

## MIDCITIES METROPOLITAN DISTRICT NO. 2

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

### NOTICE OF REGULAR MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Douglas McCormick	President	May 2023/2023
Greg Patrick	Vice President	May 2022/2022
George Turtle	Treasurer	May 2023/2023
Charles Tash	Assistant Secretary	May 2022/2022
Kael T. Russell	Assistant Secretary	May 2022/2022
David Solin	Secretary	

DATE: June 16, 2020 (Wednesday)

TIME: 1:00 p.m.

PLACE: *Due to Executive Order D 2020 044 Safer at Home issued by Governor Polis on April 26, 2020, and Public Health Order 20-28 implementing the Executive Order, issued by the Colorado Department of Health and Environment (CDPHE) on April 26, 2020, this meeting will be held via teleconferencing and can be joined through the directions below:*

**IF YOU WOULD LIKE TO ATTEND THIS MEETING, PLEASE CALL IN TO THE CONFERENCE BRIDGE AT 1-877-250-3814 AND WHEN PROMPTED, DIAL IN THE PASSCODE OF 5592663.**

#### I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

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B. Approve Agenda, confirm location of the meeting and posting of meeting.

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C. Discuss status of May 5, 2020 Director's Election (enclosure).

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D. Consider appointment of Officers:

President \_\_\_\_\_

Treasurer \_\_\_\_\_

Secretary \_\_\_\_\_

Asst. Secretary \_\_\_\_\_

Asst. Secretary \_\_\_\_\_

Asst. Secretary \_\_\_\_\_

- E. Review and approve Minutes of the February 12, 2020 special meeting and March 17, 2020 special meeting and May 15, 2020 special meeting (enclosures).
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II. PUBLIC COMMENTS

- A. \_\_\_\_\_

III. FINANCIAL MATTERS

- A.

Fund	Period ending Dec. 19, 2019	Period ending Jan. 17, 2020	Period ending Feb. 7, 2020	Period ending March 11, 2020
General	\$ 34,574.30	\$ 10,920.63	\$ 21,601.41	\$ 8,825.26
Debt	\$ -0-	\$ 605.00	\$ 5,000.00	\$ -0-
Capital	\$ 1,419.00	\$ -0-	\$ -0-	\$ -0-
<b>Total</b>	<b>\$ 35,993.30</b>	<b>\$ 11,525.63</b>	<b>\$ 26,601.41</b>	<b>\$ 8,825.26</b>

Fund	Period ending April 14, 2020	Period ending May 12, 2020
General	\$ 26,472.28	\$ 60,488.08
Capital	\$ 28,442.83	\$ 67,714.98
<b>Total</b>	<b>\$ 54,915.11</b>	<b>\$ 128,203.04</b>

- B. Review and accept unaudited financial statements for the period ending March 31, 2020 (enclosure).
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- C. Review and consider approval of 2019 Audit (enclosure) and authorize execution of Representations Letter.
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- D. Discuss Sales Tax Report (to be distributed).
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IV. LEGAL MATTERS

- A. \_\_\_\_\_

V. CAPITAL MATTERS

- A. Discuss status of the Parking Structure Project.
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B. Discuss status of the Regional Trail Project.

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C. Discuss status of cut-off wall project for the Greystar Retaining Wall (enclosures).

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D. Discuss status of retaining wall repair work.

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VI. EXECUTIVE SESSION

A. Receive legal advice pursuant to Section 24-6-402(4)(b). C.R.S. relating to the Parking Structure. **Adjourn into Executive Session.**

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VII. OTHER MATTERS

A. Discuss action on litigation settlement discussions with Aequus.

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VIII. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR SEPTEMBER 15, 2020.**

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

**NOTICE IS HEREBY GIVEN** by the MidCities Metropolitan District No. 2, City and County of Broomfield, Colorado, that at the close of business on the sixty-third day before the election, there were not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates; therefore, the election to be held on May 5, 2020 is hereby canceled pursuant to section 1-13.5-513(6) C.R.S.

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

<u>Name</u>	<u>Term</u>
Douglas McCormick	Second Regular Election, May 2023
George H. Turtle	Second Regular Election, May 2023
Kael Russell	Next Regular Election, May 2022
Charles Tash	Next Regular Election, May 2022

/s/ David Solin  
(Designated Election Official)

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

## RECORD OF PROCEEDINGS

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### MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE MIDCITIES METROPOLITAN DISTRICT NO. 2 HELD FEBRUARY 12, 2020

A special meeting of the Board of Directors (referred to hereafter as “Board”) of the MidCities Metropolitan District No. 2 (referred to hereafter as “District”) was held on Wednesday, the 12th day of February, 2020 at 1:00 p.m., at 141 Union Boulevard, suite 150, Lakewood, Colorado 80228. The meeting was open to the public.

#### ATTENDANCE

#### Directors In Attendance Were:

Douglas McCormick (via speakerphone)  
George Turtle  
Charles Tash  
Kael T. Russell

Following discussion, upon motion duly made by Director Turtle, seconded by Director Tash and, upon vote, unanimously carried, the absence of Greg Patrick was excused.

#### Also In Attendance Were:

David Solin; Special District Management Services, Inc.

Paul Cockrel; Collins; Cockrel & Cole, P.C.

Alex Saltzgaver; Collins Engineers, Inc.

Greg Lindsay; Murphy & Decker, P.C.

#### DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: Attorney Cockrel reported that, in accordance with statutory requirements, Disclosure of Potential Conflict of Interest Statements were previously filed by Directors D. McCormick with the District and the Secretary of State disclosing potential conflicts of interest, because of such Director respective previous or current ownership, directorship and officership interests in or employment relationships with companies which previously owned and developed property within the District and/or MidCities Metropolitan District No. 2 (referred to hereafter as “District No. 2” and together with the District, the “Districts”) or which were involved in the development of such property, including entering into various construction, funding, acquisition and reimbursement, and management contracts with the Districts, including without limitation the Funding Agreement, the Amended and Restated Reimbursement Agreement, the Parking Garage Lease Purchase Agreement

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and the Infrastructure Acquisition Agreement (collectively referred to hereafter as “Coalton Contracts”). Director Douglas McCormick has disclosed his former involvement as a member, officer or director of, or as owners or creditors having a direct or indirect financial interest in, Alliance Commercial Holdings I, LLC (referred to hereafter as “Alliance Holdings”), which was the manager of Coalton Associates, LLC (referred to hereafter as “Coalton Associates”), which was a member and the sole owner of Coalton Acres, LLC (referred to hereafter as “Coalton Acres”), which had, but now has sold or disposed of, various land ownership and/or development interests within the Districts. Coalton Acres also was a member of Coalton Holdings, LLC (“Coalton Holdings” and together with Coalton Acres, “Coalton”), which also had, but now has disposed of, its land ownership and/or development interests within the District.

The Disclosure of Potential Conflict of Interest Statements were incorporated into the record of the meeting and will be deemed continuing until modified or withdrawn.

All Directors present stated that the participation of at least two of them in the regular meeting was necessary to obtain a quorum of the Board or otherwise enable the Board to act; that written disclosures of such potential conflicts of interest of each Director had previously been filed with the Districts and the Secretary of State in accordance with statutory requirements; and that the nature of each Director’s private interests related to the ownership, creditor or employment relationships or directorship or officership positions in companies, including Coalton, which formerly owned and developed property within the Districts, and is a party to and has interests under the Coalton Contracts. After each Director had summarily stated for the record the fact and nature of his private interests and further stated that the determination to participate in voting or to take any other action on any contract or other matter in which a Director may have a private interest would be made in compliance with Section 24-18-201(1)(b)(V), C.R.S., on an ad hoc basis, the Board turned its attention to the agenda items. All disclosures of potential conflicts of interest of the Directors shall be deemed continuing in nature until withdrawn.

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### **ADMINISTRATIVE MATTERS**

**Agenda:** The Board reviewed the proposed Agenda for the District’s special meeting.

Following discussion, upon motion duly made by Director Turtle, seconded by Director Tash and, upon vote, unanimously carried, the Agenda was approved, as amended.

**Approval of Meeting Location:** The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District Board meetings.

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Following discussion, upon motion duly made by Director Turtle seconded by Director Tash and, upon vote, unanimously carried, the Board determined that because there was not a suitable or convenient location within its boundaries to conduct this meeting, it was determined to conduct the meeting at Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood, Colorado 80228. The Board further noted that notice of this location was duly posted and that no objections have been received to such location or any requests that the meeting place be changed by taxpaying electors within its boundaries and the location is less than twenty miles from the District's boundaries.

**Minutes:** The Board reviewed the Minutes of the November 19, 2019 regular meeting, the December 3, 2019 special meeting and the December 3, 2019 second special meeting.

Following review, upon motion duly made by Director Turtle, seconded by Director Russell and, upon vote, unanimously carried, the Board approved the Minutes of the November 19, 2019 regular meeting, as amended, the December 3, 2019 special meeting and the December 3, 2019 second special meeting, as presented.

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### **CAPITAL MATTERS**

**Cut-Off Wall Project for the Greystar Retaining Wall:** Mr. Saltzgaver discussed the status of the Cut-Off Wall Project for the Greystar Retaining Wall.

Following review, upon motion duly made by Director Turtle, seconded by Director Russell and, upon vote, unanimously carried, the Board approved the Service Addon/Bid revision from MDLI Consulting, in an amount not to exceed \$8,300.

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### **EXECUTIVE SESSION**

**EXECUTIVE SESSION: Parking Structure - Upper Deck Sealing Project:** Pursuant to Section 24-6-402(4) of the Colorado Revised Statutes, upon motion duly made by Director Turtle, seconded by Director Tash and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 1:11 p.m. for the purpose of receiving from the Board's attorney legal advice on specific legal questions as authorized by Section 24-6-402(4)(b) and (e), C.R.S. Determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators relating to the Parking Structure. The executive session discussion constituted a privileged attorney-client communication as provided by Section 24-6-402(4)(b), C.R.S. and, based on that opinion, no further record, written or electronic, was kept or required to be kept pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S.

The Board reconvened in regular session at 2:43 p.m.

