OF BEGINNING**;

THENCE ALONG SAID PARALLEL LINE, SOUTH 89°40'33" WEST, A DISTANCE OF 50.00 FEET;

THENCE DEPARTING SAID PARALLEL LINE, NORTH 00°19'27" WEST, A DISTANCE OF 20.00 FEET;

THENCE NORTH 89°40'33" EAST, A DISTANCE OF 50.00 FEET;

THENCE SOUTH 00°19'27" EAST, A DISTANCE OF 20.00 FEET TO THE **POINT OF BEGINNING**.

CONTAINING AN AREA OF 0.023 ACRES, (1,000 SQUARE FEET), MORE OR LESS.

ILLUSTRATION ATTACHED AND MADE A PART HEREOF.

DANIEL E. DAVIS, PLS 38256  
COLORADO LICENSED PROFESSIONAL LAND SURVEYOR  
FOR AND ON BEHALF OF AZTEC CONSULTANTS, INC.  
300 E. MINERAL AVENUE, SUITE 1  
LITTLETON, CO 80122

Green Valley Ranch East Metropolitan District No. 11  
Initial Boundaries

**LEGAL DESCRIPTION**

A PARCEL OF LAND BEING A PORTION OF THE NORTHWEST QUARTER OF SECTION 13, TOWNSHIP 3 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, IN THE COUNTY OF ADAMS, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**COMMENCING** AT THE SOUTHEAST CORNER OF SAID NORTHWEST QUARTER;

THENCE ALONG THE SOUTH LINE OF SAID NORTHWEST QUARTER, SOUTH 89°40'33" WEST, A DISTANCE OF 130.68 FEET;

THENCE DEPARTING SAID SOUTH LINE, NORTH 00°19'27" WEST, A DISTANCE OF 40.00 FEET TO A LINE PARALLEL WITH AND DISTANT 40.00 FEET NORTH OF SAID SOUTH LINE AND THE **POINT OF BEGINNING**;

THENCE ALONG SAID PARALLEL LINE, SOUTH 89°40'33" WEST, A DISTANCE OF 50.00 FEET;

THENCE DEPARTING SAID PARALLEL LINE, NORTH 00°19'27" WEST, A DISTANCE OF 20.00 FEET;

THENCE NORTH 89°40'33" EAST, A DISTANCE OF 50.00 FEET;

THENCE SOUTH 00°19'27" EAST, A DISTANCE OF 20.00 FEET TO THE **POINT OF BEGINNING**.

CONTAINING AN AREA OF 0.023 ACRES, (1,000 SQUARE FEET), MORE OR LESS.

ILLUSTRATION ATTACHED AND MADE A PART HEREOF.

DANIEL E. DAVIS, PLS 38256  
COLORADO LICENSED PROFESSIONAL LAND SURVEYOR  
FOR AND ON BEHALF OF AZTEC CONSULTANTS, INC.  
300 E. MINERAL AVENUE, SUITE 1  
LITTLETON, CO 80122

Green Valley Ranch East Metropolitan District No. 12

Initial Boundaries

**LEGAL DESCRIPTION**

A PARCEL OF LAND BEING A PORTION OF THE NORTHWEST QUARTER OF SECTION 13, TOWNSHIP 3 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, IN THE COUNTY OF ADAMS, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**COMMENCING** AT THE SOUTHEAST CORNER OF SAID NORTHWEST QUARTER;

THENCE ALONG THE SOUTH LINE OF SAID NORTHWEST QUARTER, SOUTH 89°40'33" WEST, A DISTANCE OF 180.68 FEET;

THENCE DEPARTING SAID SOUTH LINE, NORTH 00°19'27" WEST, A DISTANCE OF 40.00 FEET TO A LINE PARALLEL WITH AND DISTANT 40.00 FEET NORTH OF SAID SOUTH LINE AND THE **POINT OF BEGINNING**;

THENCE ALONG SAID PARALLEL LINE, SOUTH 89°40'33" WEST, A DISTANCE OF 50.00 FEET;

THENCE DEPARTING SAID PARALLEL LINE, NORTH 00°19'27" WEST, A DISTANCE OF 20.00 FEET;

THENCE NORTH 89°40'33" EAST, A DISTANCE OF 50.00 FEET;

THENCE SOUTH 00°19'27" EAST, A DISTANCE OF 20.00 FEET TO THE **POINT OF BEGINNING**.

CONTAINING AN AREA OF 0.023 ACRES, (1,000 SQUARE FEET), MORE OR LESS.

ILLUSTRATION ATTACHED AND MADE A PART HEREOF.

DANIEL E. DAVIS, PLS 38256  
COLORADO LICENSED PROFESSIONAL LAND SURVEYOR  
FOR AND ON BEHALF OF AZTEC CONSULTANTS, INC.  
300 E. MINERAL AVENUE, SUITE 1  
LITTLETON, CO 80122

Green Valley Ranch East Metropolitan District No. 13  
Initial Boundaries

**LEGAL DESCRIPTION**

A PARCEL OF LAND BEING A PORTION OF THE NORTHWEST QUARTER OF SECTION 13, TOWNSHIP 3 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, IN THE COUNTY OF ADAMS, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**COMMENCING** AT THE SOUTHEAST CORNER OF SAID NORTHWEST QUARTER;

THENCE ALONG THE SOUTH LINE OF SAID NORTHWEST QUARTER, SOUTH 89°40'33" WEST, A DISTANCE OF 230.68 FEET;

THENCE DEPARTING SAID SOUTH LINE, NORTH 00°19'27" WEST, A DISTANCE OF 40.00 FEET TO A LINE PARALLEL WITH AND DISTANT 40.00 FEET NORTH OF SAID SOUTH LINE AND THE **POINT OF BEGINNING**;

THENCE ALONG SAID PARALLEL LINE, SOUTH 89°40'33" WEST, A DISTANCE OF 50.00 FEET;

THENCE DEPARTING SAID PARALLEL LINE, NORTH 00°19'27" WEST, A DISTANCE OF 20.00 FEET;

THENCE NORTH 89°40'33" EAST, A DISTANCE OF 50.00 FEET;

THENCE SOUTH 00°19'27" EAST, A DISTANCE OF 20.00 FEET TO THE **POINT OF BEGINNING**.

CONTAINING AN AREA OF 0.023 ACRES, (1,000 SQUARE FEET), MORE OR LESS.

ILLUSTRATION ATTACHED AND MADE A PART HEREOF.

DANIEL E. DAVIS, PLS 38256  
COLORADO LICENSED PROFESSIONAL LAND SURVEYOR  
FOR AND ON BEHALF OF AZTEC CONSULTANTS, INC.  
300 E. MINERAL AVENUE, SUITE 1  
LITTLETON, CO 80122

Green Valley Ranch East Metropolitan District No. 14

Initial Boundaries

**LEGAL DESCRIPTION**

A PARCEL OF LAND BEING A PORTION OF THE NORTHWEST QUARTER OF SECTION 13, TOWNSHIP 3 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, IN THE COUNTY OF ADAMS, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**COMMENCING** AT THE SOUTHEAST CORNER OF SAID NORTHWEST QUARTER;

THENCE ALONG THE SOUTH LINE OF SAID NORTHWEST QUARTER, SOUTH 89°40'33" WEST, A DISTANCE OF 130.68 FEET;

THENCE DEPARTING SAID SOUTH LINE, NORTH 00°19'27" WEST, A DISTANCE OF 60.00 FEET TO A LINE PARALLEL WITH AND DISTANT 60.00 FEET NORTH OF SAID SOUTH LINE AND THE **POINT OF BEGINNING**;

THENCE ALONG SAID PARALLEL LINE, SOUTH 89°40'33" WEST, A DISTANCE OF 50.00 FEET;

THENCE DEPARTING SAID PARALLEL LINE, NORTH 00°19'27" WEST, A DISTANCE OF 20.00 FEET;

THENCE NORTH 89°40'33" EAST, A DISTANCE OF 50.00 FEET;

THENCE SOUTH 00°19'27" EAST, A DISTANCE OF 20.00 FEET TO THE **POINT OF BEGINNING**.

CONTAINING AN AREA OF 0.023 ACRES, (1,000 SQUARE FEET), MORE OR LESS.

ILLUSTRATION ATTACHED AND MADE A PART HEREOF.

DANIEL E. DAVIS, PLS 38256  
COLORADO LICENSED PROFESSIONAL LAND SURVEYOR  
FOR AND ON BEHALF OF AZTEC CONSULTANTS, INC.  
300 E. MINERAL AVENUE, SUITE 1  
LITTLETON, CO 80122



EXHIBIT A

**LEGAL DESCRIPTION  
INCLUSION AREA**

THAT CERTAIN PARCEL OF LAND DESCRIBED IN SPECIAL WARRANTY DEED RECORDED FEBRUARY 23, 2018 AT RECEPTION NO. 2018000015451 IN THE OFFICIAL RECORDS OF THE CLERK AND RECORDER OF ADAMS COUNTY, COLORADO SITUATED WITHIN THE SOUTHWEST QUARTER OF SECTION 13, THE WEST HALF AND SOUTHEAST QUARTER OF SECTION 24, TOWNSHIP 3 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL.

**TOGETHER WITH**

THAT CERTAIN PARCEL OF LAND DESCRIBED AS PARCEL B WITHIN SPECIAL WARRANTY DEED RECORDED DECEMBER 10, 2004 AT RECEPTION NO. 2004001258230, THAT CERTAIN PARCEL OF LAND DESCRIBED IN QUIT CLAIM DEED RECORDED JUNE 28, 1985 AT BOOK 3019, PAGE 266 IN THE OFFICIAL RECORDS OF THE CLERK AND RECORDER OF ADAMS COUNTY, STATE OF COLORADO, AND A PORTION OF THE NORTHWEST QUARTER OF SECTION 13, ALL SITUATED IN THE NORTH HALF OF SECTION 13, TOWNSHIP 3 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, IN SAID COUNTY AND STATE, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTH QUARTER CORNER OF SAID SECTION 13;

THENCE ALONG THE NORTHERLY LINE OF SAID NORTHEAST QUARTER NORTH 89°41'25" EAST, A DISTANCE OF 1,123.11 FEET TO THE NORTHWEST CORNER OF PARCEL TK-116 OF THE E-470 PUBLIC HIGHWAY AUTHORITY DESCRIBED IN BOOK 4667, PAGE 306 IN THE ADAMS COUNTY OFFICE OF THE CLERK AND RECORDER;

THENCE ALONG THE WESTERLY BOUNDARY OF SAID PARCEL TK-116 THE FOLLOWING SEVEN COURSES:

- 1) DEPARTING SAID NORTHERLY LINE OF THE NORTHEAST QUARTER, SOUTH 00°01'29" EAST, A DISTANCE OF 100.00 FEET;
- 2) SOUTH 86°50'04" EAST, A DISTANCE OF 893.46 FEET;
- 3) SOUTH 59°49'05" EAST, A DISTANCE OF 90.03 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 908.51 FEET, THE RADIUS POINT OF SAID CURVE BEARS NORTH 81°41'26" EAST;
- 4) SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 08°20'42", AN ARC LENGTH OF 132.32 FEET;
- 5) TANGENT TO SAID CURVE, SOUTH 16°39'16" EAST, A DISTANCE OF 349.92 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE WESTERLY HAVING A RADIUS OF 1,055.92 FEET;
- 6) SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 15°30'43", AN ARC LENGTH OF 285.87 FEET;
- 7) TANGENT TO SAID CURVE SOUTH 01°08'33" EAST, A DISTANCE OF 1,700.86 FEET TO THE SOUTHERLY LINE OF SAID NORTHEAST QUARTER OF SECTION 13;

THENCE DEPARTING SAID WESTERLY BOUNDARY OF PARCEL TK-116 AND ALONG SAID SOUTHERLY LINE SOUTH 89°40'22" WEST, A DISTANCE OF 2,293.83 FEET TO THE CENTER QUARTER CORNER OF SAID SECTION 13;

THENCE ALONG THE SOUTHERLY LINE OF SAID NORTHWEST QUARTER OF SECTION 13, SOUTH 89°40'33" WEST, A DISTANCE OF 2,567.49 FEET TO THE EASTERLY RIGHT-OF-WAY OF PICADILLY ROAD AS DESCRIBED IN SPECIAL WARRANTY DEED RECORDED APRIL 17, 2006 AT RECEPTION NO. 20060417000386390 IN SAID OFFICIAL RECORDS;

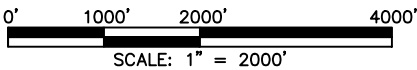
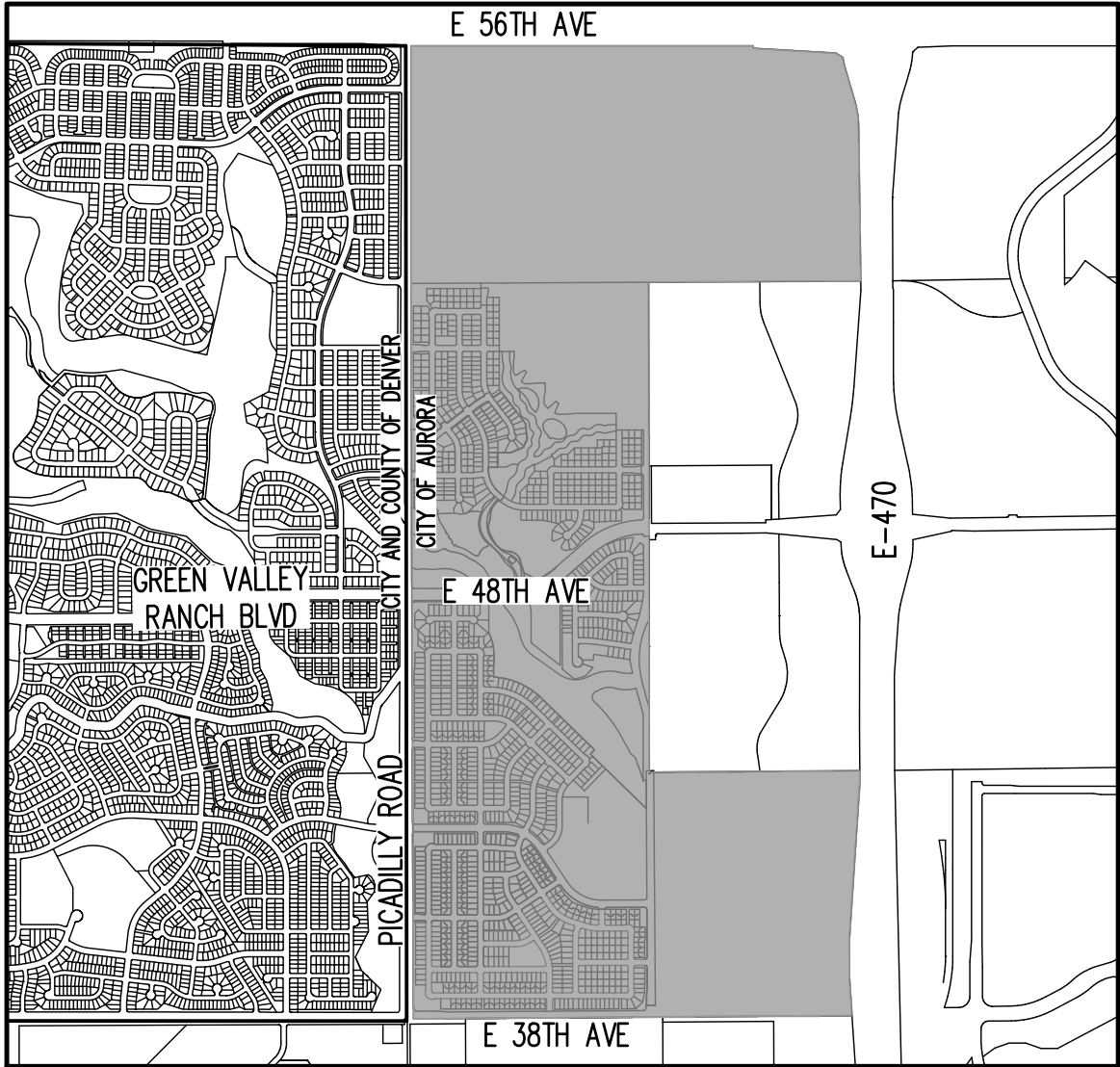
THENCE DEPARTING SAID SOUTHERLY LINE ALONG SAID EASTERLY RIGHT-OF-WAY, NORTH 00°01'58" WEST, A DISTANCE OF 2,646.91 FEET TO THE NORTHERLY LINE OF SAID NORTHWEST QUARTER OF SECTION 13;

THENCE DEPARTING SAID EASTERLY RIGHT-OF-WAY ALONG SAID NORTHERLY LINE, NORTH 89°39'00" EAST, A DISTANCE OF 2,562.89 FEET TO THE **POINT OF BEGINNING**.