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**PUBLIC  
COMMENTS**

**Public Comments:** There were no public comments.  
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**FINANCIALS**

**Claims:** The Board deferred discussion.

**Unaudited Financial Statements:** The Board deferred discussion.

**Sales Tax Report:** The Board deferred discussion.  
\_\_\_\_\_

**LEGAL MATTERS**

There were no legal matters at this time.  
\_\_\_\_\_

**CAPITAL  
MATTERS CONT.**

**Parking Structure – Upper Deck Sealing (“Project”):** The Board deferred discussion.

**Regional Trail Project:** The Board deferred discussion.

**Retaining Wall Repair Work:** The Board deferred discussion.

**Parking Structure and Non-Easement Portion:** The Board deferred discussion.  
\_\_\_\_\_

**ADJOURNMENT**

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

Respectfully submitted,

By: \_\_\_\_\_  
Secretary for the Meeting



## RECORD OF PROCEEDINGS

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### MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE MIDCITIES METROPOLITAN DISTRICT NO. 2 HELD MARCH 17, 2020

A special meeting of the Board of Directors (referred to hereafter as “Board”) of the MidCities Metropolitan District No. 2 (referred to hereafter as “District”) was held on Tuesday, the 17th day of March, 2020 at 1:00 p.m., Due to concerns regarding the spread of the Coronavirus (Covid-19) and the benefits to the control of the spread of the virus by limiting in person contact, this District Board meeting was held by conference call without any individuals (neither District Representatives not the General Public) attending in person. The meeting was open to the public.

#### ATTENDANCE

#### Directors In Attendance Were:

Douglas McCormick  
George Turtle  
Charles Tash  
Kael T. Russell

Following discussion, upon motion duly made by Director McCormick, seconded by Director Tash and, upon vote, unanimously carried, the absence of Director Patrick was excused.

#### Also In Attendance Were:

David Solin; Special District Management Services, Inc.

Paul Cockrel; Collins; Cockrel & Cole, P.C.

Greg Lindsay; Murphy & Decker, P.C.

#### DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

**Disclosure of Potential Conflicts of Interest:** Attorney Cockrel reported that, in accordance with statutory requirements, Disclosure of Potential Conflict of Interest Statements were previously filed by Directors D. McCormick with the District and the Secretary of State disclosing potential conflicts of interest, because of such Director respective previous or current ownership, directorship and officership interests in or employment relationships with companies which previously owned and developed property within the District and/or MidCities Metropolitan District No. 2 (referred to hereafter as “District No. 2” and together with the District, the “Districts”) or which were involved in the development of such property, including entering into various construction, funding, acquisition and reimbursement, and management contracts with the Districts, including without limitation the Funding Agreement, the Amended and

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Restated Reimbursement Agreement, the Parking Garage Lease Purchase Agreement and the Infrastructure Acquisition Agreement (collectively referred to hereafter as “Coalton Contracts”). Director Douglas McCormick has disclosed his former involvement as a member, officer or director of, or as owners or creditors having a direct or indirect financial interest in, Alliance Commercial Holdings I, LLC (referred to hereafter as “Alliance Holdings”), which was the manager of Coalton Associates, LLC (referred to hereafter as “Coalton Associates”), which was a member and the sole owner of Coalton Acres, LLC (referred to hereafter as “Coalton Acres”), which had, but now has sold or disposed of, various land ownership and/or development interests within the Districts. Coalton Acres also was a member of Coalton Holdings, LLC (“Coalton Holdings” and together with Coalton Acres, “Coalton”), which also had, but now has disposed of, its land ownership and/or development interests within the District.

The Disclosure of Potential Conflict of Interest Statements were incorporated into the record of the meeting and will be deemed continuing until modified or withdrawn.

All Directors present stated that the participation of at least two of them in the regular meeting was necessary to obtain a quorum of the Board or otherwise enable the Board to act; that written disclosures of such potential conflicts of interest of each Director had previously been filed with the Districts and the Secretary of State in accordance with statutory requirements; and that the nature of each Director’s private interests related to the ownership, creditor or employment relationships or directorship or officership positions in companies, including Coalton, which formerly owned and developed property within the Districts, and is a party to and has interests under the Coalton Contracts. After each Director had summarily stated for the record the fact and nature of his private interests and further stated that the determination to participate in voting or to take any other action on any contract or other matter in which a Director may have a private interest would be made in compliance with Section 24-18-201(1)(b)(V), C.R.S., on an ad hoc basis, the Board turned its attention to the agenda items. All disclosures of potential conflicts of interest of the Directors shall be deemed continuing in nature until withdrawn.

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### **ADMINISTRATIVE MATTERS**

**Agenda:** The Board reviewed the proposed Agenda for the District’s special meeting.

Following discussion, upon motion duly made by Director McCormick, seconded by Director Tash and, upon vote, unanimously carried, the Agenda was approved, as amended.

**Approval of Meeting Location:** The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District Board meetings.

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Following discussion, upon motion duly made by Director Turtle seconded by Director Tash and, upon vote, unanimously carried, the Board determined that due to concerns regarding the spread of the Coronavirus (Covid-19) and the benefits to the control of the spread of the virus by limiting in person contact, this District Board meeting will be held by conference call without any individuals (neither District Representatives not the General Public) attending in person on location..

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### **EXECUTIVE SESSION**

#### **EXECUTIVE SESSION: Parking Structure - Upper Deck Sealing Project:**

Pursuant to Section 24-6-402(4) of the Colorado Revised Statutes, upon motion duly made by Director Turtle, seconded by Director Tash and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 1:09 p.m. for the purpose of receiving from the Board's attorney legal advice on specific legal questions as authorized by Section 24-6-402(4)(b) and (e), C.R.S. Determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators relating to the Parking Structure. The executive session discussion constituted a privileged attorney-client communication as provided by Section 24-6-402(4)(b), C.R.S. and, based on that opinion, no further record, written or electronic, was kept or required to be kept pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S.

The Board reconvened in regular session at 3:46 p.m.

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### **ADJOURNMENT**

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

Respectfully submitted,

By: \_\_\_\_\_  
Secretary for the Meeting

## RECORD OF PROCEEDINGS

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### MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE MIDCITIES METROPOLITAN DISTRICT NO. 2 HELD MAY 15, 2020

A special meeting of the Board of Directors (referred to hereafter as “Board”) of the MidCities Metropolitan District No. 2 (referred to hereafter as “District”) was held on Friday, the 15th day of May, 2020 at 1:00 p.m., Due to concerns regarding the spread of the Coronavirus (Covid-19) and the benefits to the control of the spread of the virus by limiting in person contact, this District Board meeting was held by conference call without any individuals (neither District Representatives not the General Public) attending in person. The meeting was open to the public.

#### ATTENDANCE

#### Directors In Attendance Were:

Douglas McCormick  
Greg Patrick  
George Turtle  
Charles Tash  
Kael T. Russell

#### Also In Attendance Were:

David Solin; Special District Management Services, Inc.

Paul Cockrel; Collins; Cockrel & Cole, P.C.

Kimberly Johanns; Simmons & Wheeler, P.C.

#### DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

**Disclosure of Potential Conflicts of Interest:** Attorney Cockrel reported that, in accordance with statutory requirements, Disclosure of Potential Conflict of Interest Statements were previously filed by Directors D. McCormick with the District and the Secretary of State disclosing potential conflicts of interest, because of such Director respective previous or current ownership, directorship and officership interests in or employment relationships with companies which previously owned and developed property within the District and/or MidCities Metropolitan District No. 2 (referred to hereafter as “District No. 2” and together with the District, the “Districts”) or which were involved in the development of such property, including entering into various construction, funding, acquisition and reimbursement, and management contracts with the Districts, including without limitation the Funding Agreement, the Amended and Restated Reimbursement Agreement, the Parking Garage Lease Purchase Agreement and the Infrastructure Acquisition Agreement (collectively referred to hereafter as “Coalton Contracts”). Director Douglas McCormick has disclosed his former

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involvement as a member, officer or director of, or as owners or creditors having a direct or indirect financial interest in, Alliance Commercial Holdings I, LLC (referred to hereafter as “Alliance Holdings”), which was the manager of Coalton Associates, LLC (referred to hereafter as “Coalton Associates”), which was a member and the sole owner of Coalton Acres, LLC (referred to hereafter as “Coalton Acres”), which had, but now has sold or disposed of, various land ownership and/or development interests within the Districts. Coalton Acres also was a member of Coalton Holdings, LLC (“Coalton Holdings” and together with Coalton Acres, “Coalton”), which also had, but now has disposed of, its land ownership and/or development interests within the District.

The Disclosure of Potential Conflict of Interest Statements were incorporated into the record of the meeting and will be deemed continuing until modified or withdrawn.

All Directors present stated that the participation of at least two of them in the regular meeting was necessary to obtain a quorum of the Board or otherwise enable the Board to act; that written disclosures of such potential conflicts of interest of each Director had previously been filed with the Districts and the Secretary of State in accordance with statutory requirements; and that the nature of each Director’s private interests related to the ownership, creditor or employment relationships or directorship or officership positions in companies, including Coalton, which formerly owned and developed property within the Districts, and is a party to and has interests under the Coalton Contracts. After each Director had summarily stated for the record the fact and nature of his private interests and further stated that the determination to participate in voting or to take any other action on any contract or other matter in which a Director may have a private interest would be made in compliance with Section 24-18-201(1)(b)(V), C.R.S., on an ad hoc basis, the Board turned its attention to the agenda items. All disclosures of potential conflicts of interest of the Directors shall be deemed continuing in nature until withdrawn.

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### **ADMINISTRATIVE MATTERS**

**Agenda:** The Board reviewed the proposed Agenda for the District’s special meeting.

Following discussion, upon motion duly made by Director Tash, seconded by Director Russell and, upon vote, unanimously carried, the Agenda was approved, as amended.

**Approval of Meeting Location:** The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District Board meetings.

Following discussion, upon motion duly made by Director Tash seconded by Director Russell and, upon vote, unanimously carried, the Board determined that due to concerns regarding the spread of the Coronavirus (Covid-19) and the benefits to the control of the spread of the virus by limiting in person contact, this District Board

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meeting will be held by conference call without any individuals (neither District Representatives nor the General Public) attending in person on location.

**May 20, 2020 Director's Election:** Mr. Solin reported to the Board on the status of the May 5, 2020 Director's election.

**Consider Appointment of Officers:** *The Board deferred discussion??*

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### **PUBLIC COMMENTS**

**Public Comments:** There were no public comments.

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### **FINANVIAL MATTERS**

**Unaudited Financial Statements:** Ms. Johanns reviewed with the Board the unaudited financial statements of the District setting forth the cash deposits, investments, budget analysis, and accounts payable vouchers for the period ending March 31, 2020.

Following review and discussion, upon motion duly made by Director McCormick, seconded by Director Turtle and, upon vote, unanimously carried, the Board accepted the unaudited financial statements of the District setting forth the cash deposits, investments, budget analysis, and accounts payable vouchers for the period ending March 31, 2020 as presented.

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### **LEGAL MATTERS**

**Resolution Authorizing Integrated Project Delivery for Demolition, Alteration, Replacement and Improvement of Parking Facility:** Attorney Cockrel reviewed with the Board the Resolution Authorizing Integrated Project Delivery for Demolition, Alteration, Replacement and Improvement of Parking Facility.

Following review and discussion, upon motion duly made by Director Turtle, seconded by Director Russell and, upon vote, unanimously carried, the Board adopted the Resolution Authorizing Integrated Project Delivery for Demolition, Alteration, Replacement and Improvement of Parking Facility

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### **EXECUTIVE SESSION**

**EXECUTIVE SESSION: Parking Structure - Upper Deck Sealing Project:** Pursuant to Section 24-6-402(4) of the Colorado Revised Statutes, upon motion duly made by Director McCormick, seconded by Director Russell and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 1:09 p.m. for the purpose of receiving from the Board's attorney legal advice on specific legal questions as authorized by Section 24-6-402(4)(b) and (e), C.R.S. Determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators relating to the Parking Structure. The executive session discussion constituted a privileged attorney-client communication as provided by Section 24-6-402(4)(b), C.R.S. and, based on that

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opinion, no further record, written or electronic, was kept or required to be kept pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S.

The Board reconvened in regular session at 2:07 p.m.

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### **OTHER MATTERS**

**Service Agreements with JR Harris (Civil Engineering), Harris Kocher Smith (Site Engineering), Norris Designs (Site Planning and Submittal Preparations) and Architectural Workshop (Architectural Drawing)**: The Board discussed the various agreements.

Following discussion, upon motion duly made by Director Tash, seconded by Director Russell and, upon vote, unanimously carried, the Board approved or ratified approval of, as necessary, Service Agreements with JR Harris (Civil Engineering), Harris Kocher Smith (Site Engineering), Norris Designs (Site Planning and Submittal Preparations) and Architectural Workshop (Architectural Drawing).

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### **ADJOURNMENT**

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

Respectfully submitted,

By: \_\_\_\_\_  
Secretary for the Meeting

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1305						
12/19/2019	Collins Cockrel & Cole	3013-006M 11/2019	Legal	3-675	258.00	258.00
12/19/2019	Collins Cockrel & Cole	3013M 10/2019	Legal	1-675	244.00	244.00
12/19/2019	Collins Cockrel & Cole	3013M-003M 11/20	Legal	3-675	1,161.00	1,161.00
Total 1305:						1,663.00
1306						
12/19/2019	Collins Engineers, Inc.	47034	Engineering	1-784	4,216.43	4,216.43
Total 1306:						4,216.43
1307						
12/19/2019	Colorado Special Districts P&L	POL-0000582	Insurance/SDA	1-670	400.00	400.00
12/19/2019	Colorado Special Districts P&L	POL-0002526	Insurance/SDA	1-670	24,843.00	24,843.00
Total 1307:						25,243.00
1308						
12/19/2019	Department of the Treasury	CP160	Payroll Taxes	1-693	286.72	286.72
Total 1308:						286.72
1309						
12/19/2019	McCormick, Douglas	111919	Miscellaneous Expense	1-685	75.00	75.00
Total 1309:						75.00
1310						
12/19/2019	Prairie Mountain Media	0000216624	Miscellaneous Expense	1-685	36.52	36.52
Total 1310:						36.52
1311						
12/19/2019	Simmons & Wheeler, PC	25365	Accounting	1-612	833.75	833.75
Total 1311:						833.75
1312						
12/19/2019	Special Dist Management Srvs	61143	District Management	1-614	2,562.50	2,562.50
12/19/2019	Special Dist Management Srvs	61143	Accounting	1-612	196.00	196.00
12/19/2019	Special Dist Management Srvs	61143	Miscellaneous Expense	1-685	141.58	141.58
Total 1312:						2,900.08
Grand Totals:						35,254.50



MidCities Metropolitan District No. 2  
December-19

	General	Debt	Capital	Totals
Disbursements	\$ 33,835.50	\$ -	\$ 1,419.00	\$ 35,254.50
Payroll	738.80	-		\$ 738.80
		-		
<b>Total Disbursements from Checking</b>	<b>\$34,574.30</b>	<b>\$0.00</b>	<b>\$1,419.00</b>	<b>\$35,993.30</b>

Check Issue Date	Check Number	Payee	Amount
12/19/2019	90045	McCormick, Douglas	184.70
12/19/2019	90046	Turtle, George	184.70
12/19/2019	90047	Patrick, Gregory	184.70
12/19/2019	90048	Tash, Charles	184.70
Grand Totals:			
	<u>4</u>		<u>738.80</u>

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1313						
01/17/2020	Collins Cockrel & Cole	3013M 12/19	Legal	1-675	2,523.00	2,523.00
Total 1313:						2,523.00
1314						
01/17/2020	Flatiron Owners Association	002611	Property Mgt/FOA	1-705	792.80	792.80
01/17/2020	Flatiron Owners Association	002732	Property Mgt/FOA	1-705	860.52	860.52
01/17/2020	Flatiron Owners Association	002964	Property Mgt/FOA	1-705	320.04	320.04
Total 1314:						1,973.36
1315						
01/17/2020	Prairie Mountain Media	1052363	Miscellaneous Expense	1-685	36.52	36.52
01/17/2020	Prairie Mountain Media	1052363	Miscellaneous Expense	1-685	36.52-	36.52-
Total 1315:						.00
1316						
01/17/2020	Restruction Corporation	19338-1	Repairs and Maintenance	1-715	965.00	965.00
Total 1316:						965.00
1317						
01/17/2020	Simmons & Wheeler, PC	25540	Accounting	1-612	1,239.23	1,239.23
Total 1317:						1,239.23
1318						
01/17/2020	Special Dist Management Srvs	63328	Accounting	1-612	294.00	294.00
01/17/2020	Special Dist Management Srvs	63328	Election Expense	1-635	28.00	28.00
01/17/2020	Special Dist Management Srvs	63328	District Management	1-614	1,670.00	1,670.00
01/17/2020	Special Dist Management Srvs	63328	Miscellaneous Expense	1-685	43.34	43.34
Total 1318:						2,035.34
1319						
01/17/2020	Tiarna Real Estate Services, Inc.	2019-12-01	Property Mgt/FOA	1-705	1,000.00	1,000.00
01/17/2020	Tiarna Real Estate Services, Inc.	2020-01-01	Property Mgt/FOA	1-705	1,000.00	1,000.00
Total 1319:						2,000.00
1320						
01/17/2020	US Bank	DEC 2019	Trustee/Paying Agent Fee	2-668	605.00	605.00
Total 1320:						605.00
Grand Totals:						11,340.93

<u>Check Issue Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>
01/17/2020	90049	Russell, Kael T.	184.70
Grand Totals:			
	<u>1</u>		<u>184.70</u>

MidCities Metropolitan District No. 2  
January-20

	General	Debt	Capital	Totals
Disbursements	\$ 10,735.93	\$ 605.00		\$ 11,340.93
Payroll	184.70	-		\$ 184.70
		-		
<b>Total Disbursements from Checking</b>	<b>\$10,920.63</b>	<b>\$605.00</b>	<b>\$0.00</b>	<b>\$11,525.63</b>

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1321						
02/06/2020	Collins Engineers, Inc.	47263	Engineering	1-784	217.50	217.50
Total 1321:						217.50
1322						
02/06/2020	Flatiron Owners Association	002583 Q1	Property Mgt/FOA	1-705	8,058.11	8,058.11
02/06/2020	Flatiron Owners Association	002612	Property Mgt/FOA	1-705	1,216.42	1,216.42
02/06/2020	Flatiron Owners Association	002613 Q1	Property Mgt/FOA	1-705	3,709.02	3,709.02
02/06/2020	Flatiron Owners Association	003767	Property Mgt/FOA	1-705	3,072.92	3,072.92
Total 1322:						16,056.47
1323						
02/06/2020	Hilltop Securities, Inc.	5580	Investment Advisor	2-616	5,000.00	5,000.00
Total 1323:						5,000.00
1324						
02/06/2020	Simmons & Wheeler, PC	25714	Accounting	1-612	684.75	684.75
Total 1324:						684.75
1325						
02/06/2020	Special Dist Management Srvs	65484	Accounting	1-612	1,358.00	1,358.00
02/06/2020	Special Dist Management Srvs	65484	Election Expense	1-635	112.00	112.00
02/06/2020	Special Dist Management Srvs	65484	District Management	1-614	1,876.00	1,876.00
02/06/2020	Special Dist Management Srvs	65484	Miscellaneous Expense	1-685	134.69	134.69
Total 1325:						3,480.69
1326						
02/06/2020	Tiarna Real Estate Services, Inc.	2020-02-01	Property Mgt/FOA	1-705	1,000.00	1,000.00
Total 1326:						1,000.00
1327						
02/07/2020	Colorado Special Districts P&L	POL-0002526 1/202	Insurance/SDA	1-670	162.00	162.00
Total 1327:						162.00
Grand Totals:						26,601.41

MidCities Metropolitan District No. 2  
February-20

	General	Debt	Capital	Totals
Disbursements	\$ 21,601.41	\$ 5,000.00		\$ 26,601.41
Payroll		-		\$ -
		-		
<b>Total Disbursements from Checking</b>	<b>\$21,601.41</b>	<b>\$5,000.00</b>	<b>\$0.00</b>	<b>\$26,601.41</b>