**EXHIBIT B**

Aurora Vicinity Map

# VICINITY MAP



## CITY OF AURORA, COLORADO

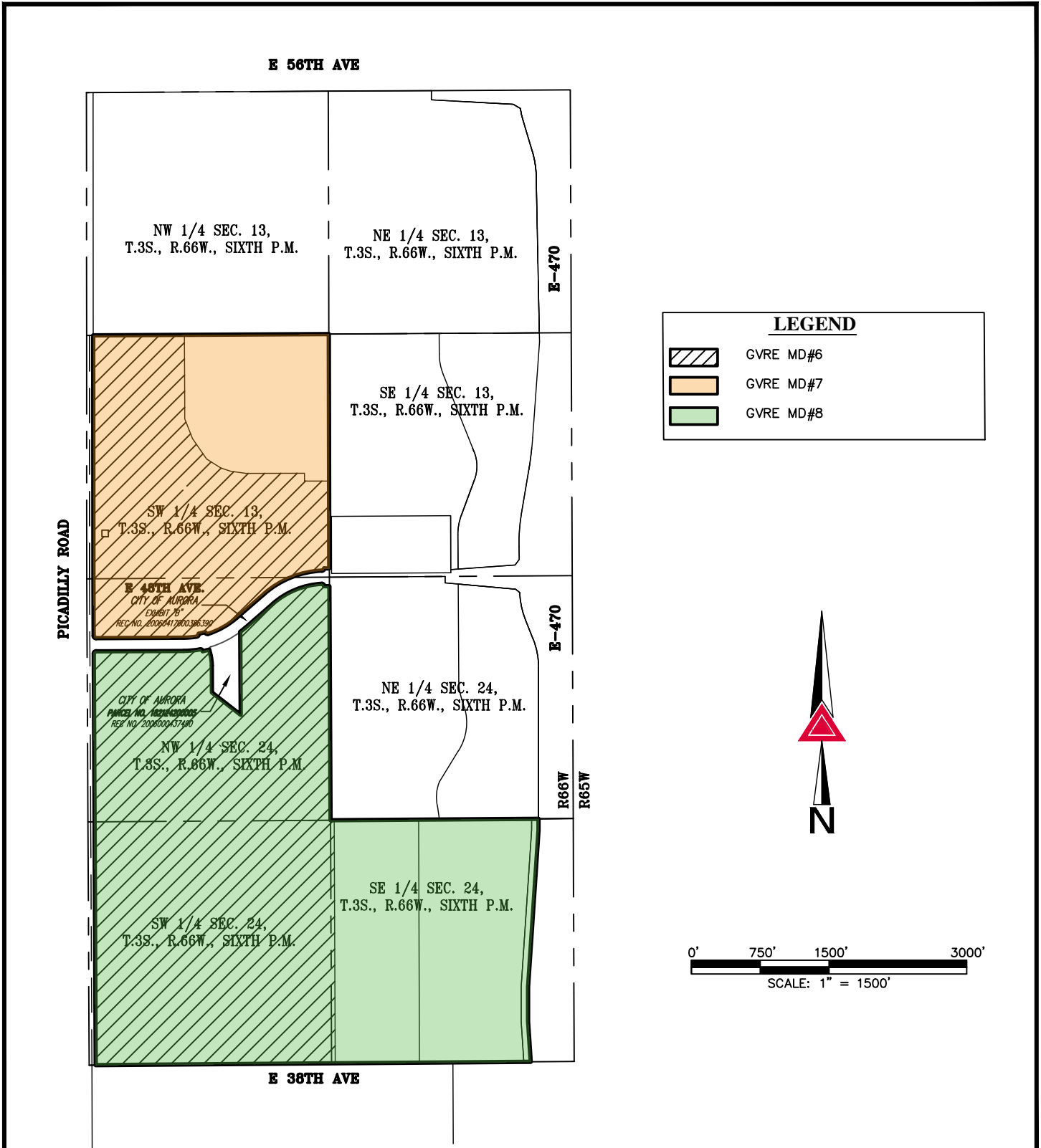
## GREEN VALLEY RANCH EAST DISTRICTS

DRAWN BY: DED	SCALE: 1"=1000'	R-O-W FILE NO.
CHECKED BY: DED	DATE: 5/12/2022	JOB NO. 19320-19

**EXHIBIT C-1**

Initial Districts Boundary Map

Green Valley Ranch East Metropolitan District No. 6-8  
Current Boundaries



NOTE: THIS DRAWING DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

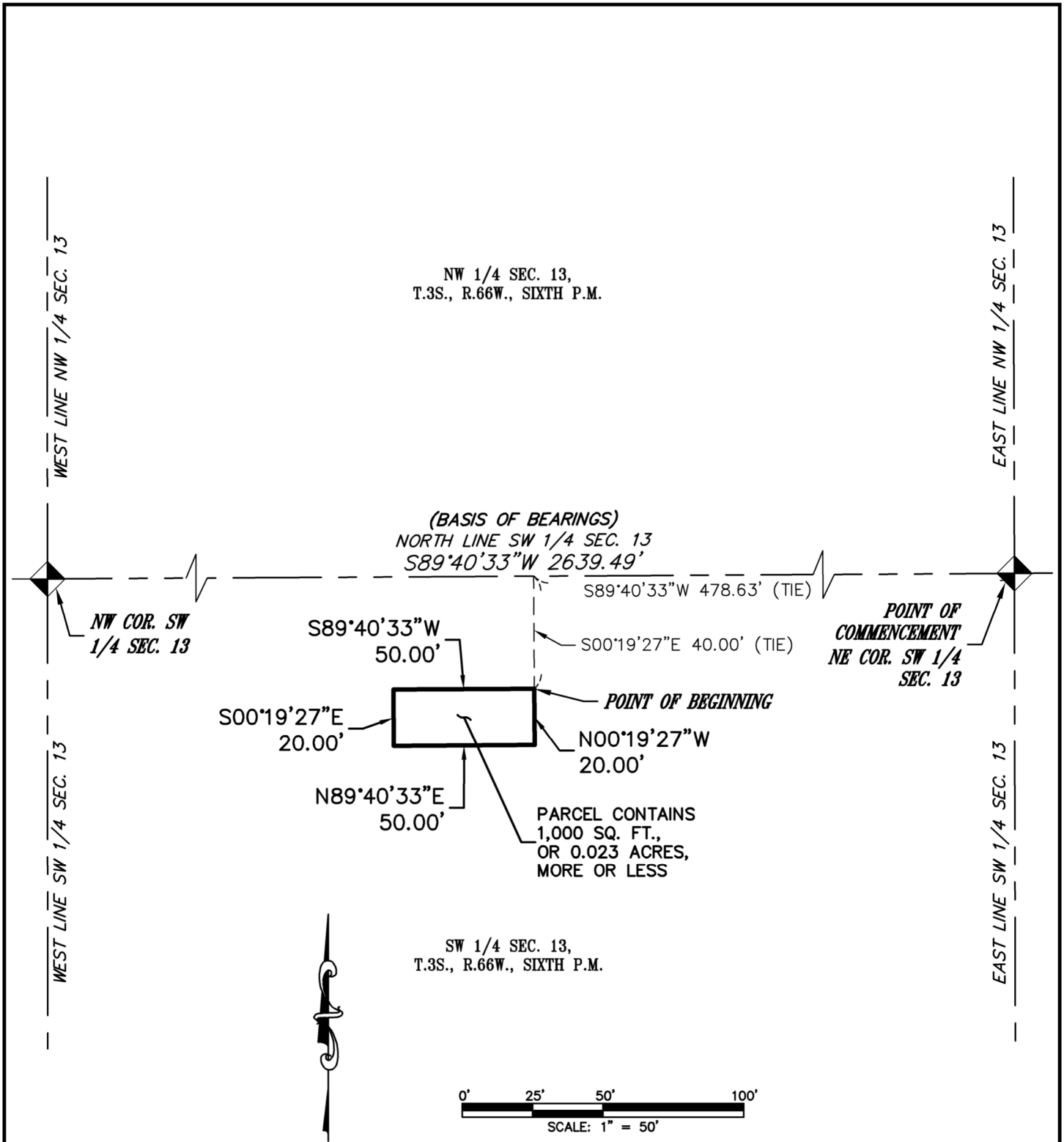
PATH: Q:19318-43\DWG\EXHIBITS\  
 DWG NAME: Overall GVRE Districts 6-8  
 DWG: DED CHK: DED  
 DATE: 2022-05-12  
 SCALE: 1" = 1500'

**AzTec**  
 Consultants, Inc.  
 300 East Mineral Ave,  
 Suite 1  
 Littleton, Colorado 80122  
 Phone: (303)713-1898  
 Fax: (303)713-1897  
[www.aztecconsultants.com](http://www.aztecconsultants.com)

**GVRE OVERALL DISTRICT 6-8**  
 W2, SE 1/4 SEC 24, SW 1/4 SEC 13, T3S, R66W, 6TH P.M.  
 ADAMS COUNTY, COLORADO  
 JOB NUMBER 19320-19 1 OF 1 SHEETS

Green Valley Ranch East Metropolitan District No. 9  
Initial Boundaries

ILLUSTRATION TO DESCRIPTION



NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

PATH: Q:\19320-19-GVRE Metro Dist\Draw\EXH  
 DWG NAME: AURORA 310 DIR PAR 9  
 DWG: RDS CHK: JRW  
 DATE: 04/28/2022  
 SCALE: 1" = 50'

**AZTEC**  
CONSULTANTS, INC.

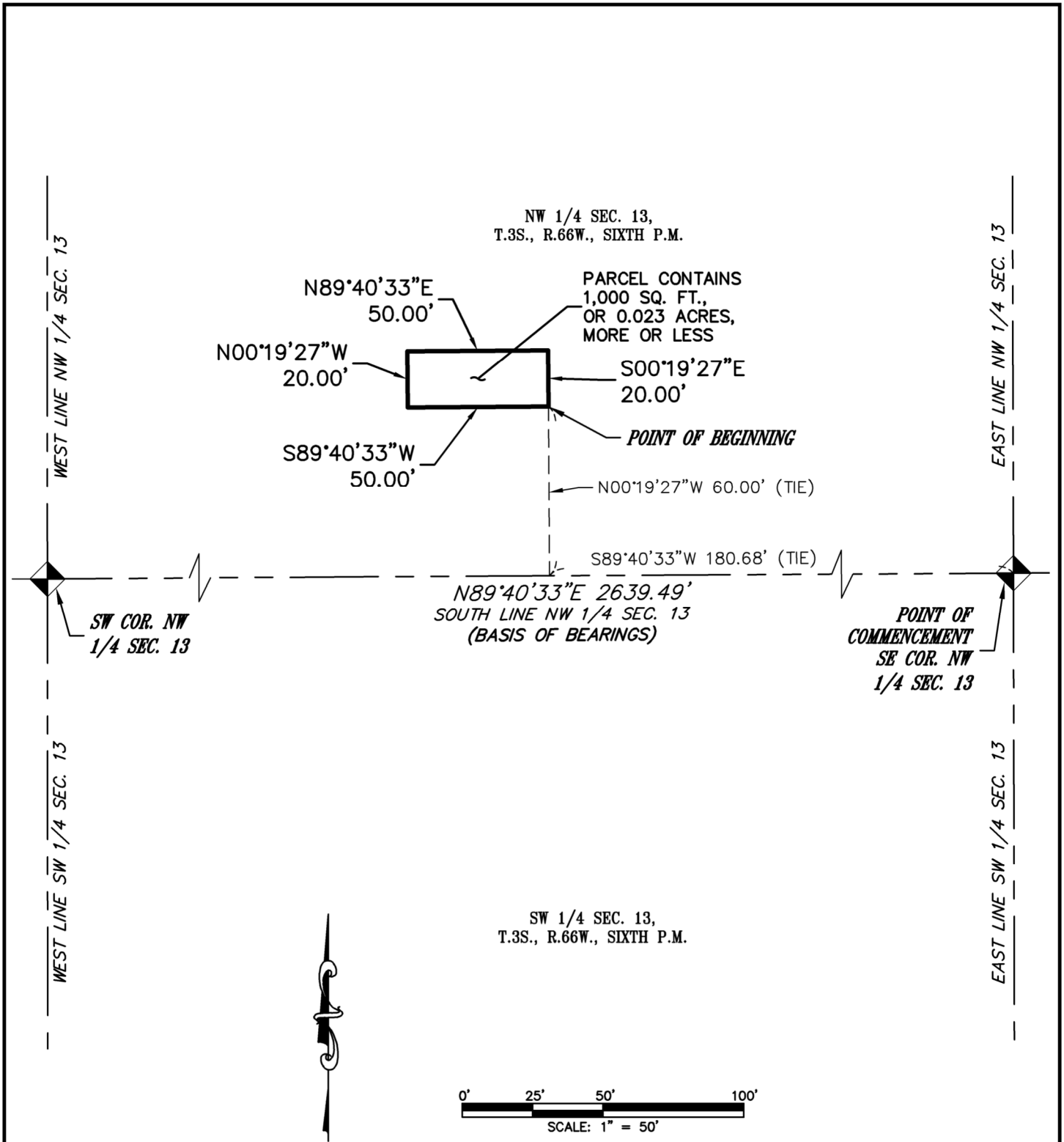
300 East Mineral Ave,  
Suite 1  
Littleton, Colorado 80122  
Phone: (303)713-1898  
Fax: (303)713-1897  
[www.aztecconsultants.com](http://www.aztecconsultants.com)

**DIRECTOR PARCEL 9**  
 SW 1/4 SEC. 13, T3S, R66W, 6TH P.M.  
 ADAMS COUNTY, COLORADO  
 JOB NUMBER 19320-19 2 OF 2 SHEETS