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1328						
03/11/2020	Collins Cockrel & Cole	3013M 1/20	Legal	1-675	3,115.45	3,115.45
Total 1328:						3,115.45
1329						
03/11/2020	Prairie Mountain Media	000223430	Election Expense	1-635	57.20	57.20
Total 1329:						57.20
1330						
03/11/2020	Simmons & Wheeler, PC	25903	Accounting	1-612	1,000.00	1,000.00
Total 1330:						1,000.00
1331						
03/11/2020	Special Dist Management Srvs	66488	Election Expense	1-635	336.00	336.00
03/11/2020	Special Dist Management Srvs	66488	Accounting	1-612	462.00	462.00
03/11/2020	Special Dist Management Srvs	66488	District Management	1-614	2,016.00	2,016.00
03/11/2020	Special Dist Management Srvs	66488	Miscellaneous Expense	1-685	231.71	231.71
Total 1331:						3,045.71
1332						
03/11/2020	Special District Association	SDA 2020	Insurance/SDA	1-670	1,237.50	1,237.50
Total 1332:						1,237.50
Grand Totals:						8,455.86



MidCities Metropolitan District No. 2  
March-20

	General	Debt	Capital	Totals
Disbursements	\$ 8,455.86			\$ 8,455.86
Payroll	369.40	-		\$ 369.40
		-		
<b>Total Disbursements from Checking</b>	<b>\$8,825.26</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$8,825.26</b>

Check Issue Date	Check Number	Payee	Amount
03/11/2020	90050	McCormick, Douglas	92.35
03/11/2020	90051	Turtle, George	92.35
03/11/2020	90052	Tash, Charles	92.35
03/11/2020	90053	Russell, Kael T.	92.35
Grand Totals:			
	<u>4</u>		<u>369.40</u>

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1333						
04/13/2020	Collins Cockrel & Cole	3013M 2/20	Legal	1-675	8,448.50	8,448.50
Total 1333:						8,448.50
1334						
04/13/2020	Collins Engineers, Inc.	47530	Engineering	1-784	652.50	652.50
Total 1334:						652.50
1335						
04/14/2020	Flatiron Owners Association	002583 Q2	Property Mgt/FOA	1-705	5,111.15	5,111.15
04/14/2020	Flatiron Owners Association	002611 Q2	Property Mgt/FOA	1-705	503.74	503.74
04/14/2020	Flatiron Owners Association	002612- Q2	Property Mgt/FOA	1-705	772.26	772.26
04/14/2020	Flatiron Owners Association	002613 Q2	Property Mgt/FOA	1-705	2,353.17	2,353.17
04/14/2020	Flatiron Owners Association	002732 Q2	Property Mgt/FOA	1-705	547.47	547.47
04/14/2020	Flatiron Owners Association	002964 Q2	Property Mgt/FOA	1-705	205.04	205.04
04/14/2020	Flatiron Owners Association	003767 Q2	Property Mgt/FOA	1-705	1,949.33	1,949.33
Total 1335:						11,442.16
1336						
04/13/2020	Internal Revenue Service	CP161	Miscellaneous Expense	1-685	13.27	13.27
Total 1336:						13.27
1337						
04/13/2020	MDLI Consulting Services	14579	Project Management	3-780	21,907.00	21,907.00
04/13/2020	MDLI Consulting Services	14592	Project Management	3-780	5,870.00	5,870.00
Total 1337:						27,777.00
1338						
04/13/2020	Simmons & Wheeler, PC	26085	Accounting	1-612	1,326.25	1,326.25
Total 1338:						1,326.25
1339						
04/13/2020	Special Dist Management Srvs	68453	Miscellaneous Expense	1-685	36.20	36.20
04/13/2020	Special Dist Management Srvs	68453	Election Expense	1-635	84.00	84.00
04/13/2020	Special Dist Management Srvs	68453	Accounting	1-612	518.00	518.00
04/13/2020	Special Dist Management Srvs	68453	Audit	1-615	14.00	14.00
04/13/2020	Special Dist Management Srvs	68453	District Management	1-614	1,568.00	1,568.00
Total 1339:						2,220.20
1340						
04/14/2020	Tiarna Real Estate Services, Inc.	2020-03-01	Property Mgt/FOA	1-705	1,000.00	1,000.00
04/14/2020	Tiarna Real Estate Services, Inc.	20200401	Property Mgt/FOA	1-705	1,000.00	1,000.00
Total 1340:						2,000.00
1341						
04/14/2020	Weathercraft Company of Colora	3000326439	Parking Garage Structure	3-762	665.83	665.83
Total 1341:						665.83

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
Grand Totals:						<u>54,545.71</u>

<u>Check Issue Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>
04/13/2020	90054	McCormick, Douglas	92.35
04/13/2020	90055	Turtle, George	92.35
04/13/2020	90056	Tash, Charles	92.35
04/13/2020	90057	Russell, Kael T.	92.35
Grand Totals:			
	<u>4</u>		<u>369.40</u>

MidCities Metropolitan District No. 2  
April-20

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 26,102.88		\$ 28,442.83	\$ 54,545.71
Payroll	369.40	-		\$ 369.40
		-		
<b>Total Disbursements from Checking</b>	<b>\$26,472.28</b>	<b>\$0.00</b>	<b>\$28,442.83</b>	<b>\$54,915.11</b>

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
<b>1342</b>						
05/12/2020	Collins Cockrel & Cole	3013M 11/19	Legal	1-675	2,110.00	2,110.00
05/12/2020	Collins Cockrel & Cole	3013M 3/20	Legal	1-675	4,681.50	4,681.50
<b>Total 1342:</b>						<b>6,791.50</b>
<b>1343</b>						
05/12/2020	Collins Engineers, Inc.	47704	Engineering	1-784	176.13	176.13
05/12/2020	Collins Engineers, Inc.	47705	Retaining Wall	3-763	2,030.00	2,030.00
<b>Total 1343:</b>						<b>2,206.13</b>
<b>1344</b>						
05/12/2020	J.R. Harris & Co. Structural Engi	16362	Engineering	1-784	10,227.70	10,227.70
05/12/2020	J.R. Harris & Co. Structural Engi	16363	Engineering	1-784	25,433.15	25,433.15
05/12/2020	J.R. Harris & Co. Structural Engi	16364	Engineering	1-784	10,500.00	10,500.00
<b>Total 1344:</b>						<b>46,160.85</b>
<b>1345</b>						
05/12/2020	MDLI Consulting Services	14648	Drainage Improvements	3-764	35,481.00	35,481.00
05/12/2020	MDLI Consulting Services	14666	Drainage Improvements	3-764	27,736.25	27,736.25
<b>Total 1345:</b>						<b>63,217.25</b>
<b>1346</b>						
05/12/2020	Norris Design Inc	01-58033	Project Management	3-780	1,801.90	1,801.90
<b>Total 1346:</b>						<b>1,801.90</b>
<b>1347</b>						
05/12/2020	Prairie Mountain Media	0000232719	Election Expense	1-635	48.40	48.40
<b>Total 1347:</b>						<b>48.40</b>
<b>1348</b>						
05/12/2020	Simmons & Wheeler, PC	26085	Accounting	1-612	1,326.25	1,326.25
05/12/2020	Simmons & Wheeler, PC	26260	Accounting	1-612	388.75	388.75
<b>Total 1348:</b>						<b>1,715.00</b>
<b>1349</b>						
05/12/2020	Special Dist Management Srvs	69543	Miscellaneous Expense	1-685	116.18	116.18
05/12/2020	Special Dist Management Srvs	69543	Election Expense	1-635	126.00	126.00
05/12/2020	Special Dist Management Srvs	69543	Accounting	1-612	840.00	840.00
05/12/2020	Special Dist Management Srvs	69543	Audit	1-615	336.00	336.00
05/12/2020	Special Dist Management Srvs	69543	District Management	1-614	3,178.00	3,178.00
<b>Total 1349:</b>						<b>4,596.18</b>
<b>1350</b>						
05/12/2020	Tiarna Real Estate Services, Inc.	2020-05-01	Property Mgt/FOA	1-705	1,000.00	1,000.00
<b>Total 1350:</b>						<b>1,000.00</b>
<b>1351</b>						
05/12/2020	Weathercraft Company of Colora	3000326678	Parking Garage Structure	3-762	665.83	665.83

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
<b>Total 1351:</b>						<u>665.83</u>
<b>Grand Totals:</b>						<u><u>128,203.04</u></u>



MidCities Metropolitan District No. 2  
May-20

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 60,488.06		\$ 67,714.98	\$ 128,203.04
Payroll		-		\$ -
		-		
<b>Total Disbursements from Checking</b>	<b>\$60,488.06</b>	<b>\$0.00</b>	<b>\$67,714.98</b>	<b>\$128,203.04</b>

MidCities Metropolitan District No. 2  
Financial Statements

March 31, 2020

ACCOUNTANT'S COMPILATION REPORT

Board of Directors  
MidCities Metropolitan District No. 2

Management is responsible for the accompanying financial statements of each major fund of MidCities Metropolitan District No. 2, as of and for the period ended March 31, 2020, which are comprised of the Balance Sheet and the related Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Funds and account groups for the three months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit the Statement of Net Position, Statement of Activities, Management Discussion and Analysis and all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to MidCities Metropolitan District No. 2 because we performed certain accounting services that impaired our independence.

*Simmons & Wheeler, P.C.*

May 13, 2020  
Englewood, Colorado

**MidCities Metropolitan District No. 2**  
**Balance Sheet - Governmental Funds and Account Groups**  
**March 31, 2020**

**See Accountant's Compilation Report**

	General <u>Fund</u>	Capital Projects <u>Fund</u>	Debt Service <u>Fund</u>	Account <u>Groups</u>	Total <u>All Funds</u>
<b>Assets</b>					
<b>Current assets</b>					
Checking	\$ 30,564	\$ 18,465	\$ -		\$ 49,029
Colotrust	1,615,419	182	5	-	1,615,606
UMB	-	1,430,026	5,602,490	-	7,032,516
Taxes due from County	14,988	-	116,194	-	131,182
Sales Taxes Receivable	-	-	212,752	-	212,752
Account Receivable -Other	2,211	-	-	-	2,211
Due (to)/from other funds	2,211	-	(2,211)	-	-
	<u>1,665,393</u>	<u>1,448,673</u>	<u>5,929,230</u>	<u>-</u>	<u>9,043,296</u>
<b>Other assets</b>					
Fixed assets	-	-	-	10,287,324	10,287,324
Amount available in debt service fund	-	-	-	5,929,230	5,929,230
Amount to be provided for retirement of debt	-	-	-	51,157,770	51,157,770
	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,374,324</u>	<u>67,374,324</u>
	<u>\$ 1,665,393</u>	<u>\$ 1,448,673</u>	<u>\$ 5,929,230</u>	<u>\$ 67,374,324</u>	<u>\$ 76,417,620</u>
<b>Liabilities and Equity</b>					
<b>Current liabilities</b>					
Accounts payable	\$ 21,387	\$ 30,473	\$ -	\$ -	\$ 51,860
Payroll taxes payable	403	-	-	-	403
	<u>21,790</u>	<u>30,473</u>	<u>-</u>	<u>-</u>	<u>52,263</u>
<b>Long Term liabilities</b>					
General Obligation Bonds - 2016A	-	-	-	47,500,000	47,500,000
General Obligation Bonds - 2016B	-	-	-	9,587,000	9,587,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,087,000</u>	<u>57,139,263</u>
<b>Total liabilities</b>	<u>21,790</u>	<u>30,473</u>	<u>-</u>	<u>57,087,000</u>	<u>57,139,263</u>
<b>Fund Equity</b>					
Investment in fixed assets	-	-	-	10,287,324	10,287,324
Fund balance (deficit)	1,643,603	1,418,200	5,929,230	-	8,991,033
	<u>1,643,603</u>	<u>1,418,200</u>	<u>5,929,230</u>	<u>10,287,324</u>	<u>19,278,357</u>
	<u>\$ 1,665,393</u>	<u>\$ 1,448,673</u>	<u>\$ 5,929,230</u>	<u>\$ 67,374,324</u>	<u>\$ 76,417,620</u>

**MidCities Metropolitan District No. 2**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Governmental Funds**  
**For the Three Months Ended March 31, 2020**  
**General Fund**

**See Accountant's Compilation Report**

	<u>Annual</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>			
Property taxes	\$ 137,553	\$ 46,639	\$ (90,914)
Specific ownership taxes	135,916	30,057	(105,859)
PILOT revenue	125,000	81,381	(43,619)
Interest Income	25,000	6,471	(18,529)
Miscellaneous Income	3,000	-	(3,000)
	<u>426,469</u>	<u>164,548</u>	<u>(261,921)</u>
<b>Expenditures</b>			
Accounting	25,000	5,053	19,947
District Management	45,000	5,460	39,540
Audit	4,800	14	4,786
Director's Fees	3,600	800	2,800
Election Expense	5,000	589	4,411
Insurance/SDA	31,000	26,643	4,357
Legal	25,000	18,356	6,644
Engineering	5,000	829	4,171
Miscellaneous Expense	1,000	416	584
Payroll Taxes	300	61	239
Treasurer's fees	2,063	700	1,363
Property Mgt/FOA	100,000	21,030	78,970
Repairs and Maintenance	50,000	-	50,000
Contingency	1,549,279	-	1,549,279
Emergency reserve	8,933	-	8,933
	<u>1,855,975</u>	<u>79,951</u>	<u>1,776,024</u>
Excess (deficiency) of revenues over expenditures	(1,429,506)	84,597	1,514,103
Fund balance beginning	<u>1,429,506</u>	<u>1,559,006</u>	<u>129,500</u>
Fund balance ending	<u>\$ -</u>	<u>\$ 1,643,603</u>	<u>\$ 1,643,603</u>

**MidCities Metropolitan District No. 2**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Governmental Funds**  
**For the Three Months Ended March 31, 2020**  
**Capital Projects Fund**  
**See Accountant's Compilation Report**

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Interest Income	\$ 30,000	\$ 4,859	\$ (25,141)
	<u>30,000</u>	<u>4,859</u>	<u>(25,141)</u>
Expenditures			
Trails	350,000	-	350,000
Legal	45,000	-	45,000
District Management	5,000	-	5,000
Engineering	75,000	-	75,000
Parking Garage Structure	700,000	666	699,334
Retaining Wall - Greystar	-	29,807	(29,807)
Retaining Wall - 505 Zang Street	175,000	-	175,000
Miscellaneous Improvements	105,000	-	105,000
	<u>1,455,000</u>	<u>30,473</u>	<u>1,424,527</u>
Excess (deficiency) of revenues over expenditures	(1,425,000)	(25,614)	1,399,386
Fund balance beginning	<u>1,425,000</u>	<u>1,443,814</u>	<u>18,814</u>
Fund balance (deficit) ending	<u>\$ -</u>	<u>\$ 1,418,200</u>	<u>\$ 1,418,200</u>

**MidCities Metropolitan District No. 2**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Governmental Funds**  
**For the Three Months Ended March 31, 2020**  
**Debt Service Fund**  
**See Accountant's Compilation Report**

	<u>Annual</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>			
Property Taxes	\$ 1,783,661	\$ 604,764	\$ (1,178,897)
Property Taxes - Greystar	271,374	131,352	(140,022)
Property Taxes - Pathfinder Exclusion	20,163	20,163	-
Property Taxes - Filing 15	93,782	46,863	(46,919)
Property Taxes - CPIII Exclusion	148,071	-	(148,071)
Sales Tax Revenue	2,600,000	395,663	(2,204,337)
Interest Income	80,000	16,828	(63,172)
	<u>4,997,051</u>	<u>1,215,633</u>	<u>(3,781,418)</u>
<b>Expenditures</b>			
2016A Bond and SWAP Interest	1,680,550	415,017	1,265,533
2016A Bond Principal	1,375,000	-	1,375,000
2016B Bond Interest	900,000	-	900,000
Investment Advisor	5,000	-	5,000
Trustee/Paying Agent Fees	10,500	8,480	2,020
Miscellaneous	5,000	-	5,000
Treasurer's Fees	34,932	12,047	22,885
	<u>4,010,982</u>	<u>435,544</u>	<u>3,575,438</u>
Excess (deficiency) of revenues over expenditures	986,069	780,089	(205,980)
Fund balance beginning	<u>4,667,485</u>	<u>5,149,141</u>	<u>481,656</u>
Fund balance (deficit) ending	<u>\$ 5,653,554</u>	<u>\$ 5,929,230</u>	<u>\$ 275,676</u>

DRAFT 4/9/2020

**MIDCITIES METROPOLITAN DISTRICT NO. 2**

Financial Statements

Year Ended December 31, 2019

with

Independent Auditors' Report



# DRAFT 4/9/2020

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## MIDCITIES METROPOLITAN DISTRICT NO. 2

### BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>						
Cash and investments	\$ 1,521,998	\$ -	\$ -	\$ 1,521,998	\$ -	\$ 1,521,998
Cash and investments - restricted	8,933	4,756,167	1,443,814	6,208,914	-	6,208,914
Accounts receivable:						
County Treasurer	12,191	-	-	12,191	-	12,191
Sales/use taxes	-	390,099	-	390,099	-	390,099
Property taxes	137,553	2,317,051	-	2,454,604	-	2,454,604
Prepaid expenses	25,243	7,875	-	33,118	-	33,118
Fair value of investment in interest rate exchange agreement	-	-	-	-	277,947	277,947
Capital assets, net of accumulated depreciation	-	-	-	-	7,495,721	7,495,721
Capital assets, not being depreciated	-	-	-	-	2,667,600	2,667,600
<b>Total Assets</b>	<u>1,705,918</u>	<u>7,471,192</u>	<u>1,443,814</u>	<u>10,620,924</u>	<u>7,773,668</u>	<u>21,062,192</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred cost on refunding	-	-	-	-	396,789	396,789
<b>Total Deferred Outflows of Resources</b>	-	-	-	-	396,789	396,789
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 1,705,918</u>	<u>\$ 7,471,192</u>	<u>\$ 1,443,814</u>	<u>\$ 10,620,924</u>		
<b>LIABILITIES</b>						
Accounts payable	\$ 9,359	\$ 5,000	\$ -	\$ 14,359	-	14,359
Accrued interest on bonds	-	-	-	-	296,902	296,902
Long-term liabilities:						
Due within one year	-	-	-	-	1,375,000	1,375,000
Due in more than one year	-	-	-	-	55,712,000	55,712,000
<b>Total Liabilities</b>	<u>9,359</u>	<u>5,000</u>	<u>-</u>	<u>14,359</u>	<u>57,383,902</u>	<u>57,398,261</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows from interest rate exchange agreement	-	-	-	-	277,947	277,947
Deferred property taxes	137,553	2,317,051	-	2,454,604	-	2,454,604
<b>Total Deferred Inflows of Resources</b>	<u>137,553</u>	<u>2,317,051</u>	<u>-</u>	<u>2,454,604</u>	<u>277,947</u>	<u>2,732,551</u>
<b>FUND BALANCES/NET POSITION</b>						
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Prepays	25,243	-	-	25,243	(25,243)	-
<b>Restricted:</b>						
Emergencies	8,933	-	-	8,933	(8,933)	-
Debt service	-	5,149,141	-	5,149,141	(5,149,141)	-
Capital projects	-	-	1,443,814	1,443,814	(1,443,814)	-
Unassigned	1,524,830	-	-	1,524,830	(1,524,830)	-
<b>Total Fund Balances</b>	<u>1,559,006</u>	<u>5,149,141</u>	<u>1,443,814</u>	<u>8,151,961</u>	<u>(8,151,961)</u>	<u>-</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 1,705,918</u>	<u>\$ 7,471,192</u>	<u>\$ 1,443,814</u>	<u>\$ 10,620,924</u>		
<b>Net Position:</b>						
<b>Restricted for:</b>						
Emergencies					8,933	8,933
Debt service					4,852,239	4,852,239
Capital projects					1,443,814	1,443,814
Unrestricted					(44,976,817)	(44,976,817)
<b>Total Net Position</b>					<u>\$ (38,671,831)</u>	<u>\$ (38,671,831)</u>

The notes to the financial statements are an integral part of these statements.