Green Valley Ranch East Metropolitan District No. 10

Initial Boundaries

ILLUSTRATION TO DESCRIPTION



NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

PATH: Q:\19320-19-GVRE Metro Dist\Draw\EXH  
 DWG NAME: AURORA 310 DIR PAR 5  
 DWG: RDS CHK: JRW  
 DATE: 04/28/2022  
 SCALE: 1" = 50'

**AZTEC**  
CONSULTANTS, INC.

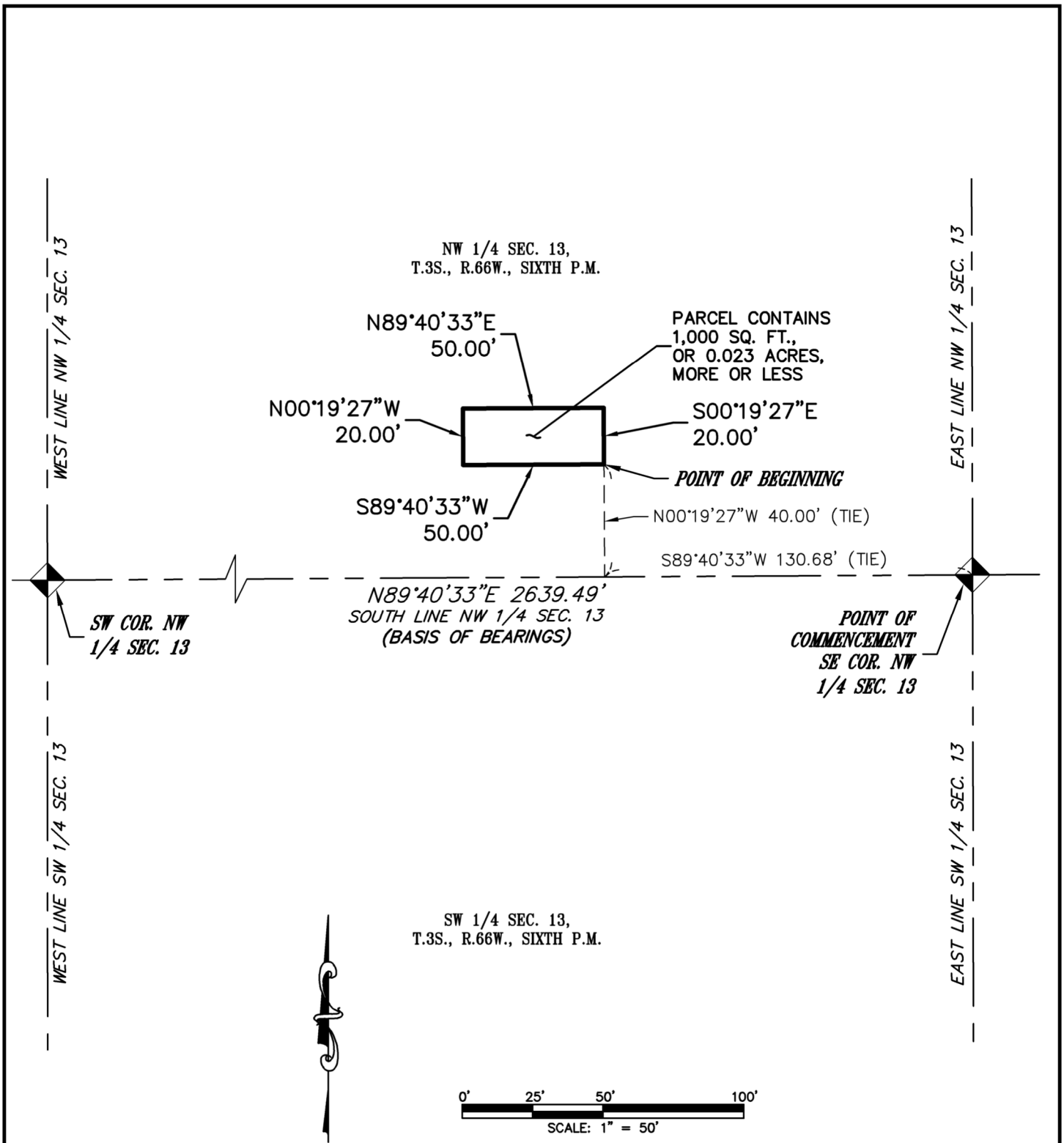
300 East Mineral Ave,  
Suite 1  
Littleton, Colorado 80122  
Phone: (303)713-1898  
Fax: (303)713-1897  
[www.aztecconsultants.com](http://www.aztecconsultants.com)

**DIRECTOR PARCEL 5**  
 NW 1/4 SEC. 13, T3S, R66W, 6TH P.M.  
 ADAMS COUNTY, COLORADO

JOB NUMBER 19320-19 2 OF 2 SHEETS



Green Valley Ranch East Metropolitan District No. 11  
Initial Boundaries



NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

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 DWG NAME: AURORA 310 DIR PAR 1  
 DWG: RDS CHK: JRW  
 DATE: 04/28/2022  
 SCALE: 1" = 50'

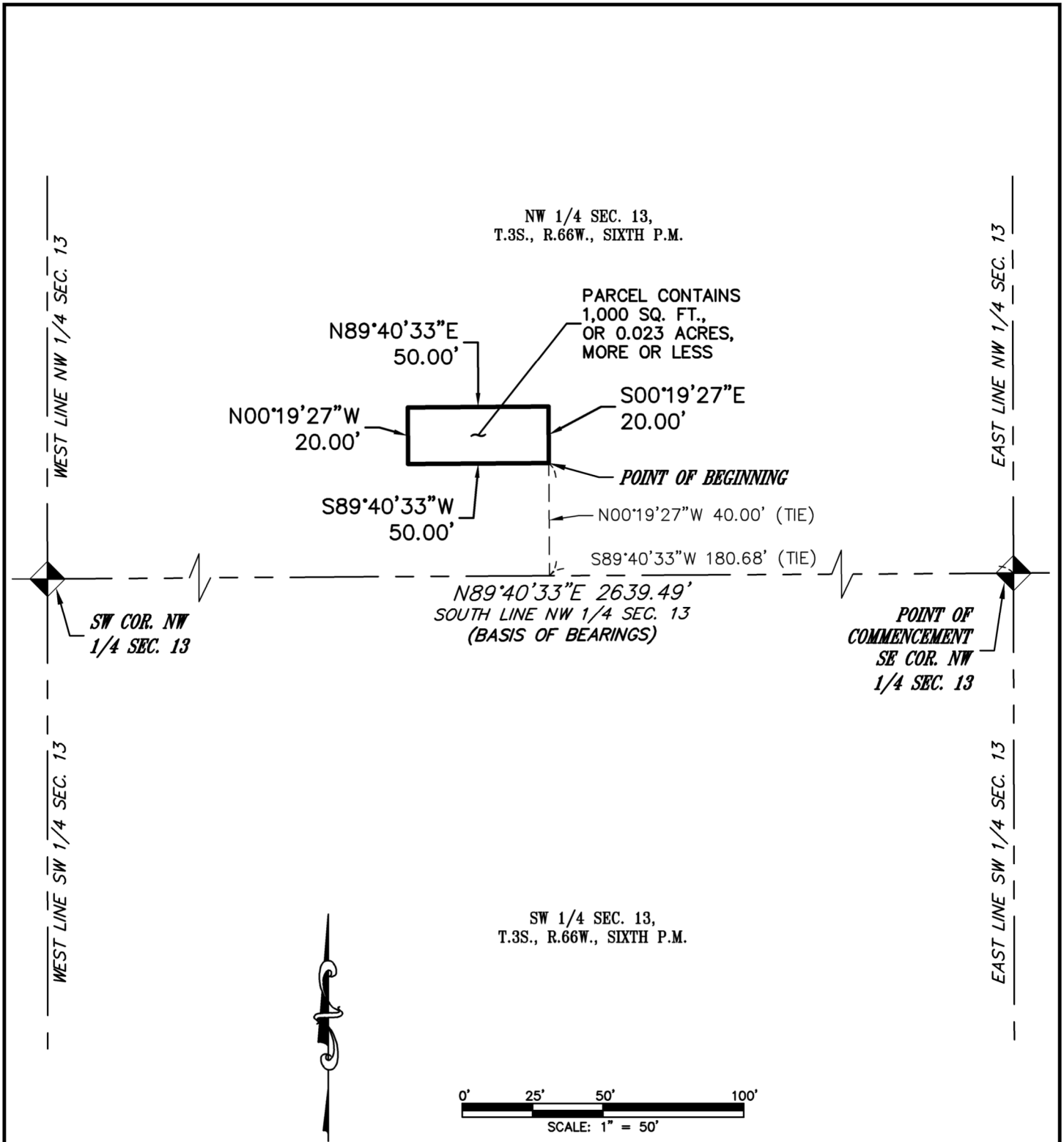
**AZTEC**  
CONSULTANTS, INC.

300 East Mineral Ave,  
Suite 1  
Littleton, Colorado 80122  
Phone: (303)713-1898  
Fax: (303)713-1897  
[www.aztecconsultants.com](http://www.aztecconsultants.com)

**DIRECTOR PARCEL 1**  
 NW 1/4 SEC. 13, T3S, R66W, 6TH P.M.  
 ADAMS COUNTY, COLORADO

JOB NUMBER 19320-19 2 OF 2 SHEETS

Green Valley Ranch East Metropolitan District No. 12  
Initial Boundaries



NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

PATH: Q:\19320-19-GVRE Metro Dist\Draw\EXH  
 DWG NAME: AURORA 310 DIR PAR 2  
 DWG: RDS CHK: JRW  
 DATE: 04/28/2022  
 SCALE: 1" = 50'

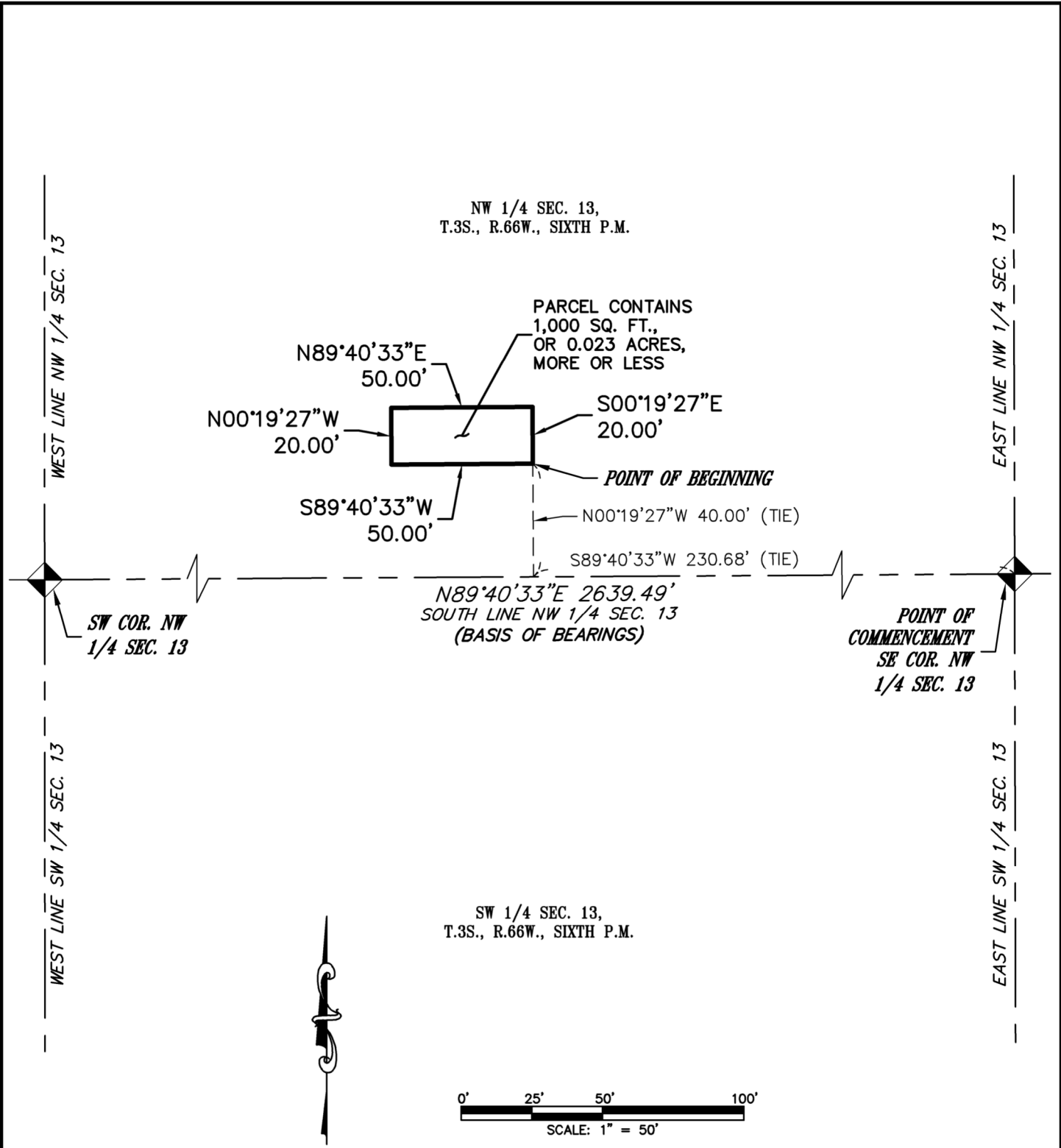
**AZTEC**  
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Littleton, Colorado 80122  
Phone: (303)713-1898  
Fax: (303)713-1897  
[www.aztecconsultants.com](http://www.aztecconsultants.com)

**DIRECTOR PARCEL 2**  
 NW 1/4 SEC. 13, T3S, R66W, 6TH P.M.  
 ADAMS COUNTY, COLORADO

JOB NUMBER 19320-19 2 OF 2 SHEETS

Green Valley Ranch East Metropolitan District No. 13  
Initial Boundaries  
**ILLUSTRATION TO DESCRIPTION**



NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

PATH: Q:\19320-19-GVRE Metro Dist\Draw\EXH  
DWG NAME: AURORA 310 DIR PAR 3  
DWG: RDS CHK: JRW  
DATE: 04/28/2022  
SCALE: 1" = 50'

**AZTEC**  
CONSULTANTS, INC.

300 East Mineral Ave,  
Suite 1  
Littleton, Colorado 80122  
Phone: (303)713-1898  
Fax: (303)713-1897  
[www.aztecconsultants.com](http://www.aztecconsultants.com)