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## MIDCITIES METROPOLITAN DISTRICT NO. 2

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES</b>						
General expenses:						
Accounting	\$ 18,393	\$ -	\$ -	\$ 18,393	\$ -	\$ 18,393
Audit	4,264	-	-	4,264	-	4,264
Property management	63,011	-	-	63,011	-	63,011
District management	26,449	-	-	26,449	-	26,449
Repair and maintenance	8,809	-	-	8,809	-	8,809
Directors fees	2,100	-	-	2,100	-	2,100
Election expense	28	-	-	28	-	28
Payroll taxes	447	-	-	447	-	447
Insurance	29,399	-	-	29,399	-	29,399
Miscellaneous expense	387	-	-	387	-	387
Legal	14,187	-	-	14,187	-	14,187
Engineering	12,181	-	-	12,181	-	12,181
Treasurer's fees	2,163	31,808	-	33,971	-	33,971
Capital outlay	-	-	184,406	184,406	(184,406)	-
Depreciation expense	-	-	-	-	308,408	308,408
Debt service:						
Bond principal	-	1,275,000	-	1,275,000	(1,275,000)	-
Bond interest expense	-	2,326,194	-	2,326,194	329,553	2,655,747
Investment advisor	-	5,000	-	5,000	-	5,000
Paying agent fees	-	11,004	-	11,004	-	11,004
<b>Total Expenditures</b>	<b>181,818</b>	<b>3,649,006</b>	<b>184,406</b>	<b>4,015,230</b>	<b>(821,445)</b>	<b>3,193,785</b>
<b>GENERAL REVENUES</b>						
Property taxes	144,095	2,119,204	-	2,263,299	-	2,263,299
Specific ownership taxes	144,685	-	-	144,685	-	144,685
PILOT revenue	123,978	-	-	123,978	-	123,978
Sales tax revenue	-	2,652,812	-	2,652,812	-	2,652,812
Interest income	30,527	108,291	29,713	168,531	-	168,531
<b>Total General Revenues</b>	<b>443,285</b>	<b>4,880,307</b>	<b>29,713</b>	<b>5,353,305</b>	<b>-</b>	<b>5,353,305</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>261,467</b>	<b>1,231,301</b>	<b>(154,693)</b>	<b>1,338,075</b>	<b>(1,338,075)</b>	
<b>CHANGE IN NET POSITION</b>					<b>2,159,520</b>	<b>2,159,520</b>
<b>FUND BALANCES/NET POSITION:</b>						
BEGINNING OF YEAR, AS RESTATED	<u>1,297,539</u>	<u>3,917,840</u>	<u>1,598,507</u>	<u>6,813,886</u>	<u>(47,645,237)</u>	<u>(40,831,351)</u>
END OF YEAR	<u>\$ 1,559,006</u>	<u>\$ 5,149,141</u>	<u>\$ 1,443,814</u>	<u>\$ 8,151,961</u>	<u>\$(46,823,792)</u>	<u>\$(38,671,831)</u>

The notes to the financial statements are an integral part of these statements.

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## MIDCITIES METROPOLITAN DISTRICT NO. 2

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2019

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Property taxes	\$ 144,008	\$ 144,095	\$ 87
Specific ownership taxes	132,500	144,685	12,185
PILOT revenue	150,000	123,978	(26,022)
Interest income	10,000	30,527	20,527
Miscellaneous income	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
Total Revenues	<u>439,508</u>	<u>443,285</u>	<u>3,777</u>
<b>EXPENDITURES</b>			
Accounting	20,000	18,393	1,607
Audit	5,000	4,264	736
Property management	100,000	63,011	36,989
District management	45,000	26,449	18,551
Repair and maintenance	50,000	8,809	41,191
Directors fees	3,600	2,100	1,500
Election expense	-	28	(28)
Payroll taxes	300	447	(147)
Insurance	33,000	29,399	3,601
Miscellaneous expense	1,000	387	613
Legal	40,000	14,187	25,813
Engineering	-	12,181	(12,181)
Treasurer's fees	2,160	2,163	(3)
Contingency	1,428,097	-	1,428,097
Emergency reserve	<u>9,002</u>	<u>-</u>	<u>9,002</u>
Total Expenditures	<u>1,737,159</u>	<u>181,818</u>	<u>1,555,341</u>
NET CHANGE IN FUND BALANCE	(1,297,651)	261,467	1,559,118
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	<u>1,297,651</u>	<u>1,297,539</u>	<u>(112)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 1,559,006</u>	<u>\$ 1,559,006</u>

The notes to the financial statements are an integral part of these statements.

## MIDCITIES METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2019

Note 1: Summary of Significant Accounting Policies

The accounting policies of MidCities Metropolitan District No. 2, (“District”), located in the City and County of Broomfield, Colorado, (“County”) conform to accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governments. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on November 6, 1998, as a quasi-municipal organization established under the State of Colorado Special District Act to pay for various services and facilities which were previously provided by MidCities Metropolitan District No. 1 (“District No. 1”). The two districts worked together to serve the development and to provide the necessary public improvements and services as required by the Development Agreement. District No. 1 is referred to in both Service Plans as the “Service District” and the District is referred to as the “Tax District”. The Districts were established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District is required to generate property tax revenue sufficient to pay the costs of operations and some of the debt service for public improvements. The District is governed by an elected Board of Directors.

During 2017 MidCities Metropolitan District No. 1 was dissolved and all functions and obligations were assigned to the District.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

## MIDCITIES METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2019

### Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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

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## MIDCITIES METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2019

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund - The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

### Budgetary Accounting

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

### Assets, Liabilities and Net Position:

#### Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2019, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

#### Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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## MIDCITIES METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2019

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

### Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the Statement of Net Position.

### Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred cost on refunding reported in the government-wide statement of net position. A deferred cost on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has types of items that qualify for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows from interest rate exchange agreement are expected inflows that will be recognized in future periods.

### Original Issue Premium, Prepaid Debt Insurance and Deferred costs on bond refunding

Deferred costs on bond refunding from the Series 2016A Bonds are being amortized over the term of the bonds using the straight-line method. Accumulated amortization of deferred cost on refunding amounted to \$672,818 at December 31, 2019.



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## MIDCITIES METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2019

### Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure including trails, walls, streets, storm drainage and parking structures:	40 years
Monumentation:	10 years

### Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Property owners within the boundaries of the District have been assessed \$2,454,604 for 2019. Since these taxes are not normally available to the District in 2019, they are classified as deferred income until 2020.

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## MIDCITIES METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2019

### Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

### Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

### Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of \$25,243 represents prepaid insurance expenditures.

### Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$8,933 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$5,149,141 is restricted for the payment of the debt service costs associated with the 2016 Bonds (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$1,443,814 is restricted for the payment of the costs for capital improvements within the District.

### Committed Fund Balance

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

### Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

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## MIDCITIES METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2019

### Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

### Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

*Net investment in capital assets* – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

*Restricted net position* – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

*Unrestricted net position* – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

### Note 2: Cash and Investments

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

Statement of Net Position:	
Cash and investments	\$ 1,521,998
Cash and investments – Restricted	<u>6,208,914</u>
Total	<u>\$ 7,730,912</u>

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

Deposits with financial institutions	\$ 56,212
Investments - COLOTRUST	1,496,755
Investments - CSAFE	<u>6,177,945</u>
	<u>\$ 7,730,912</u>

## MIDCITIES METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2019

### Deposits:

#### Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District adopted a policy to comply with state statutes for deposits. None of the District’s deposits were exposed to custodial credit risk.

### Investments:

#### Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District’s investments are not required to be categorized within the fair value hierarchy. The COLOTRUST investment’s value is calculated using the net asset value method (NAV) per share while the CSAFE investment’s value is calculated using the amortized cost method.

#### Credit Risk

The District’s investment policy requires that the District follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

#### Custodial and Concentration of Credit Risk

None of the District’s investments are subject to custodial or concentration of credit risk.

#### Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

## MIDCITIES METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2019

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

### COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”) is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians’ internal records identify the investments owned by COLOTRUST. At December 31, 2019, the District had \$1,496,755 invested in COLOTRUST.

### CSAFE

The local government investment pool Colorado Surplus Asset Fund Trust (“CSAFE”), is rated AAAM by Standard and Poor’s with a weighted average maturity of under 60 days. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. CSAFE is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to custodian agreements. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodians’ internal records identify the investments owned by CSAFE. At December 31, 2019, the District had \$6,177,945 invested in CSAFE

# DRAFT 4/9/2020

## MIDCITIES METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2019

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2019, is as follows:

	Balance 1/1/2019	Additions	Retirements	Balance 12/31/2019
<u>Capital assets, being depreciated:</u>				
Regional trails	\$ 366,424	\$ -	\$ -	\$ 366,424
Retaining walls	2,765,679	-	-	2,765,679
Monumentation	763,133	-	-	763,133
Streets	2,093,701	-	-	2,093,701
Parking lot	1,123,265	-	-	1,123,265
Storm drainage	1,442,747	-	-	1,442,747
Parking garage	4,420,818	-	-	4,420,818
Total infrastructure	<u>12,975,767</u>	<u>-</u>	<u>-</u>	<u>12,975,767</u>
Accumulated depreciation	<u>(5,171,638)</u>	<u>(308,408)</u>	<u>-</u>	<u>(5,480,046)</u>
Total capital assets being depreciated:	<u>7,804,129</u>	<u>(308,408)</u>	<u>-</u>	<u>7,495,721</u>
<u>Capital assets, not being depreciated:</u>				
Construction in progress	73,606	184,406	-	258,012
Land and easements	2,409,588	-	-	2,409,588
Total capital assets not being depreciated:	<u>2,483,194</u>	<u>184,406</u>	<u>-</u>	<u>2,667,600</u>
Total capital assets	<u>\$ 10,287,323</u>	<u>\$ (124,002)</u>	<u>\$ -</u>	<u>\$ 10,163,321</u>

In 2007, the District conveyed its capital assets to the City and County of Broomfield, Colorado. During 2017 MidCities Metropolitan District No. 1 conveyed its assets to the District and these assets were depreciated starting in 2018. The capital assets will be maintained by the District with the exception of any construction in progress that is anticipated to be conveyed to other governmental entities.

# DRAFT 4/9/2020

## MIDCITIES METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2019

Note 4: Long Term Debt

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

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019	Current Portion
Special Revenue Refunding and Improvement Bonds, Series 2016A	\$ 48,775,000	\$ -	\$ 1,275,000	\$ 47,500,000	\$ 1,375,000
Subordinate Special Revenue Refunding Bonds, Series 2016B	9,587,000	-	-	9,587,000	-
Total Long-term debt	<u>\$ 58,362,000</u>	<u>\$ -</u>	<u>\$ 1,275,000</u>	<u>\$ 57,087,000</u>	<u>\$ 1,375,000</u>

A description of the long-term obligations as of December 31, 2019, is as follows:

**General Obligation Refunding and Improvement Bonds, Series 2006**

On July 12, 2006 the District issued \$24,400,000 of General Obligation Refunding and Improvements Bonds Series 2006 ("Bonds"). The purpose of the Bonds was to 1) refund all of the District's outstanding general obligation debt; 2) finance the acquisition of land and the construction and acquisition of public improvements; 3) fund capitalized interest; 4) fund the Reserve Fund and 5) pay for the costs of issuing the bonds. The interest rate varied from 4.000% to 5.125% consisting of serial bonds due annually commencing on December 1, 2010. Interest was paid semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup> commencing on December 1, 2006. The Bonds were secured by pledged revenues derived by the required mill levy on the property. Additionally, the Bonds and interest were insured as to repayment by Radian Asset Assurance, Inc. ("Radian"). During March 2016, Standard & Poor's upgraded the rating of Radian to "BBB-".