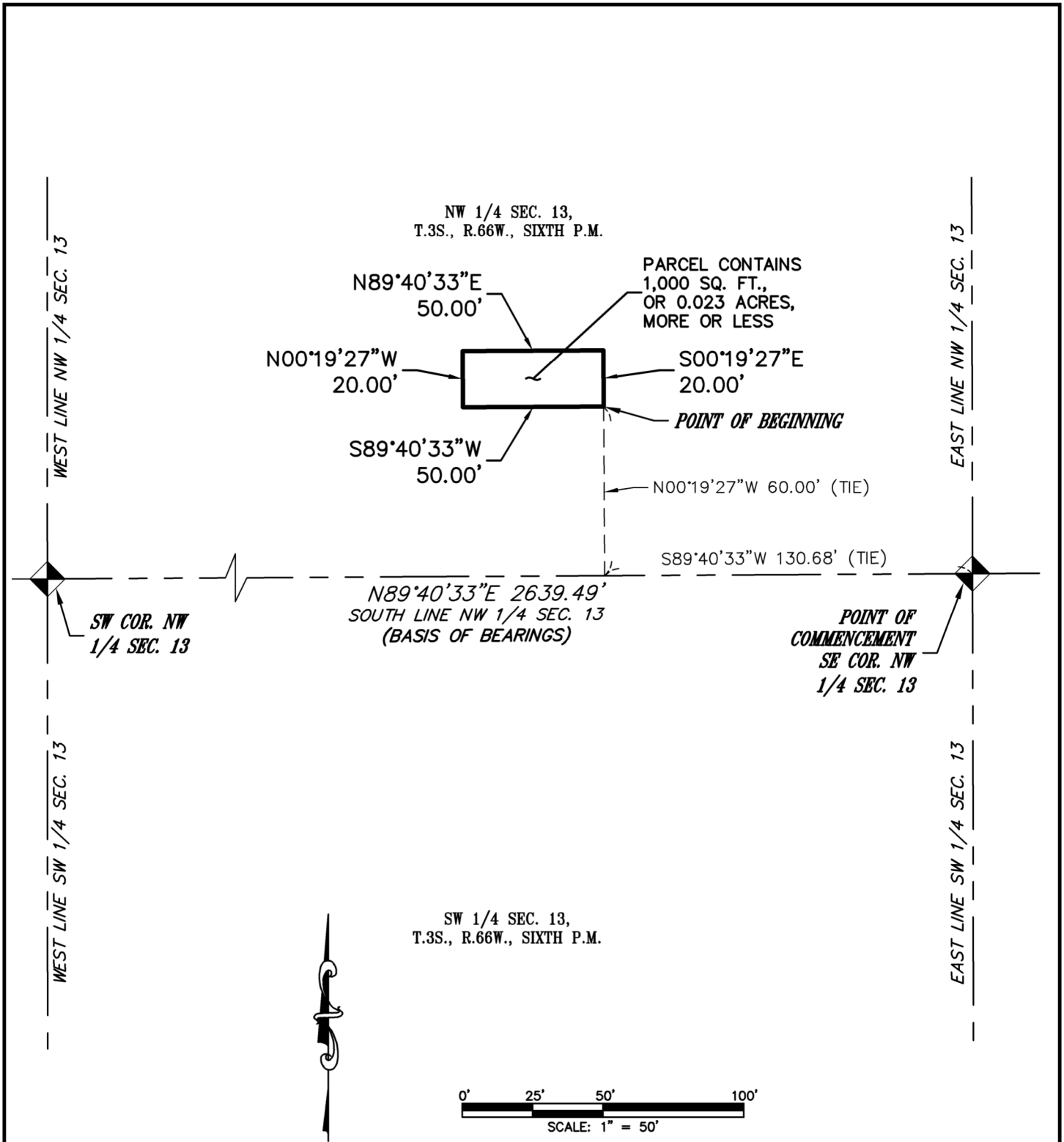
**DIRECTOR PARCEL 3**  
NW 1/4 SEC. 13, T3S, R66W, 6TH P.M.  
ADAMS COUNTY, COLORADO

JOB NUMBER 19320-19 2 OF 2 SHEETS

Green Valley Ranch East Metropolitan District No. 14

Initial Boundaries

ILLUSTRATION TO DESCRIPTION



NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

PATH: Q:\19320-19-GVRE Metro Dist\Draw\EXH  
 DWG NAME: AURORA 310 DIR PAR 4  
 DWG: RDS CHK: JRW  
 DATE: 04/28/2022  
 SCALE: 1" = 50'

**AZTEC**  
CONSULTANTS, INC.

300 East Mineral Ave,  
Suite 1  
Littleton, Colorado 80122  
Phone: (303)713-1898  
Fax: (303)713-1897  
[www.aztecconsultants.com](http://www.aztecconsultants.com)

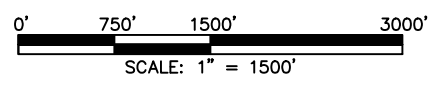
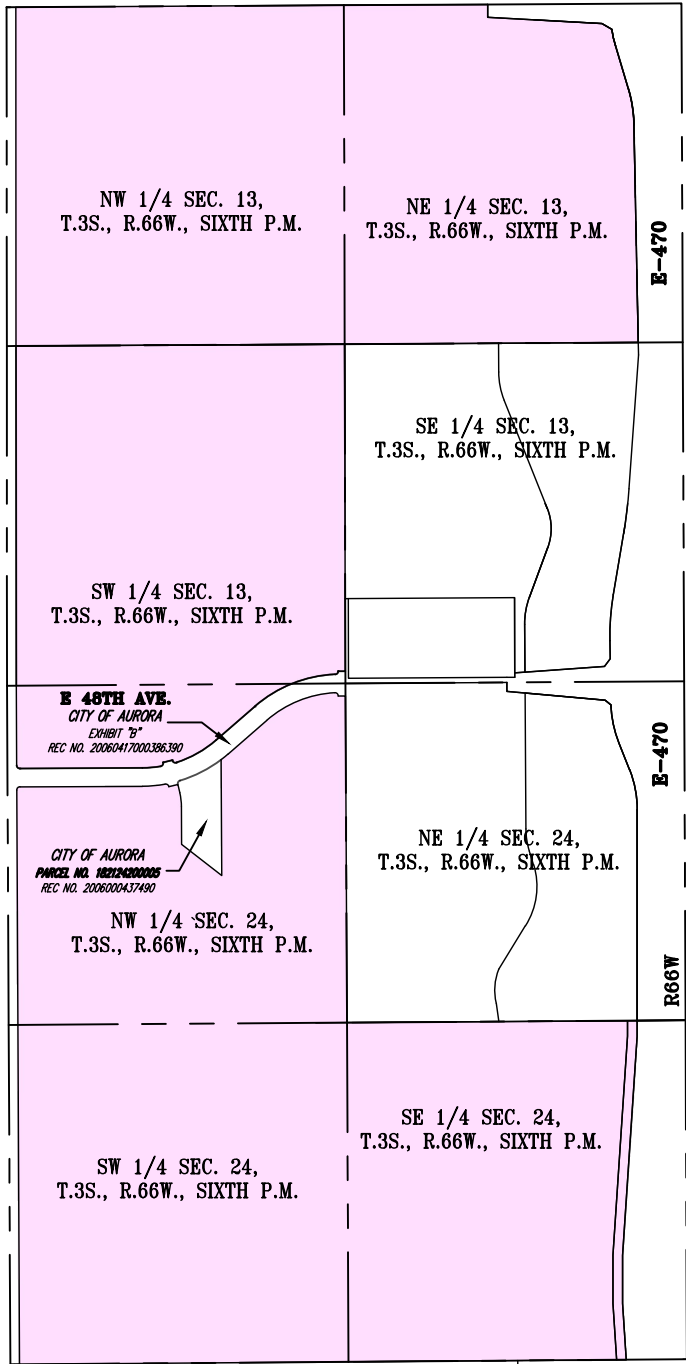
**DIRECTOR PARCEL 4**  
 NW 1/4 SEC. 13, T3S, R66W, 6TH P.M.  
 ADAMS COUNTY, COLORADO

JOB NUMBER 19320-19 2 OF 2 SHEETS

**EXHIBIT C-2**

Inclusion Area Boundary Map

**E 56TH AVE**



NOTE: THIS DRAWING DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

PATH: Q:19318-43\DWG\EXHIBITS\  
 DWG NAME: Overall GVRE Districts 6-8  
 DWG: DED CHK: DED  
 DATE: 2022-05-12  
 SCALE: 1" = 1500'

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 Consultants, Inc.  
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 Littleton, Colorado 80122  
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 Fax: (303)713-1897  
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**GVRE INCLUSION AREA MAP**  
 N 1/2 & SW 1/4 SEC 13, W 1/2 & SE 1/4 SEC. 24 T3S, R66W, 6TH P.M.  
 ADAMS COUNTY, COLORADO  
 JOB NUMBER 19320-19 1 OF 1 SHEETS

**EXHIBIT D**

Notice of Special District Disclosure

## EXHIBIT D

### Notice of Special District Disclosure

**ATTENTION HOMEBUYER:** You are purchasing a home that is located within *[District name]* **Metropolitan District**. This District has the authority to issue bonds or other debt to pay for development improvements and levy taxes and fees on all properties within the District for debt repayment and ongoing operations and maintenance.

Name of District:	<i>[District name]</i> Metropolitan District
Contact Information for District:	
District Website:	
District Boundaries:	See attached map.
Purpose of the District:	Metropolitan district organized pursuant to C.R.S. § 32-1-101 et seq. The District was created to assist with the planning, design, acquisition, construction, installation, operation, maintenance, relocation, and financing of certain public improvements serving the <i>[project name]</i> located the City of Aurora, Colorado and described further in the District’s Service Plan.  A copy of the District’s Service Plan can be found on the District’s website or by contacting the District at the District contact information above.
Authorized Types of District Taxes:	<b>Debt Mill Levy</b> and <b>Operations and Maintenance Mill Levy</b> These mill levies result in taxes you will owe to the District and are described further below.
District’s Total Debt Issuance Authorized per District’s Service Plan:	\$
District Improvements Financed by Debt:	The District intends to, or has already issued debt to pay for <i>[list major Public Improvement categories, and where appropriate identify specific improvements by name (i.e. specific roads, parks, etc.)]</i>
<b>Maximum Debt Mill Levy</b> that may be levied annually on properties within the District to pay back debt:	Maximum Debt Mill Levy: 50.000 Mills  The Maximum Debt Mill Levy may adjust based on changes in the residential assessment ratio occurring after January 1, 2004.  <i>[depending on service plan amendments, add info about the Board potentially being able to change the Debt Mill Levy]</i>
Ongoing Operations and Maintenance Services of the District:	The District intends to impose an Operations and Maintenance Mill Levy to pay for <i>[list eligible ongoing administration, operating and maintenance</i>



	<i>obligations]</i>
<b>District Fees:</b>	<i>[For transparency, District should indicate that the Board may choose to impose operations and maintenance fees in the future]</i>
<b>Other Taxing Entities to which you will pay taxes to:</b>	<i>[List all taxing entities and current mill levies within the District Boundaries as identified by the County Assessor]</i>

**Sample Calculation of Taxes Owed for a Residential Property within the District:**

**Assumptions:**

Average market value of home in District is \$\_\_\_\_\_ Debt Mill Levy is 50 mills  
 Operations and Maintenance Mill Levy is \_\_\_\_\_mills  
**Total Metropolitan District mill levies = 60 mills**

**Calculation of Metropolitan District Taxes:**

\$\_\_\_\_\_ x .0715 = \$\_\_\_\_\_ (Assessed Valuation)  
 \$\_\_\_\_\_ x .060 mills = \$\_\_\_\_\_ per year in taxes owed solely to the Metro District

**Total Additional Mill Levies from Other Taxing Entities:** \_\_\_\_\_ mills = \$\_\_\_\_\_ annual taxes

**TOTAL [YEAR] PROPERTY TAXES FOR A HOME COSTING \$\_\_\_\_\_ = \$\_\_\_\_\_**

-----  
**THIS ESTIMATE ONLY PROVIDES AN ILLUSTRATION OF THE AMOUNT OF THE NEW PROPERTY TAXES THAT MAY BE DUE AND OWING AFTER THE PROPERTY HAS BEEN REASSESSED AND, IN SOME INSTANCES, RECLASSIFIED AS RESIDENTIAL PROPERTY. THIS ESTIMATE IS NOT A STATEMENT OF THE ACTUAL AND FUTURE TAXES THAT MAY BE DUE. FIRST YEAR PROPERTY TAXES MAY BE BASED ON A PREVIOUS YEAR'S TAX CLASSIFICATION, WHICH MAY NOT INCLUDE THE FULL VALUE OF THE PROPERTY AND, CONSEQUENTLY, TAXES MAY BE HIGHER IN SUBSEQUENT YEARS. A SELLER HAS COMPLIED WITH THIS DISCLOSURE STATEMENT AS LONG AS THE DISCLOSURE IS BASED UPON A GOOD-FAITH EFFORT TO PROVIDE ACCURATE ESTIMATES AND INFORMATION.**

**ACKNOWLEDGED AND AGREED TO BY BUYER:**

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT E**

**Intergovernmental Agreement between the Districts and Aurora**

**INTERGOVERNMENTAL AGREEMENT BETWEEN**

**THE CITY OF AURORA, COLORADO**

**AND**

**GREEN VALLEY RANCH EAST METROPOLITAN DISTRICT NOS. 9,  
10, 11, 12, 13 and 14**

THIS AGREEMENT is made and entered into as of this\_ day of \_\_\_\_\_ 20\_\_\_\_  
22, by and between the CITY OF AURORA, a home-rule municipal corporation of the State of Colorado ("City"), and the GREEN VALLEY RANCH EAST METROPOLITAN DISTRICT NOS. 9, 10, 11, 12, 13 and 14, 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' Consolidated Second Amended and Restated Service Plan approved by the City on \_\_\_\_\_ ("Second Amended and Restated Service Plan"); and

WHEREAS, the Second Amended and Restated Service Plan makes 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 Second Amended and Restated 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 to operate and maintain any Public Improvements that have not been dedicated for operation and maintenance to another entity.

The District shall be authorized, but not obligated to, operate and maintain park and recreation improvements without an intergovernmental agreement with the City, provided that 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 the District's 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 shall be open to the general public and Non-District City residents free of charge.

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 Second Amended and Restated 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 (as defined within the Second Amended and Restated Service Plan) without the prior written consent of the City. The Districts shall not include within any of their 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. Any and all property included within the Districts' boundaries shall be deemed to be included within the Service Area.

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, without the prior consent of the City, 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 Second Amended and Restated 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.

10. Total Debt Issuance. Each of the Districts shall not issue Debt in excess of Four Billion Dollars (\$4,000,000,000).

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 Second Amended and Restated 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. A District 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 one or more of the Green Valley Ranch East Metropolitan District Nos. 6, 7, 8, 9, 10, 11, 12, 13 or 14.

15. Bankruptcy. All of the limitations contained in this Second Amended and Restated 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 Second Amended and Restated 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 Second Amended and Restated 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. Website. When a District is required to have a website in accordance with the requirements of C.R.S. Section 32-1- 104.5, the District shall establish, maintain and annually update a public website or provide information on a shared community website, on which the District will timely post all information and documents required by C.R.S. § 32-1- 104.5.

17. 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.

18. Disclosure to Purchasers. The Districts 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.

19. 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 Second Amended and Restated Service Plan shall be deemed to be material modifications to the Second Amended and Restated Service Plan and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the Districts.

20. Multiple District Structure. It is anticipated that the Districts, collectively, will undertake the financing and construction of the improvements contemplated herein. Specifically, the Districts, with AACMD, shall enter into one or more Intergovernmental Agreements which shall govern the relationships between and among the Districts with respect to the financing, construction and operation of the improvements contemplated herein. The Districts, with the AACMD, will establish a mechanism whereby any one or more of the Districts may separately or cooperatively fund, construct, install and operate the improvements.

The Districts shall have the authority to enter into agreements which shall govern the relationships between and among the Districts and additional Title 32 districts with respect to the financing, construction and operation of the improvements

contemplated herein, including, but not limited to, the AACMD, The Aurora Highlands Metropolitan District Nos. 1, 2 and 3, and Green Valley Aurora Metropolitan District No. 1.

21. 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 Second Amended and Restated Service Plan.

22. Regional Improvements. The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment and a contribution to the funding of the Regional Improvements and fund the administration and overhead costs related to the provisions of the Regional Improvements incurred as a result of the AACMD entering into the ARTA Establishment Agreement or the Regional Intergovernmental Improvements Agreement described below.

23. In that regard, the City, Adams County and the AACMD entered into the ARTA Establishment Agreement to form the ARTA on February 27, 2018, as supplemented by that First Supplement to the Establishment Agreement.

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

(a) If the ARTA Mill Levy in any tax collection year is less than 5 mills (as adjusted by the Assessment Rate Adjustment), the ARI Mill Levy revenue shall be deposited by the Districts with the AACMD (or as directed by AACMD) and shall only be spent pursuant to a Regional Intergovernmental Improvements Agreement.

(b) 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 the AACMD's participation in Agreements with the City and the ARTA, 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.

(c) The Districts shall cease to be obligated to impose, collect and convey the revenue from the ARI Mill Levy described in Section VI of the Second Amended and Restated 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.

(d) 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:

(e) 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 Second Amended and Restated Service Plan, subject to the Assessment Rate Adjustment.

(f) 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.

(g) For purposes of the foregoing, once Debt has been determined to be within Section VII.C.2 of the Second Amended and Restated 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 32-1-110 I, 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.

24. 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 Second Amended and Restated 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 fifty (50) 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.

25. 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:           Green Valley Ranch East Metropolitan District  
Nos. 9, 10, 11, 12, 13, and 14  
c/o Icenogle Seaver Pogue P.C.  
4725 S. Monaco Street, Suite 360  
Denver, Colorado 80237  
Attn: Jennifer L. Ivey  
Phone: (303) 292-9100  
Fax: (303) 292-9101

To the City:                City of Aurora  
15151 E. Alameda Pkwy., 5th Floor  
Aurora, CO 80012  
Attn: Daniel L. Brotzman, 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.

26. 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 Second Amended and Restated Service Plan.

27. 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.

28. 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 in such proceeding shall be entitled to obtain as part of its judgment or award its reasonable attorneys' fees.

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

30. 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.

31. 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.

32. 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.

33. 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.

34. 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.

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

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

**SIGNATURE PAGES TO INTERGOVERNMENTAL AGREEMENT**

GREEN VALLEY RANCH EAST  
METROPOLITAN DISTRICT NO. 9

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

Attest:

\_\_\_\_\_  
Secretary

GREEN VALLEY RANCH EAST  
METROPOLITAN DISTRICT NO. 10

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

Attest:

\_\_\_\_\_  
Secretary

GREEN VALLEY RANCH EAST  
METROPOLITAN DISTRICT NO. 11

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

Attest:

\_\_\_\_\_  
Secretary

GREEN VALLEY RANCH EAST  
METROPOLITAN DISTRICT NO. 12

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

Attest:

\_\_\_\_\_  
Secretary

GREEN VALLEY RANCH EAST  
METROPOLITAN DISTRICT NO. 13

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

Attest:

\_\_\_\_\_  
Secretary

GREEN VALLEY RANCH EAST  
METROPOLITAN DISTRICT NO. 14

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

Attest:

\_\_\_\_\_  
Secretary

CITY OF AURORA, COLORADO

By: \_\_\_\_\_  
MIKE COFFMAN, Mayor

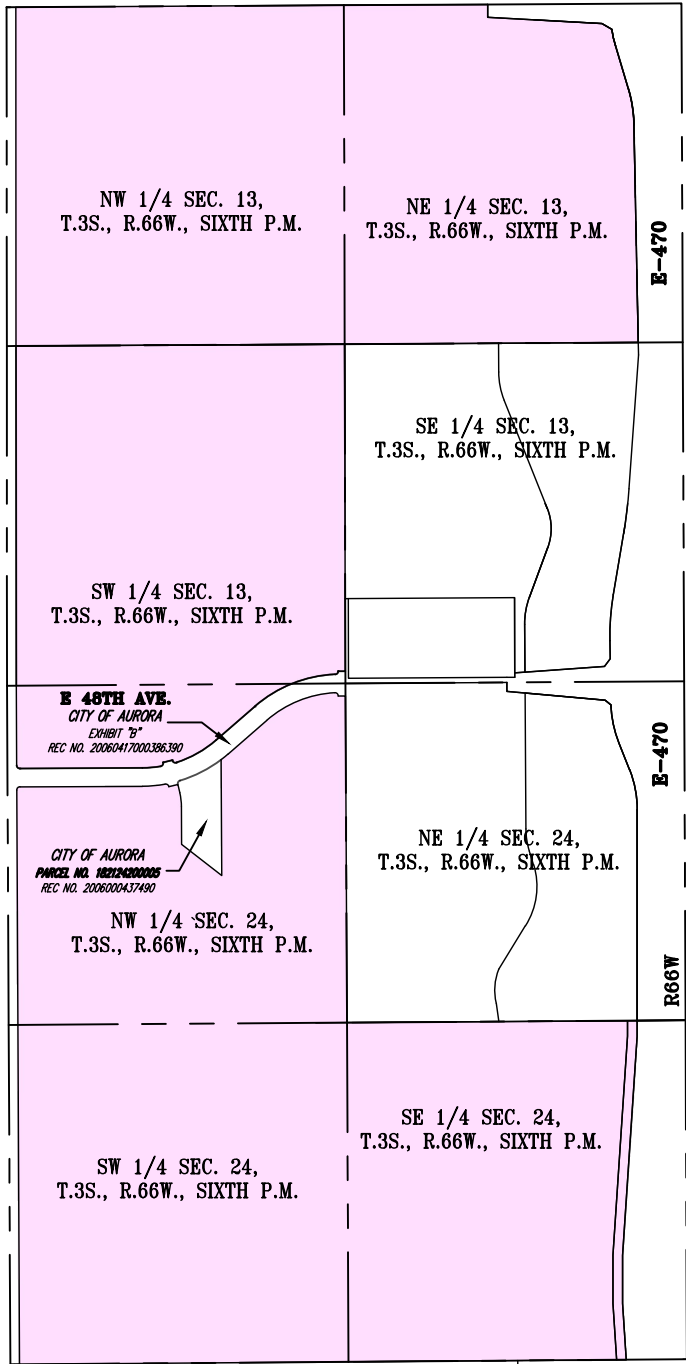
ATTEST:

\_\_\_\_\_  
KADEE RODRIGUEZ, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
BRIAN J. RULLA, Assistant City Attorney

**E 56TH AVE**



PICADILLY ROAD

**E 48TH AVE.**  
CITY OF AURORA  
EXHIBIT "B"  
REC NO. 20060417000386390

CITY OF AURORA  
PARCEL NO. 182124300005  
REC NO. 2006000437490

NW 1/4 SEC. 24,  
T.3S., R.66W., SIXTH P.M.

SW 1/4 SEC. 24,  
T.3S., R.66W., SIXTH P.M.

NW 1/4 SEC. 13,  
T.3S., R.66W., SIXTH P.M.

NE 1/4 SEC. 13,  
T.3S., R.66W., SIXTH P.M.

SE 1/4 SEC. 13,  
T.3S., R.66W., SIXTH P.M.

NE 1/4 SEC. 24,  
T.3S., R.66W., SIXTH P.M.

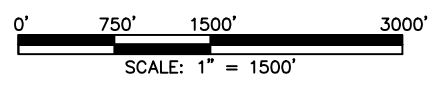
SE 1/4 SEC. 24,  
T.3S., R.66W., SIXTH P.M.

E-470

E-470

R66W  
R65W

**E 38TH AVE**



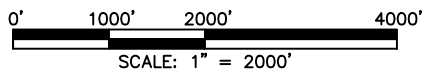
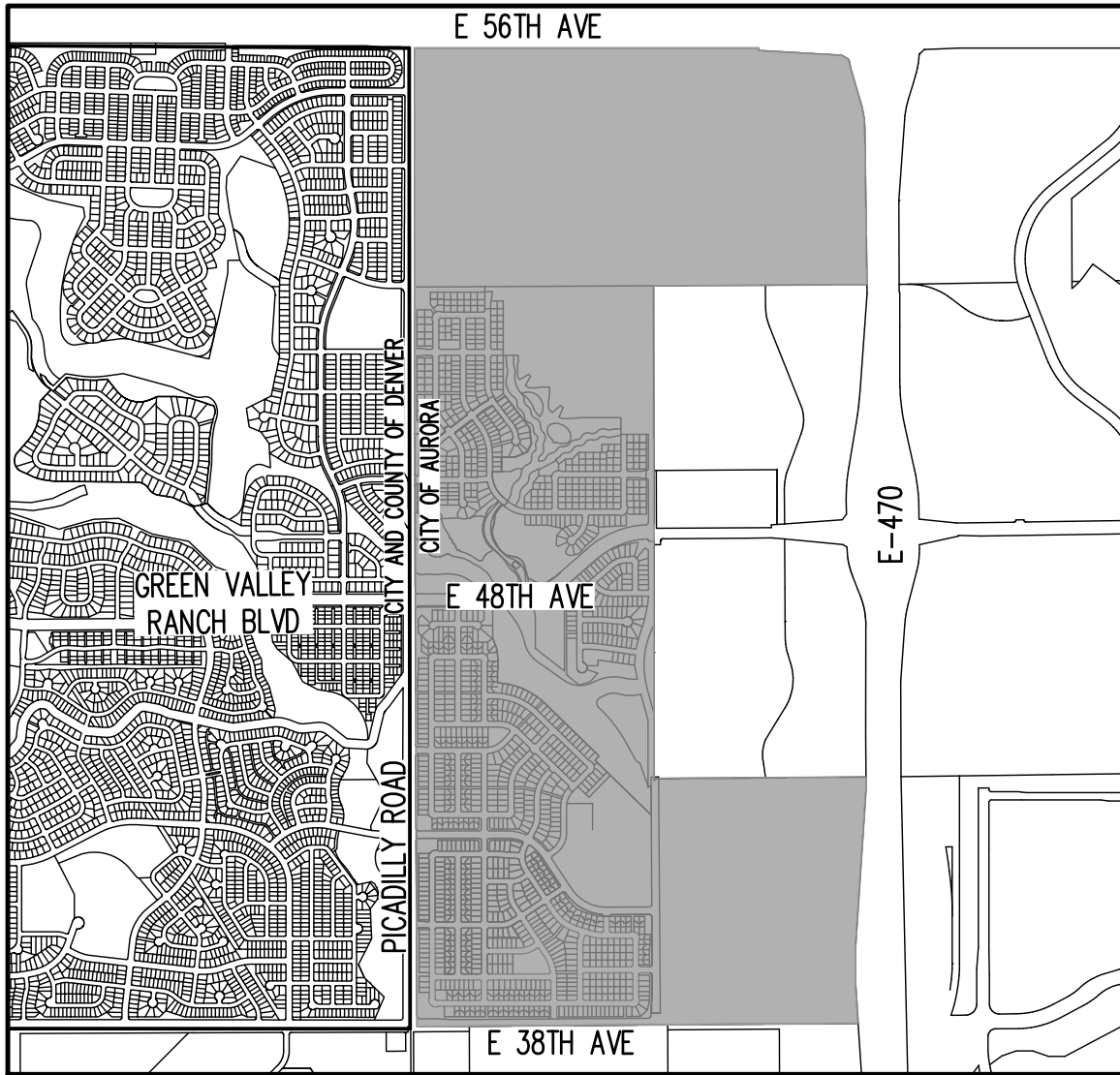
NOTE: THIS DRAWING DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

PATH: Q:19318-43\DWG\EXHIBITS\  
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 DWG: DED CHK: DED  
 DATE: 2022-05-12  
 SCALE: 1" = 1500'

**AzTec**  
Consultants, Inc.  
300 East Mineral Ave,  
Suite 1  
Littleton, Colorado 80122  
Phone: (303)713-1898  
Fax: (303)713-1897  
[www.aztecconsultants.com](http://www.aztecconsultants.com)

**GVRE INCLUSION AREA MAP**  
 N 1/2 & SW 1/4 SEC 13, W 1/2 & SE 1/4 SEC. 24 T3S, R66W, 6TH P.M.  
 ADAMS COUNTY, COLORADO  
 JOB NUMBER 19320-19 1 OF 1 SHEETS

# VICINITY MAP

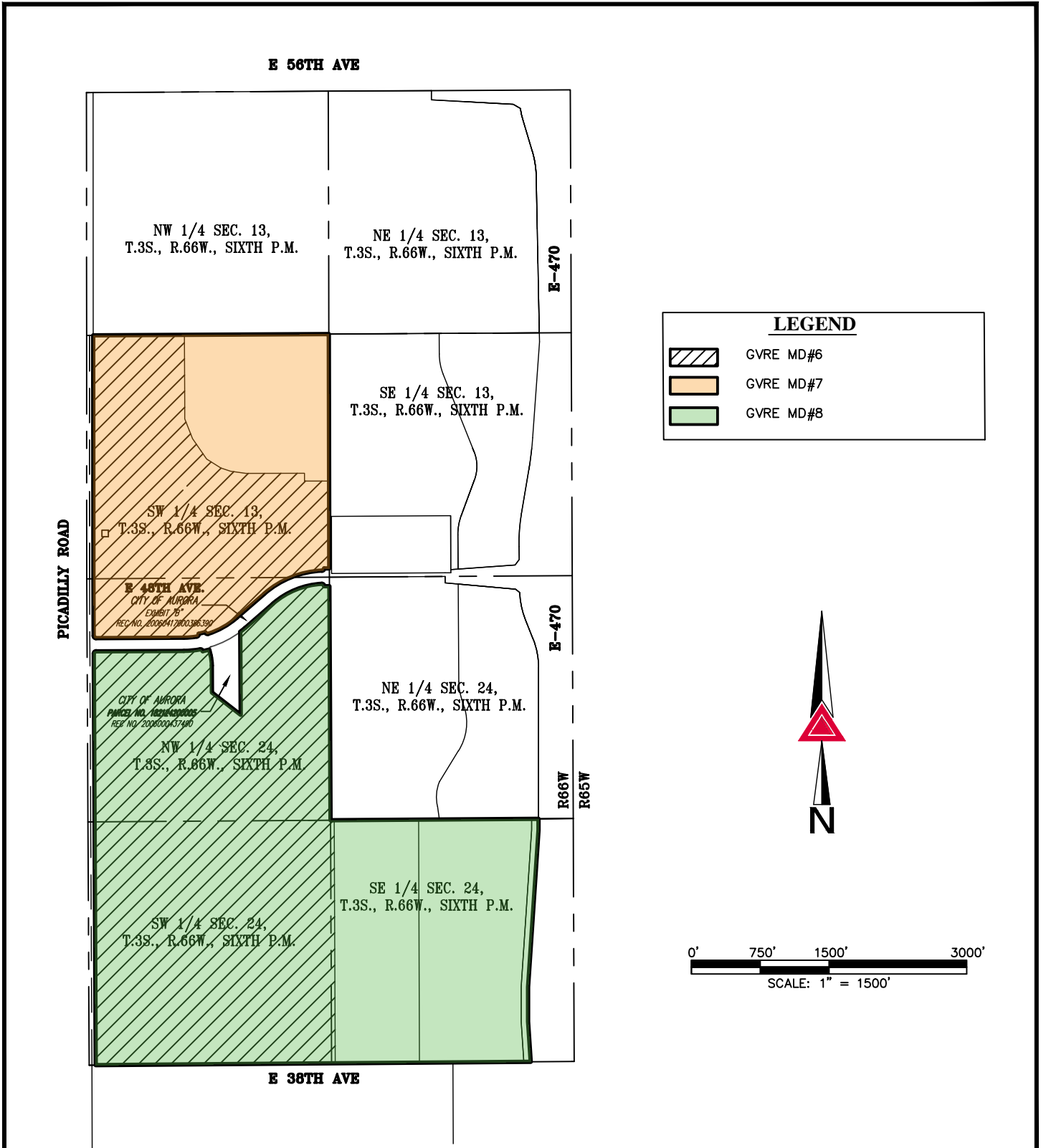


## CITY OF AURORA, COLORADO

## GREEN VALLEY RANCH EAST DISTRICTS

DRAWN BY: DED	SCALE: 1"=1000'	R-O-W FILE NO.
CHECKED BY: DED	DATE: 5/12/2022	JOB NO. 19320-19

Green Valley Ranch East Metropolitan District No. 6-8  
Current Boundaries



NOTE: THIS DRAWING DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

PATH: Q:19318-43\DWG\EXHIBITS\  
DWG NAME: Overall GVRE Districts 6-8  
DWG: DED CHK: DED  
DATE: 2022-05-12  
SCALE: 1" = 1500'