The Series 2006 Bonds were defeased on October 3, 2016, in conjunction with the issuance of the Series 2016A and Series 2016B Bonds.

## MIDCITIES METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2019

**Special Revenue Refunding and Improvement Bonds, Series 2016A**

On October 3, 2016, the District issued \$51,975,000 of Special Revenue Refunding and Improvement Bonds, Series 2016A, (“Series 2016A Bonds”) dated October 3, 2016, for the purpose (a) paying Project Costs, (b) paying the costs of refunding all of the Series 2006 Bonds of District No. 2 and some of the 2004 Bonds of District No. 1, (c) funding the Reserve Fund in the amount of the Reserve Requirement and (d) paying other costs in connection with the issuance of the Series 2016A Bonds. The bonds bear interest at the rate of 1.64% plus 70% of the One Month LIBOR Rate, payable monthly on the first New York Business Day of every month, commencing on November 1, 2016. In order to effectively convert this variable rate to a fixed rate, the District entered into a SWAP agreement to achieve a “synthetic” interest rate of 3.48% (See Note 5). The Series 2016A Bonds mature on December 1, 2021, are subject to a mandatory sinking fund redemption commencing on December 1, 2016, and are subject to early redemption at the option of the District on any date prior to the Maturity Date with a prepayment fee. The 2016A Bonds are secured by Pledged Revenues including (i) the Required Mill Levy, (ii) all amounts received from the City pursuant to the City Agreement (sales and use taxes), (iii) all Counterparty Net Regularly Scheduled Swap payments received by the District from the Exchange Agreement Provider under the 2016 Exchange Agreement (see Note 5), (iv) any Termination payments received the by District, and (v) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund.

**Current refunding of debt**

The 2016A Bonds were issued to provide resources to purchase securities to be placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the Series 2006 Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,069,607. This amount is recorded as a deferred outflow and is being amortized over remaining life of the new debt issued. The refunding resulted in an economic gain of \$922,271 due to the average interest rate of the Series 2016 Bonds being lower than the refunded bonds.

The debt service requirements for the Series 2016A Bonds as of December 31, 2019, are as follows:

	Principal	Interest	Total
2020	\$ 1,375,000	\$ 1,680,550	\$ 3,055,550
2021	46,125,000	1,627,444	47,752,444
	\$ 47,500,000	\$ 3,307,994	\$ 50,807,994



## MIDCITIES METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2019

### **Subordinate Special Revenue Refunding Bonds, Series 2016B**

On October 3, 2016, the District issued \$9,725,000 of Subordinate Special Revenue Refunding Bonds, Series 2016B, (“Series 2016B Bonds”) dated October 3, 2016, for the purpose of (a) paying a portion of the costs of refunding District No. 1’s Series 2004 Bonds and (b) paying the costs of issuing the bonds. The bonds bear interest at the rate of 7.75%, payable to the extent of Subordinate Pledged Revenue available annually on each December 15, commencing on December 15, 2016, and mature on December 15, 2046. The Series 2016B Bonds are subject to early redemption at the option of the District and are also subject to mandatory redemption under certain circumstances as set forth in the Trust Indenture.

Because of the cash flow nature of the bonds and the uncertainty of the timing of principal and interest payments, no schedule of debt service requirements is presented.

### Note 5: Interest Rate Exchange Agreement

On October 3, 2016, the District entered into an Interest Rate Exchange Agreement (“Swap Agreement”) with U.S. Bank N.A. Under the Swap Agreement, the District pays a fixed interest rate of 1.84% plus an incremental amount to equal 3.48%, for the period from October 3, 2016, through December 1, 2046 plus a swap advisory fee. The effective date of the Swap Agreement was October 3, 2016, and the termination date is December 1, 2046. The purpose of the Swap Agreement is for the District to create a synthetic fixed interest rate on its variable rate loan of 3.48%. The original notional amount of the Swap Agreement was \$51,975,000. At December 31, 2019, the fair value and the notional amount of the Swap Agreement was \$277,947 and \$47,500,000, respectively. The notional amount is equal to the principal balance outstanding on the 2016A Loan as of that date. The District pays a fixed interest rate of 3.48% on the notional amount as described above. The variable rate of interest is 70% of the 1-Month USD-LIBOR-BBA rate.

The fair value of the interest rate exchange agreement was calculated by Hilltop Securities Inc. on their report dated January 17, 2020. Their valuation was performed using Level 2 inputs and used pricing models that incorporated all the contractual terms of the swap. The resulting fair market value represents the present value of the floating leg cash flows minus the present value of the fixed leg cash flows.

### Credit Risk

The District’s Swap Agreement relies upon the performance of the counterparty and as a result the District is exposed to a credit risk – i.e. the risk that the counterparty fails to perform according to its contractual obligations. As of December 31, 2019, the District had no net exposure to actual credit risk on its hedging derivative as the swap is a liability of the District. U.S. Bank N.A. was rated A1 by Moody’s Investors Service as of December 31, 2019.

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## MIDCITIES METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2019

### Basis Risk

The District was not exposed to basis risk as the variable rate paid to the holders of the variable rate debt is equivalent to the variable interest rate received on the Swap Agreement.

### Termination Risk

The District's Swap Agreement does not contain any out-of-the-ordinary termination events that would expose it to significant termination risk.

### Rollover Risk

The District is not exposed to rollover risk as the Swap Agreement's termination date is the same date as the maturity date of the associated debt.

### Foreign Currency Risk

The Swap Agreement is denominated in US Dollars and therefore the District is not exposed to foreign currency risk.

### Interest Rate Risk

The District was not exposed to interest rate risk as the Swap Agreement effectively converts the variable rate debt into fixed rate debt.

#### Note 6: Debt Authorization:

At elections held November 3, 1998; November 2, 1999, November 6, 2000 and November 2, 2004, a majority of the qualified electors of the District who voted in the elections authorized the issuance of general obligation indebtedness in an amount not to exceed \$119,230,000 for providing public improvements and \$128,080,000 for refunding of previously issued indebtedness. After the issuance of the 2016 Bonds, the District has approximately \$98,576,664 in public infrastructure authorization remaining. The District has not budgeted to issue any new debt during 2020.

#### Note 7: Related Party Transactions:

Some of the members of the Board of Directors were formerly employed by the developer of the development or were formerly employed by entities which conduct business with such developer or are former development partners or officers of such developer. Such directors, therefore, may have potential conflicts of interest with respect to matters which come before the Board of Directors with respect to any prior agreements with such developer.

## MIDCITIES METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2019

Note 8: Commitments:

*Sales and Use Tax Reimbursement Agreement*

On November 30, 2004, the District entered into a Sales and Use Tax Reimbursement Agreement with District No. 1 and the City and County of Broomfield, Colorado (“City”). City payments under the agreement are pledged to the repayment of the Series 2004A and 2004B Bonds of District No. 1. The City payment consists of 65% of the 3.5% Sales Tax that is collected within the boundaries of the Districts and 50% of the 3.5% Use Tax levied on commercial buildings and construction materials. The City agrees to deposit the revenues into a Special Fund of the City. The termination date of this agreement is the earlier of (i) the date which all of the District No. 1 bonds, any associated liabilities, and any reimbursements due from the District are no longer outstanding, or (ii) July 9, 2032. On October 3, 2016, the District approved the Amended and Restated Sales and Use Tax Reimbursement Agreement which replaced this agreement.

*Amended and Restated Sales and Use Tax Reimbursement Agreement*

On October 3, 2016, the District, District No. 1 and the City and County of Broomfield, Colorado, entered into an Amended and Restated Sales and Use Tax Reimbursement Agreement. City payments under the agreement are pledged to the repayment of the Series 2016A Bonds and Series 2016B Bonds issued by the District, as well as any District bonds subsequently issued to refund the 2016 Bonds. The City payment consists of 65% of the 3.5% Sales Tax that is collected within the boundaries of the Districts and 50% of the 3.5% Use Tax levied on commercial buildings and construction materials. The City agrees to deposit the revenues into a Special Fund maintained the City. The Original Reimbursement Obligation to the City has been extended from July 10, 2031, through July 9, 2041, provided that the District imposes a debt service mill levy to repay the City under this agreement. The termination of this agreement is the later of (i) the date on which all of the District Bonds are no longer outstanding under any Indenture and any amounts owing to the issuer of any letter of credit, liquidity, facility, standby bond purchase agreement, insurance policy or other credit or liquidity instrument issued in connection with any District Bonds have been paid and (ii) the Extended Reimbursement Obligation has been repaid to the City.

## MIDCITIES METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2019

*Amended and Restated Master Intergovernmental Agreement (“Master IGA”)*

Dated November 30, 2004, this Master IGA establishes the obligations of MidCities Metropolitan Districts No. 1 and No. 2. District No. 1 shall acquire, construct, complete, manage, operate, maintain and repair any public improvements owned by District No.1 and shall generally administer the operations and business of the Districts, including, without limitation, the payment of all costs associated therewith. The District agrees to budget and appropriate that amount from legally available funds and impose a mill levy no greater than 3.000 mills to fund such amounts. The District shall impose a mill levy sufficient to pay all current or past due interest and principal amounts due on the District’s Bonds. All specific ownership taxes imposed by a mill levy in the District shall be transferred to District No. 1 to pay the administrative and operating expenses of the Districts. Additionally, the District shall impose a mill levy without limitation as to the rate to fulfill the District’s debt service obligations and District No. 1’s obligations to maintain the reserve requirements on the Series 2004A and Series 2004B Bonds, if the proceeds from the Sales and Use taxes are not sufficient for such purposes. As part of District No. 1’s LOC extension related to its Series 2004A and Series 2004B Bonds, the District was required to certify an additional debt service mill levy of 9 mills. These funds are budgeted to be transferred to District No. 1.