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Littleton, Colorado 80122  
Phone: (303)713-1898  
Fax: (303)713-1897  
[www.aztecconsultants.com](http://www.aztecconsultants.com)

**GVRE OVERALL DISTRICT 6-8**  
W2, SE 1/4 SEC 24, SW 1/4 SEC 13, T3S, R66W, 6TH P.M.  
ADAMS COUNTY, COLORADO

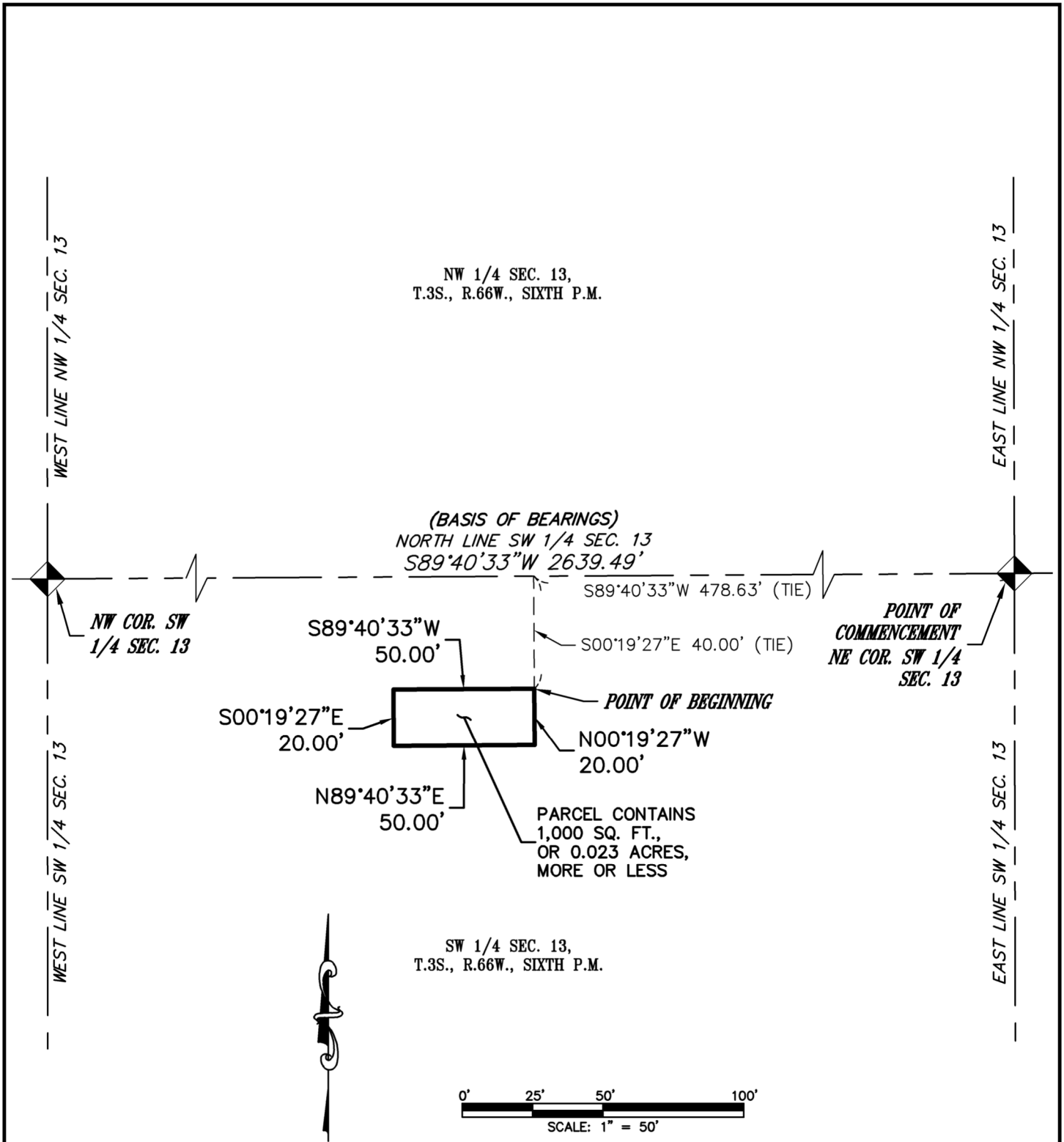
JOB NUMBER 19320-19

1 OF 1 SHEETS



Green Valley Ranch East Metropolitan District No. 9  
Initial Boundaries

ILLUSTRATION TO DESCRIPTION



NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

PATH: Q:\19320-19-GVRE Metro Dist\Draw\EXH  
DWG NAME: AURORA 310 DIR PAR 9  
DWG: RDS CHK: JRW  
DATE: 04/28/2022  
SCALE: 1" = 50'

**AZTEC**  
CONSULTANTS, INC.

300 East Mineral Ave,  
Suite 1  
Littleton, Colorado 80122  
Phone: (303)713-1898  
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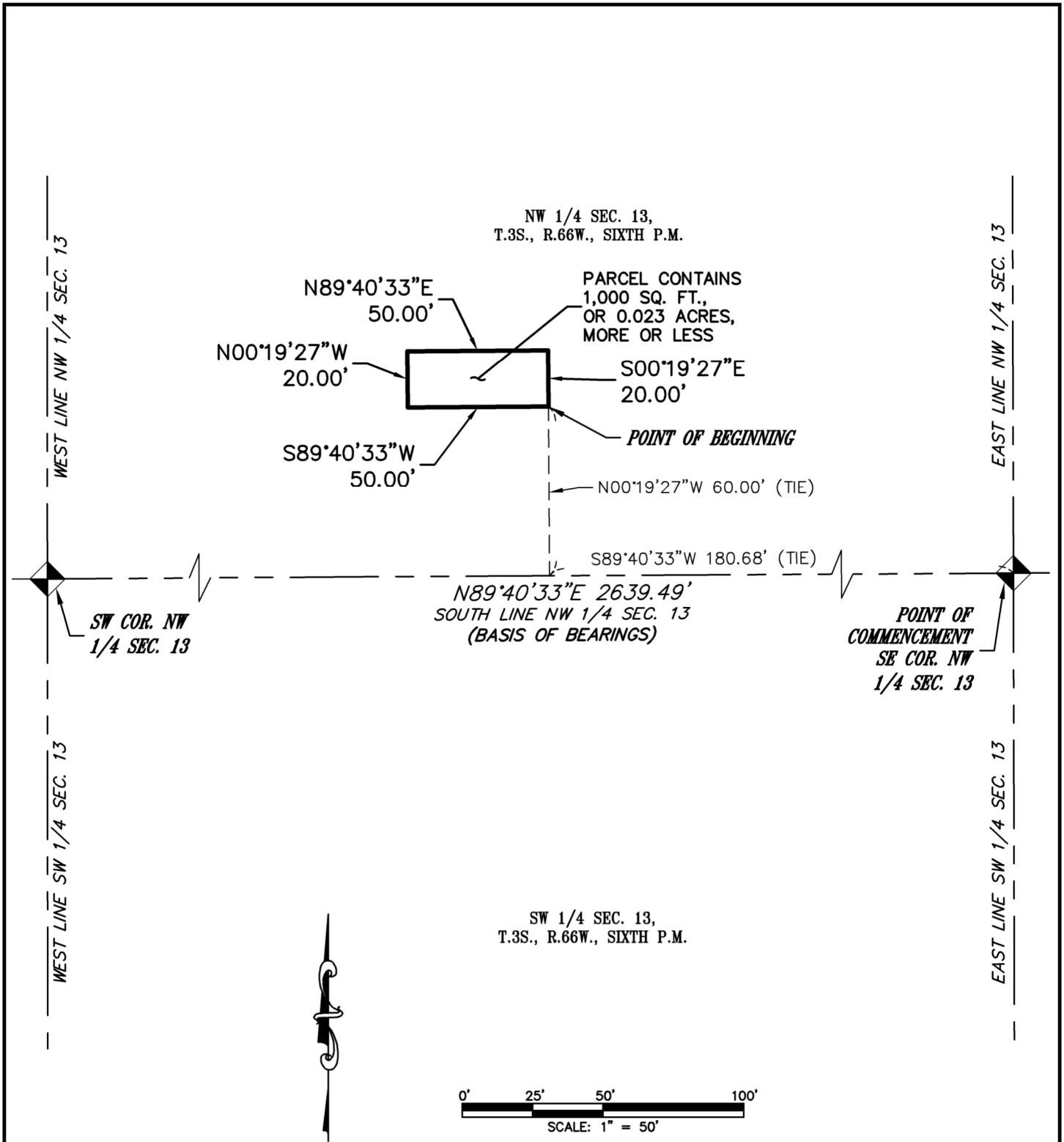
**DIRECTOR PARCEL 9**  
SW 1/4 SEC. 13, T3S, R66W, 6TH P.M.  
ADAMS COUNTY, COLORADO

JOB NUMBER 19320-19 2 OF 2 SHEETS

Green Valley Ranch East Metropolitan District No. 10

Initial Boundaries

ILLUSTRATION TO DESCRIPTION



NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

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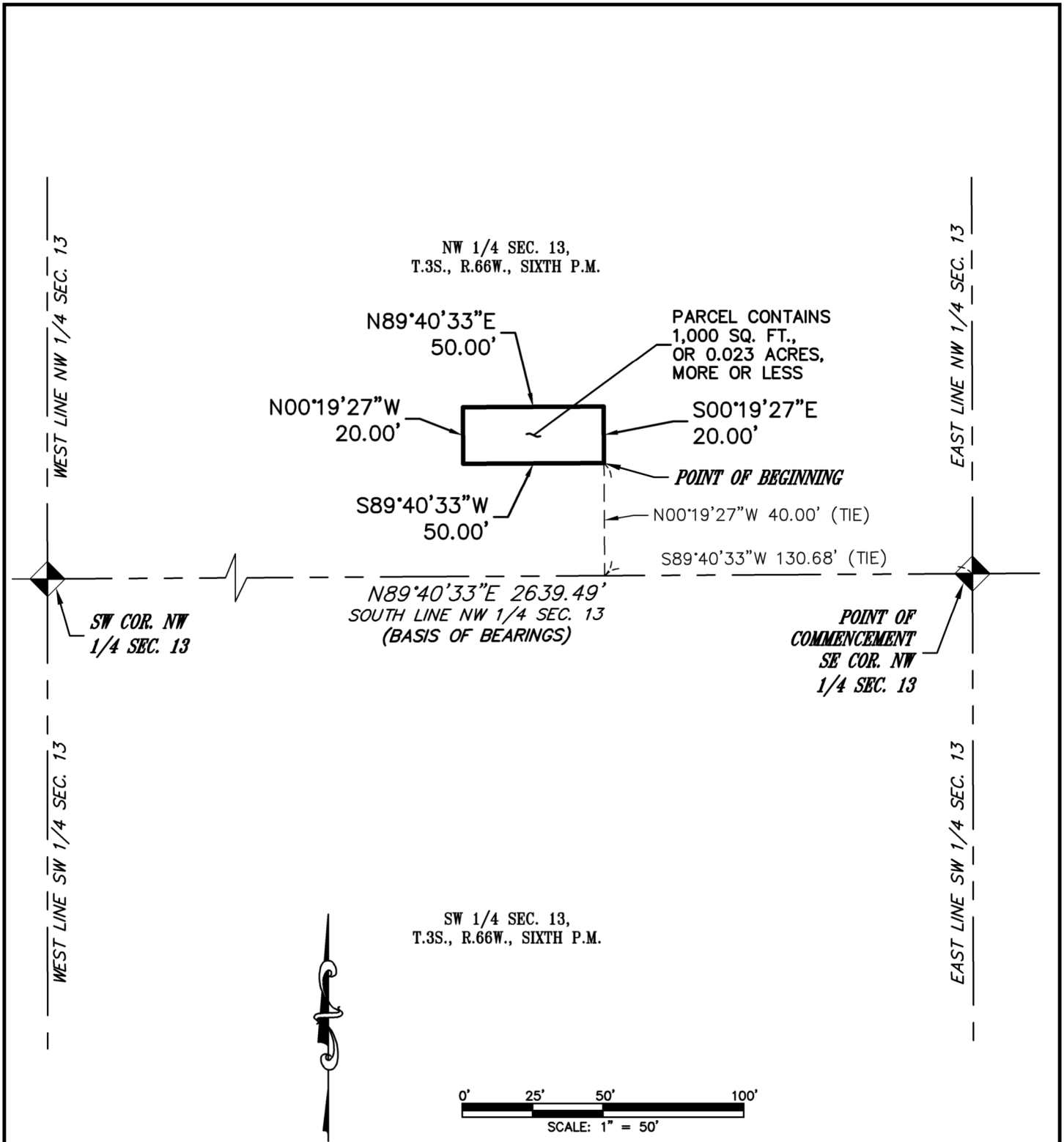
**AZTEC**  
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**DIRECTOR PARCEL 5**  
 NW 1/4 SEC. 13, T3S, R66W, 6TH P.M.  
 ADAMS COUNTY, COLORADO

JOB NUMBER 19320-19 2 OF 2 SHEETS

Green Valley Ranch East Metropolitan District No. 11  
Initial Boundaries



NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

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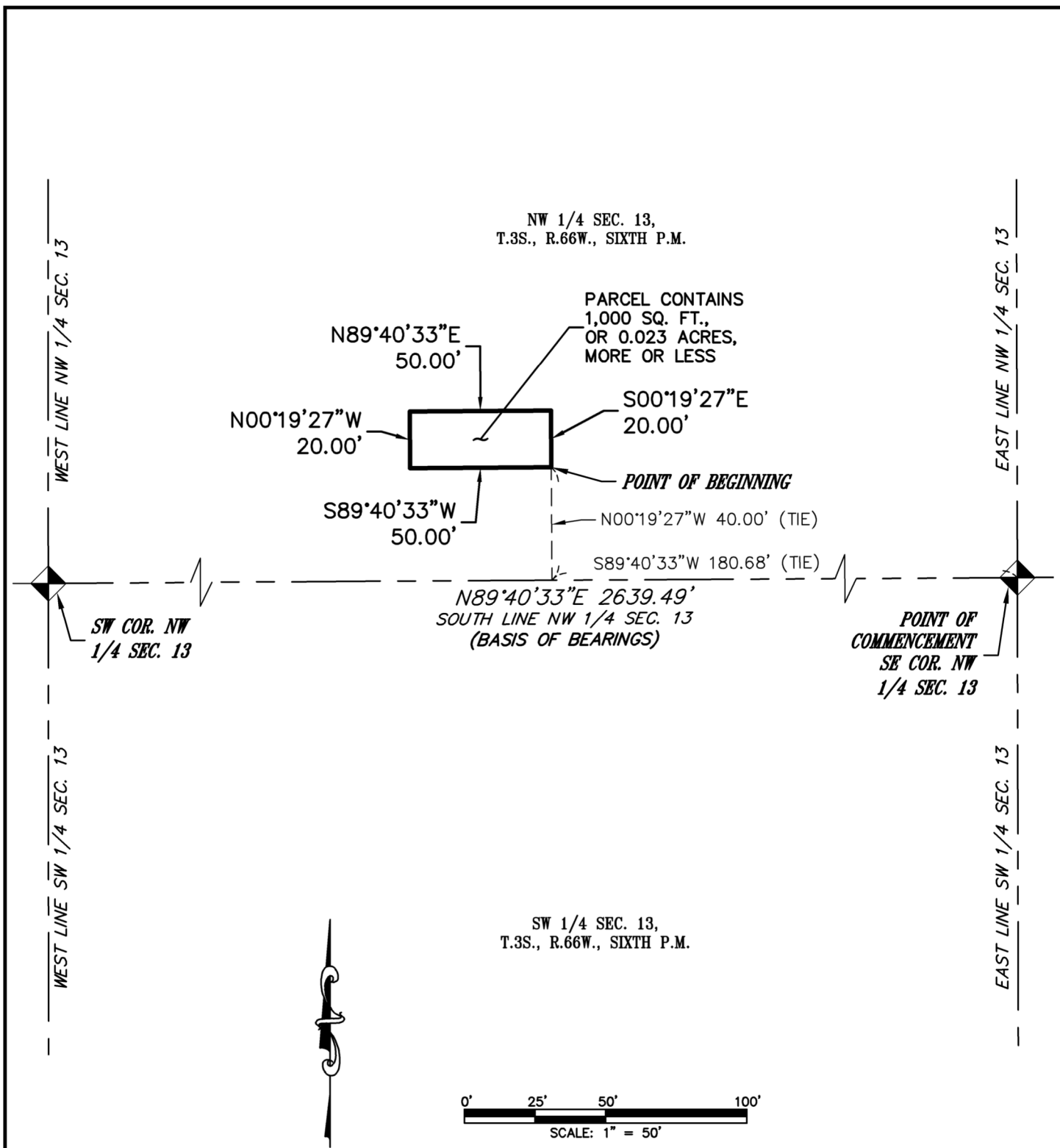
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 Littleton, Colorado 80122  
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 Fax: (303)713-1897  
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**DIRECTOR PARCEL 1**  
 NW 1/4 SEC. 13, T3S, R66W, 6TH P.M.  
 ADAMS COUNTY, COLORADO

JOB NUMBER 19320-19 2 OF 2 SHEETS

Green Valley Ranch East Metropolitan District No. 12  
Initial Boundaries



NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

PATH: Q:\19320-19-GVRE Metro Dist\Draw\EXH  
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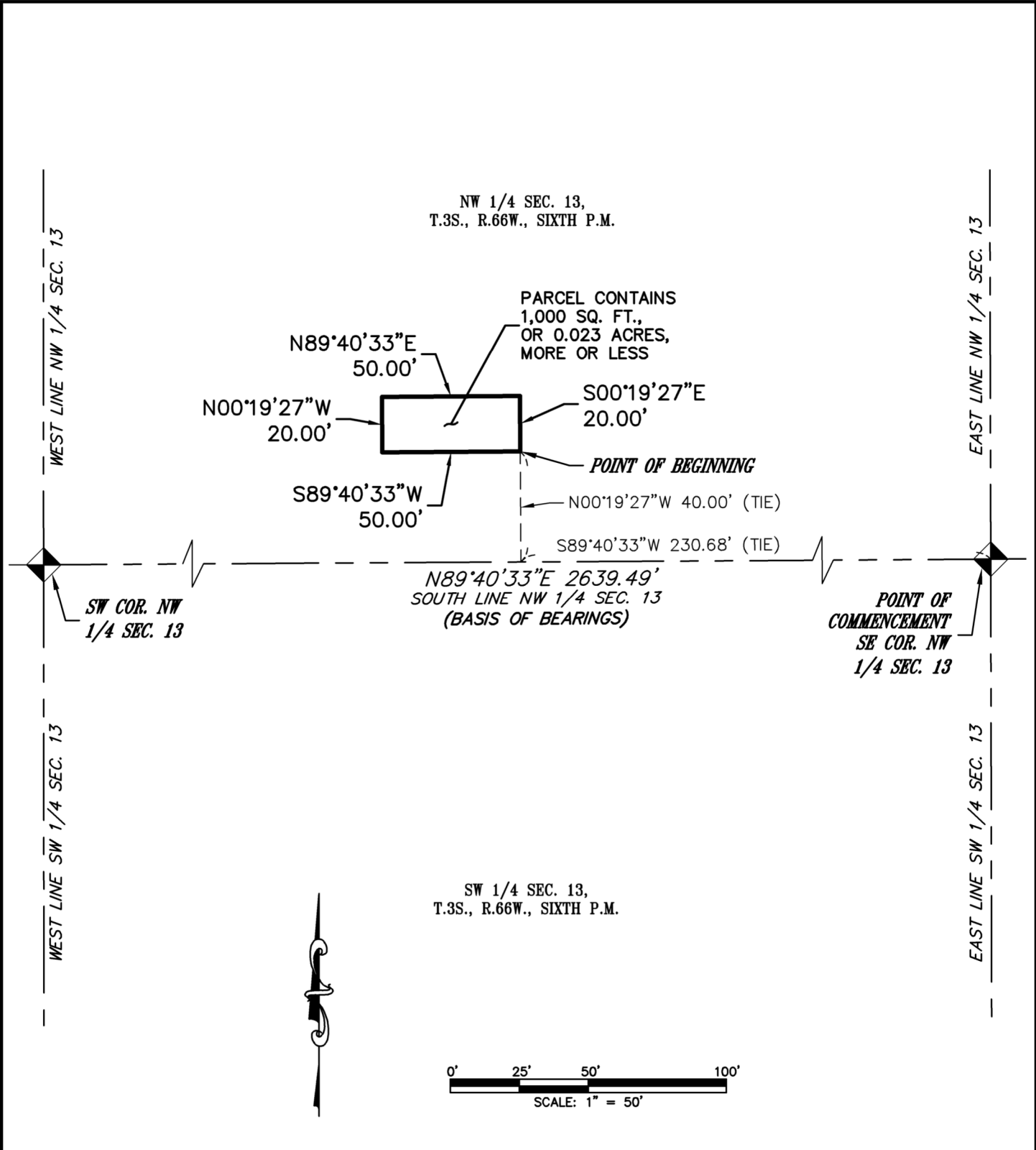
300 East Mineral Ave,  
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**DIRECTOR PARCEL 2**  
 NW 1/4 SEC. 13, T3S, R66W, 6TH P.M.  
 ADAMS COUNTY, COLORADO

JOB NUMBER 19320-19

2 OF 2 SHEETS

Green Valley Ranch East Metropolitan District No. 13  
Initial Boundaries  
**ILLUSTRATION TO DESCRIPTION**



NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

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DWG: RDS CHK: JRW  
DATE: 04/28/2022  
SCALE: 1" = 50'

**AZTEC**  
CONSULTANTS, INC.

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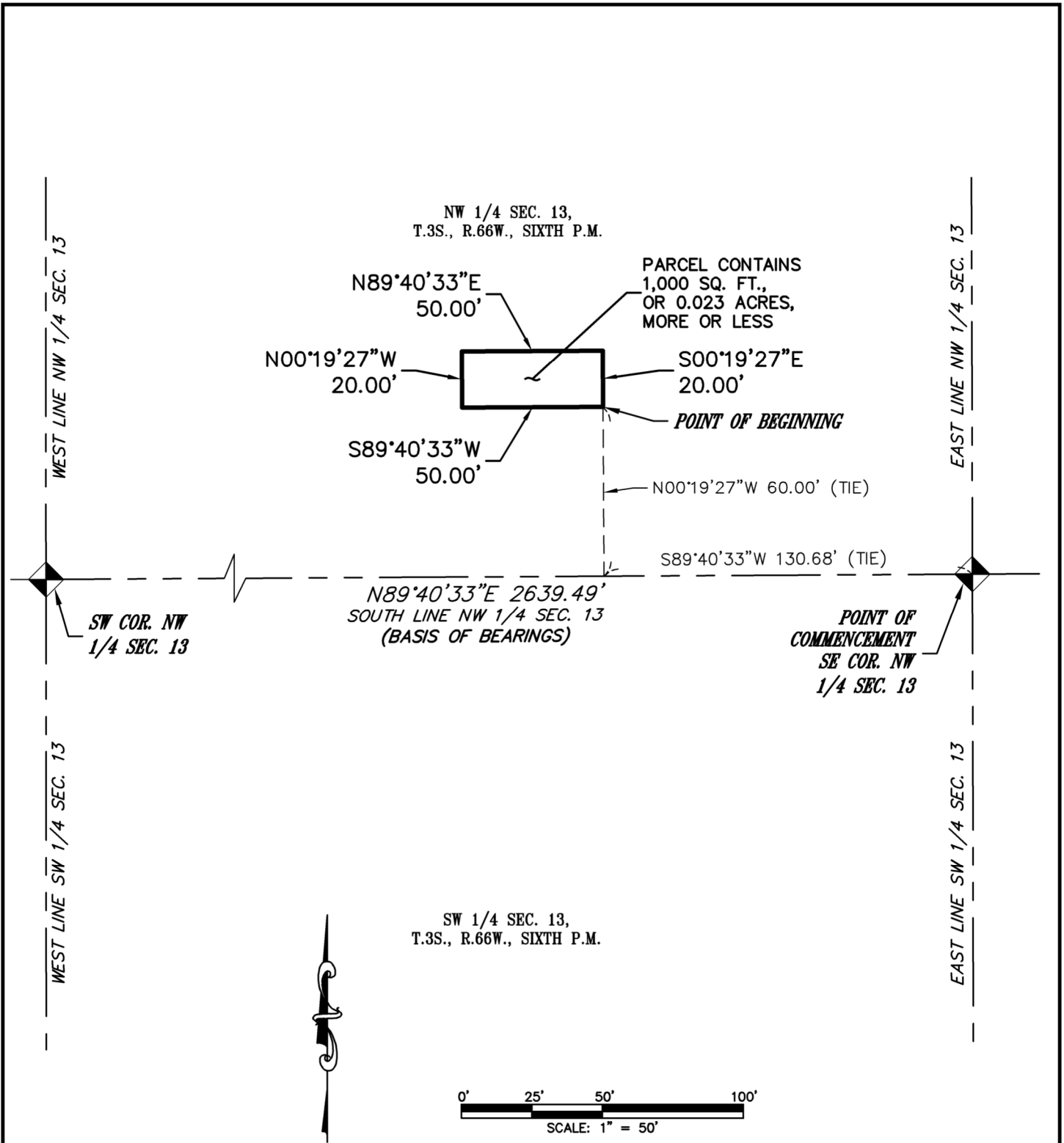
**DIRECTOR PARCEL 3**  
NW 1/4 SEC. 13, T3S, R66W, 6TH P.M.  
ADAMS COUNTY, COLORADO

JOB NUMBER 19320-19 2 OF 2 SHEETS

Green Valley Ranch East Metropolitan District No. 14

Initial Boundaries

ILLUSTRATION TO DESCRIPTION



NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

PATH: Q:\19320-19-GVRE Metro Dist\Draw\EXH  
 DWG NAME: AURORA 310 DIR PAR 4  
 DWG: RDS CHK: JRW  
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 SCALE: 1" = 50'

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**DIRECTOR PARCEL 4**  
 NW 1/4 SEC. 13, T3S, R66W, 6TH P.M.  
 ADAMS COUNTY, COLORADO

JOB NUMBER 19320-19 2 OF 2 SHEETS

ORDINANCE NO. 2022-\_\_

A BILL

FOR AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF AURORA, COLORADO APPROVING THE CONSOLIDATED SECOND AMENDED AND RESTATED SERVICE PLAN FOR GREEN VALLEY RANCH EAST METROPOLITAN DISTRICT NOS. 6-14 AND AUTHORIZING THE EXECUTION OF AN INTERGOVERNMENTAL AGREEMENT BETWEEN THE CITY OF AURORA, COLORADO AND THE DISTRICTS

WHEREAS, pursuant to Section 32-1-204.5, C.R.S., as amended, and Section 122-29 of the City Code, a Consolidated Second Amended and Restated Service Plan (the "Consolidated Second Amended and Restated Service Plan") for Green Valley Ranch East Metropolitan District Nos. 6-14 (the "Districts") has been submitted to the City Council (the "City Council") of the City of Aurora, Colorado (the "City"); and

WHEREAS, the City Council previously approved the Service Plan (the "Original Service Plan") for the Green Valley Ranch East Metropolitan District Nos. 6-8 ("Districts 6-8") on August 6, 2004; and

WHEREAS, on October 16, 2017, the City approved the Consolidated First Amended and Restated Service Plan ("First Amended Service Plan") for District 6-8, which modified, replaced, restated, and superseded the Original Service Plan in its entirety.

WHEREAS, the City, Adams County and the Districts worked together to organize the Aerotropolis Regional Transportation Authority ("ARTA"); and

WHEREAS, ARTA's boundaries overlap all the inclusion area for multiple districts as well as additional districts proposed contemporaneously with the Consolidated Second Amended and Restated Service Plan; and

WHEREAS, the Aurora Regional Improvement mill levy as defined in Section 122-26 of the City Code and imposed within the City's model service plan allows for the formation of an Authority by three (3) or more districts to fund regional infrastructure with the pledge of their ARI mill levies collected from all member districts; and

WHEREAS, it has been determined that the imposition of the ARI mills as defined by City Code §122-26 is not sufficient to provide the bonding capacity necessary to fund the improvements within the District's boundaries; and

WHEREAS, the intent of the City, Adams County and the District was to assure that five (5) mills, as adjusted, would be available from the inclusion area property tax base, to support the financing of the regional improvements that were the responsibility of ARTA to construct; and

WHEREAS, the Model Service Plan language regarding the ARI Mill Levy was modified in the Amended Service Plan to reflect the anticipated organization of ARTA, to allow for a five (5) mill, as Adjusted, ARI Mill Levy, that would be reduced by any ARTA mill levy; and

WHEREAS, this Consolidated Second Amended and Restated Service Plan provides for six additional districts, Green Valley Ranch East Metropolitan District Nos. 9-14 which together with Districts 6-8 are necessary to serve the project; and

WHEREAS, pursuant to the provisions of Title 32, Article 1, C.R.S., as amended, and Chapter 122 of the City Code, the City Council is to hold a public hearing on the Consolidated Second Amended, Restated Service Plan for the Districts; and

WHEREAS, notice of the hearing before the City Council was duly published in the *Aurora Sentinel*, a newspaper of general circulation within the City, as required by law, and mailed to all interested persons, the Division of Local Government, and the governing body of each municipality and title 32 district that has levied an ad valorem tax within the next preceding tax year and that has boundaries within a radius of three miles of the District; and

WHEREAS, the City Council has considered the Consolidated Second Amended and Restated Service Plan and all other testimony and evidence presented at the hearing; and

WHEREAS, the City Council finds that the Consolidated Second Amended and Restated Service Plan should be approved unconditionally, as permitted by Sections 32-1-203(2) and 32-1-204.5(1)(a), C.R.S., as amended, and Section 122-34(a) of the City Code; and

WHEREAS, all legislative enactments must be in the form of ordinances pursuant to Section 5-1 of the Charter of the City of Aurora, Colorado and City Council Rule F.1 provides that an ordinance remains in effect until otherwise rescinded or amended by the City Council.

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

Section 1. The City Council hereby finds and determines that all of the requirements of Title 32, Article 1, Part 2, C.R.S., as amended, and Chapter 122 of the City Code relating to the filing of the Consolidated Second Amended and Restated Service Plan for the Districts has been fulfilled and that notice of the hearing was given in the time and manner required by law and that City Council has jurisdiction to act on the Consolidated Second Amended and Restated Service Plan.

Section 2. The City Council further determines that all pertinent facts, matters and issues were submitted at the public hearing; that all interested parties were heard or had the opportunity to be heard and that evidence satisfactory to the City Council of each of the following was presented:

- a. There is sufficient existing and projected need for organized service in the area to be serviced by the Districts;
- b. The existing service in the area to be served by the Districts is inadequate for present and projected needs;



- c. The Districts are capable of providing economical and sufficient service to the area within their proposed boundaries;
- d. The area to be included in the Districts has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;
- e. Adequate service is not, or will not be, available to the area through the City, Adams County, or other existing municipal or quasi-municipal corporations, including other existing title 32 districts, within a reasonable time and on a comparable basis;
- f. The facility and service standards of the Districts is compatible with the facility and service standards of the City;
- g. The proposed Consolidated Second Amended and Restated Service Plan is in substantial compliance with the comprehensive plan of the City as adopted pursuant to the City Code;
- h. The proposed Consolidated Second Amended and Restated Service Plan is in compliance with any duly adopted City, regional, or state long-range water quality management plan for the area; and
- i. The Consolidated Second Amended and Restated Service Plan is in the best interests of the area proposed to be served.

Section 3. The City Council hereby approves the Consolidated Second Amended and Restated Service Plan for the District as submitted.

Section 4. The ARI Mill Levy defined in this Service Plan applies only to Green Valley Ranch East Metropolitan District Nos. 6-14. In all other instances the definition of ARI Mill Levy in City Code §122-26 shall remain in full force and effect.

Section 5. The Districts shall not be authorized to incur any bonded indebtedness under the Consolidated Second Amended and Restated Service Plan until such time as the District has approved and executed the Intergovernmental Agreement.

Section 6. 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.

Section 7. A certified copy of this ordinance shall be submitted to the District for the purpose of filing in the District Court of Adams County.

Section 8. All prior resolutions or any parts thereof, to the extent that they are inconsistent with this Ordinance, are hereby rescinded.

Section 9. Future amendments to the Intergovernmental Agreement Between the City and the Districts as well as amendments to the Consolidated Second Amended and Restated

Service Plan shall be by resolution.

INTRODUCED, READ AND ORDERED PUBLISHED this \_\_\_\_ day of \_\_\_\_\_, 2022.

PASSED AND ORDERED PUBLISHED this \_\_\_\_ day of \_\_\_\_\_, 2022.

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

ATTEST:

\_\_\_\_\_  
KADEE RODRIGUEZ, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
BRIAN J. RULLA, Assistant City Attorney

RESOLUTION NO. R2022-\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AURORA, COLORADO, APPROVING THE SERVICE PLAN FOR EASTERN HILLS METROPOITAN DISTRICT NOS. 21-23 AND AUTHORIZING THE EXECUTION OF AN INTERGOVERNMENTAL AGREEMENT BETWEEN THE CITY OF AURORA, COLORADO AND THE DISTRICTS

WHEREAS, pursuant to Section 32-1-204.5, C.R.S., as amended, and Section 122-29 of the City Code, a Service Plan (the "Service Plan") for Eastern Hills Metropolitan District Nos. 21-23 (the "Districts") has been submitted to the City Council (the "City Council") of the City of Aurora, Colorado (the "City"); and

WHEREAS, pursuant to the provisions of Title 32, Article 1, C.R.S., as amended, and Chapter 122 of the City Code, the City Council is to hold a public hearing on the Service Plan for the Districts; and

WHEREAS, notice of the hearing before the City Council was duly published in the *Aurora Sentinel*, a newspaper of general circulation within the City, as required by law, and mailed to all interested persons, the Division of Local Government, and the governing body of each municipality and title 32 district that has levied an ad valorem tax within the next preceding tax year and that has boundaries within a radius of three miles of the Districts; and

WHEREAS, the City Council has considered the Service Plan and all other testimony and evidence presented at the hearing; and

WHEREAS, the City Council finds that the Service Plan should be approved without conditions, as permitted by Sections 32-1-203(2) and 32-1-204.5(1)(a), C.R.S., as amended, and Section 122-34(a) of the City Code; and

WHEREAS, the City Council further finds that it is in the best interests of the citizens of the City to enter into an Intergovernmental Agreement (the "IGA") with the Districts for the purpose of assigning the relative rights and responsibilities between the City and the Districts with respect to certain functions, operations, and obligations of the Districts; and

WHEREAS, Section 10-12 of the City Charter requires a resolution to authorize the execution of intergovernmental agreements.

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

Section 1. The City Council hereby finds and determines that all of the requirements of Title 32, Article 1, Part 2, C.R.S., as amended, and Chapter 122 of the City Code relating to the filing of the Service Plan for the Districts have been fulfilled and that notice of the hearing was given in the time and manner required by law and that City Council has jurisdiction to act on the Service Plan.

Section 2. The City Council further determines that all pertinent facts, matters and issues were submitted at the public hearing; that all interested parties were heard or had the opportunity to be heard and that evidence satisfactory to the City Council of each of the following was presented:

- a. There is sufficient existing and projected need for organized service in the area to be serviced by the Districts;
- b. The existing service in the area to be served by the Districts is inadequate for present and projected needs;
- c. The Districts are capable of providing economical and sufficient service to the area within their proposed boundaries;
- d. The area to be included in the Districts has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;
- e. Adequate service is not, or will not be, available to the area through the City, Arapahoe County, or other existing municipal or quasi-municipal corporations, including other existing title 32 districts, within a reasonable time and on a comparable basis;
- f. The facility and service standards of the Districts are compatible with the facility and service standards of the City;
- g. The proposed Service Plan is in substantial compliance with the comprehensive plan of the City as adopted pursuant to the City Code;
- h. The proposed Service Plan is in compliance with any duly adopted City, regional, or state long-range water quality management plan for the area; and
- i. The creation of the Districts will be in the best interests of the area proposed to be served.

Section 3. The City Council hereby approves the Service Plan for the Districts as submitted.

Section 4. The Mayor and the City Clerk are hereby authorized to execute, on behalf of the City, the IGA in substantially the form presented at this meeting, with such technical additions, deletions, and variations as the City Attorney may deem necessary or appropriate and not inconsistent with this Resolution.

Section 5. The Districts shall not be authorized to incur any bonded indebtedness until such time as the Districts have approved and executed the IGA.

Section 6. This Resolution shall be filed in the records of the City and a certified copy thereof submitted to the petitioners for the Districts for the purpose of filing in the District Court of Arapahoe County.

Section 7. All prior resolutions or any parts thereof, to the extent that they are inconsistent with this Resolution, are hereby rescinded.

RESOLVED AND PASSED this \_\_\_\_ day of \_\_\_\_\_, 2022.

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

ATTEST:

\_\_\_\_\_  
KADEE RODRIGUEZ, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
BRIAN J. RULLA, Assistant City Attorney

RESOLUTION NO. R2022-\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AURORA, COLORADO,  
APPROVING THE SERVICE PLAN FOR KINGS POINT SOUTH METROPOLITAN  
DISTRICT NO. 3 AND AUTHORIZING THE EXECUTION OF AN  
INTERGOVERNMENTAL AGREEMENT BETWEEN THE CITY OF AURORA,  
COLORADO AND THE DISTRICT

WHEREAS, pursuant to Section 32-1-204.5, C.R.S., as amended, and Section 122-29 of the City Code, a Service Plan (the "Service Plan") for Kings Point South Metropolitan District No. 3 (the "District") has been submitted to the City Council (the "City Council") of the City of Aurora, Colorado (the "City"); and

WHEREAS, pursuant to the provisions of Title 32, Article 1, C.R.S., as amended, and Chapter 122 of the City Code, the City Council is to hold a public hearing on the Service Plan for the District; and

WHEREAS, notice of the hearing before the City Council was duly published in the *Aurora Sentinel*, a newspaper of general circulation within the City, as required by law, and mailed to all interested persons, the Division of Local Government, and the governing body of each municipality and title 32 district that has levied an ad valorem tax within the next preceding tax year and that has boundaries within a radius of three miles of the District; and

WHEREAS, the City Council has considered the Service Plan and all other testimony and evidence presented at the hearing; and

WHEREAS, the City Council finds that the Service Plan should be approved without conditions, as permitted by Sections 32-1-203(2) and 32-1-204.5(1)(a), C.R.S., as amended, and Section 122-34(a) of the City Code; and

WHEREAS, the City Council further finds that it is in the best interests of the citizens of the City to enter into an Intergovernmental Agreement (the "IGA") with the District for the purpose of assigning the relative rights and responsibilities between the City and the District with respect to certain functions, operations, and obligations of the District; and

WHEREAS, Section 10-12 of the City Charter requires a resolution to authorize the execution of intergovernmental agreements.

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

Section 1. The City Council hereby finds and determines that all of the requirements of Title 32, Article 1, Part 2, C.R.S., as amended, and Chapter 122 of the City Code relating to the filing of the Service Plan for the District have been fulfilled and that notice of the hearing was given in the time and manner required by law and that City Council has jurisdiction to act on the Service Plan.

Section 2. The City Council further determines that all pertinent facts, matters and issues were submitted at the public hearing; that all interested parties were heard or had the opportunity to be heard and that evidence satisfactory to the City Council of each of the following was presented:

- a. There is sufficient existing and projected need for organized service in the area to be serviced by the District;
- b. The existing service in the area to be served by the District is inadequate for present and projected needs;
- c. The District is capable of providing economical and sufficient service to the area within their proposed boundaries;
- d. The area to be included in the District has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;
- e. Adequate service is not, or will not be, available to the area through the City, Douglas County, or other existing municipal or quasi-municipal corporations, including other existing title 32 District, within a reasonable time and on a comparable basis;
- f. The facility and service standards of the District are compatible with the facility and service standards of the City;
- g. The proposed Service Plan is in substantial compliance with the comprehensive plan of the City as adopted pursuant to the City Code;
- h. The proposed Service Plan is in compliance with any duly adopted City, regional, or state long-range water quality management plan for the area; and
- i. The creation of the District will be in the best interests of the area proposed to be served.

Section 3. The City Council hereby approves the Service Plan for the District as submitted.

Section 4. The Mayor and the City Clerk are hereby authorized to execute, on behalf of the City, the IGA in substantially the form presented at this meeting, with such technical additions, deletions, and variations as the City Attorney may deem necessary or appropriate and not inconsistent with this Resolution.

Section 5. The District shall not be authorized to incur any bonded indebtedness until such time as the District have approved and executed the IGA.

Section 6. This Resolution shall be filed in the records of the City and a certified copy thereof submitted to the petitioners for the District for the purpose of filing in the District Court of Douglas County.

Section 7. All prior resolutions or any parts thereof, to the extent that they are inconsistent with this Resolution, are hereby rescinded.

RESOLVED AND PASSED this \_\_\_\_ day of \_\_\_\_\_, 2022.

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

ATTEST:

\_\_\_\_\_  
KADEE RODRIGUEZ, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
BRIAN J. RULLA, Assistant City Attorney





# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> Discussion of Third-Party Review of Non-Profit Spending
<b>Item Initiator:</b> Nancy Wishmeyer
<b>Staff Source/Legal Source:</b> Nancy Wishmeyer, Controller / Hanosky Hernandez, Sr. Assistant City Attorney
<b>Outside Speaker:</b> N/A
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### COUNCIL MEETING DATES:

**Study Session:** N/A

**Regular Meeting:** N/A

### ITEM DETAILS:

- Agenda long title: Discussion of Third-Party of Non-Profit Spending
- Waiver of reconsideration requested, and if so, why: N/A
- Sponsor name: Council Member Gardner
- Staff source name and title / Legal source name and title: Nancy Wishmeyer, Controller / Hanosky Hernandez, Sr. Assistant City Attorney
- Outside speaker name and organization: N/A
- Estimated Presentation/discussion time: 10/10

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

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Approve Item and Move Forward to Study Session  | <input type="checkbox"/> Approve Item as proposed at Study Session   |
| <input type="checkbox"/> Approve Item and Move Forward to Regular Meeting   | <input type="checkbox"/> Approve Item as proposed at Regular Meeting |
| <input type="checkbox"/> Information Only   |  |
| <input type="checkbox"/> Approve Item with Waiver of Reconsideration<br>Reason for waiver is described in the Item Details field. |  |

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### PREVIOUS ACTIONS OR REVIEWS:

**Policy Committee Name:** N/A

**Policy Committee Date:** N/A

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**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

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**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.)**

N/A

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

A question was posed concerning the possibility of having an outside auditor conduct an audit or Agreed Upon Procedure review of non-profits the city has provided money to, with a tentative scope of determining propriety of financials, tax compliance and contract performance.

Per review of current non-profits the city has funded in recent years, most money passed through from the city to non-profits is federal funds already subject to the Single Audit of Federal grants. Marijuana tax revenues and certain fines and surcharge revenue is also routinely passed through the city to non-profits.

Current city staffing may prohibit adding such a review to Internal Audit's schedule, but other options may be viable:

- Hire an outside firm; city staff would need to oversee this work
- Have FORVIS external auditors do the audit as an add on to their annual audit at additional expense
- Hire a contract auditor that Internal Audit oversees
- Add an FTE to Internal Audit: this position would allow Internal Audit to expand their reach in years that the person is not auditing third party NFP grants, which would be in a rotation every X number of years

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**QUESTIONS FOR COUNCIL**

Does the committee support a review of non-profit spending of money passed through by the city?

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**LEGAL COMMENTS**

The city charter requires that the city manager shall keep the council advised of the financial condition, future needs of the city, and the overall general condition of the city, and shall make such recommendations to the council for adoption as deemed necessary or expedient. This item is informational only. (See, Aurora City Charter Art. 7-4 (f)). (Hernandez).

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**PUBLIC FINANCIAL IMPACT**

- YES       NO

**If yes, explain:** Cost to hire a firm or additional staff to perform the review of non-profit spending

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**PRIVATE FISCAL IMPACT**

Not Applicable       Significant       Nominal

**If Significant or Nominal, explain:** N/A