On September 26, 2016, this agreement was modified by the Second Amended and Restated Master Intergovernmental Agreement which further detailed the methods and procedures for the cooperation between the Districts in conjunction with the refunding all the Districts bonds.

*Intergovernmental Agreement with the City and County of Broomfield*

MidCities Metropolitan Districts Nos. 1 & 2 and the City and County of Broomfield entered into an Intergovernmental Agreement which outlines the Districts’ obligations for the financing and construction of the public infrastructure within the boundaries of the Districts. It was amended on December 12, 2000 to include the issuance of additional debt of approximately \$15,000,000 for the District. On October 19, 2001, it was again amended to authorize the issuance of additional bonds by the Districts in 2001 and the redemption of the District No. 1’s 1998 bonds. On June 27, 2006 it was amended again to include the issuance of the District’s bonds for \$24,400,000 and the redemption of the Series 2000 and Series 2001A bonds. On October 3, 2016, it was amended again to authorize the consolidation of all outstanding indebtedness of the Districts by refunding at a lower interest rate the District’s outstanding Series 2006 Bonds and the District No. 1’s Series 2004A and Series 2004B Bonds, causing the termination of the District’s general obligation regarding the guarantee the payment of all Series 2004 Bonds, improving, completing, repairing and replacing the Districts’ public infrastructure and paying the costs of the issuance of all Series 2016 Bonds. This amendment also limited the total debt of the Districts to \$74,000,000 unless approved by the City, and in conjunction with the issuance on the 2016 Bonds, the City agreed to extend the term of the Tax Reimbursement Agreement for an additional 10 years subject to additional terms as per the Amended and Restated Tax Reimbursement Agreement with the City.

## MIDCITIES METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2019

Note 9: Tax, Spending and Debt Limitations

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

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

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

The District’s management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

Note 10: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

## MIDCITIES METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2019

Note 11: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) unamortized debt insurance and deferred loss on refunding are not financial resources and, therefore are not reported in the funds; and,
- 2) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities; and,
- 2) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

DRAFT 4/9/2020

**SUPPLEMENTAL INFORMATION**

# DRAFT 4/9/2020

## MIDCITIES METROPOLITAN DISTRICT NO. 2

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2019

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 2,117,858	\$ 2,119,204	\$ 1,346
Sales tax revenue	1,925,396	2,652,812	727,416
Interest income	<u>70,000</u>	<u>108,291</u>	<u>38,291</u>
Total Revenues	<u>4,113,254</u>	<u>4,880,307</u>	<u>767,053</u>
<b>EXPENDITURES</b>			
Bond principal	1,275,000	1,275,000	-
Bond interest expense	2,620,945	2,326,194	294,751
Investment advisor	5,000	5,000	-
Paying agent fees	10,500	11,004	(504)
Miscellaneous expenses	8,281	-	8,281
Treasurer's fees	<u>31,768</u>	<u>31,808</u>	<u>(40)</u>
Total Expenditures	<u>3,951,494</u>	<u>3,649,006</u>	<u>302,488</u>
NET CHANGE IN FUND BALANCE	161,760	1,231,301	1,069,541
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	<u>3,616,595</u>	<u>3,917,840</u>	<u>301,245</u>
END OF YEAR	<u>\$ 3,778,355</u>	<u>\$ 5,149,141</u>	<u>\$ 1,370,786</u>

The notes to the financial statements are an integral part of these statements.



# DRAFT 4/9/2020

## MIDCITIES METROPOLITAN DISTRICT NO. 2

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2019

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Interest income	\$ <u>30,000</u>	\$ <u>29,713</u>	\$ <u>(287)</u>
Total Revenues	<u>30,000</u>	<u>29,713</u>	<u>(287)</u>
EXPENDITURES			
Capital outlay	<u>1,586,842</u>	<u>184,406</u>	<u>1,402,436</u>
Total Expenditures	<u>1,586,842</u>	<u>184,406</u>	<u>1,402,436</u>
NET CHANGE IN FUND BALANCE	(1,556,842)	(154,693)	1,402,149
FUND BALANCE:			
BEGINNING OF YEAR	<u>1,556,842</u>	<u>1,598,507</u>	<u>41,665</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 1,443,814</u>	<u>\$ 1,443,814</u>

The notes to the financial statements are an integral part of these statements.

DRAFT 4/9/2020

**CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION – UNAUDITED**

**MidCities Metropolitan District No. 2  
Continuing Disclosures Certificate, Exhibit B  
December 31, 2019**

History of Sales Taxes Remitted by the City

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Fiscal Year	Pledged Sales Tax Collections	Percent Change
2012	\$1,822,179	--
2013	\$1,799,257	-1.26%
2014	\$1,865,037	3.66%
2015	\$1,934,148	3.71%
2016	\$2,046,275	5.80%
2017	\$2,202,168	7.62%
2018	\$2,384,831	8.29%
2019	\$2,623,129	9.99%

History of Use Taxes Remitted by the City

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Fiscal Year	Pledged Use Tax Collections	Percent Change
2012	\$15,566	--
2013	\$9,437	-39.37%
2014	\$13,176	39.62%
2015	\$16,742	27.06%
2016	\$147,632	781.81%
2017	\$58,486	-60.38%
2018	\$14,740	-74.80%
2019	\$14,913	1.17%

Generators of Sales Taxes within the District

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	2019	2018
1	Retail Store	Retail Store
2	Eating and Drinking	Eating and Drinking
3	Eating and Drinking	Eating and Drinking
4	Retail Store	Retail Store
5	Hotels and Lodging	Hotels and Lodging
6	Hotels and Lodging	Hotels and Lodging
7	Eating and Drinking	Eating and Drinking
8	Eating and Drinking	Eating and Drinking
9	Retail Store	Retail Store
10	Retail Store	Retail Store

\* Source: City & County of Broomfield. The above chart sets forth the estimated and historic top ten Sales Tax Generators in the City and County. Gross sales of generating entities are confidential.

**MidCities Metropolitan District No. 2  
Continuing Disclosures Certificate, Exhibit B  
December 31, 2019**

**History of Assessed Valuations for the District and Excluded Property**

Levy/ Collection Year	Property Within the District	2001 Excluded Property	2007 Excluded Property	2012 Excluded Property	Total
2012/2013	\$33,562,440	\$4,844,040	\$1,006,860	--	\$39,413,340
2013/2014	\$36,532,850	\$6,344,210	\$1,235,660	\$1,045,410	\$45,158,130
2014/2015	\$36,119,444	\$6,287,445	\$1,961,780	\$1,271,990	\$45,640,659
2015/2016	\$37,157,455	\$6,938,190	\$2,188,240	\$3,211,040	\$49,494,925
2016/2017	\$36,983,470	\$6,737,490	\$2,320,720	\$3,246,130	\$49,287,810
2017/2018	\$38,707,580	\$7,632,380	\$2,216,980	\$3,931,540	\$52,488,480
2018/2019	\$42,144,398	\$7,615,883	\$2,460,644	\$3,940,938	\$56,161,863
2019/2020	\$45,851,277	\$8,789,436	\$2,467,950	\$4,427,208	\$61,535,871

**History of Mill Levies for the District and Excluded Property**

Levy/ Collection Year	District General Fund	District Debt Service	District Total Levy	2001 Excluded Property Debt Service	2007 Excluded Property Debt Service
2012/2013	3.000	38.000	41.000	22.547	38.000
2013/2014	3.000	38.000	41.000	20.336	38.000
2014/2015	3.063	47.809	50.872	30.435	47.000
2015/2016	3.036	47.000	50.036	31.136	47.000
2016/2017	3.000	40.169	43.169	32.143	39.268
2017/2018	3.000	38.901	41.901	30.875	38.000
2018/2019	3.417	38.901	42.318	30.875	38.000
2019/2020	3.000	38.901	41.901	30.875	38.000

**Property Tax Collections for the District and the Excluded Property**

Levy/ Collection Year	Taxes Levied	Current Tax Collections	Collection Rate
2011/2012	\$1,740,474	\$1,697,115	97.51%
2012/2013	\$1,648,627	\$1,629,159	98.82%
2013/2014	\$1,713,543	\$1,702,099	99.33%
2014/2015	\$2,180,814	\$2,180,566	99.99%
2015/2016	\$2,329,004	\$2,264,558	97.23%
2016/2017	\$2,031,701	\$2,023,633	99.60%
2017/2018	\$2,091,180	\$1,795,118	85.84%
2018/2019	\$2,261,866	\$2,263,299	100.06%

**MidCities Metropolitan District No. 2  
Continuing Disclosures Certificate, Exhibit B  
December 31, 2019**

**Ten Largest Owners of Taxable Property of the District**

<u>Taxpayer Name</u>	<u>2019 Final Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
RLJ II - RH Boulder, LLC	\$ 7,400,800	12.03%
MB Hospitality Ribroom LP	6,148,000	9.99%
Wal-Mart Stores, Inc	4,132,480	6.72%
LT Flatiron LLC	3,781,680	6.15%
Denver BF Property LLC	3,133,370	5.09%
Aequus Partners, LLC	1,885,000	3.06%
Windscape of Florida LLC	1,097,360	1.78%
Pacific Heritage Inn of Broomfield LLC	978,420	1.59%
Patrick Tash Education Group Inc	951,690	1.55%
Westpac Realty Fund II LLC	851,910	1.38%
Total	<u>\$ 30,360,710</u>	<u>49.34%</u>

MidCities Metropolitan District No. 2  
Continuing Disclosures Certificate, Exhibit B  
December 31, 2019

**Statement of Revenue, Expenditures and Changes in Fund Balance - (See Audit, Basic Financial Statements, Supplemental Information)**

- General Fund
- Debt Service Fund
- Capital Projects Fund

**Budget Summary and Comparison - (See Audit, Basic Financial Statements, Supplemental Information)**

- General Fund
- Debt Service Fund
- Capital Projects Fund

## Field Observation Log

### MidCities 250 Summit- Surface and Sub-Surface (Cut-Off Wall and Underdrain Project)

Collins Project # - 11418-25

To: David Solin (Midcities Metropolitan District #2)

Date of Observation - 03/24/2020

Weather: Sunny, mid 50's

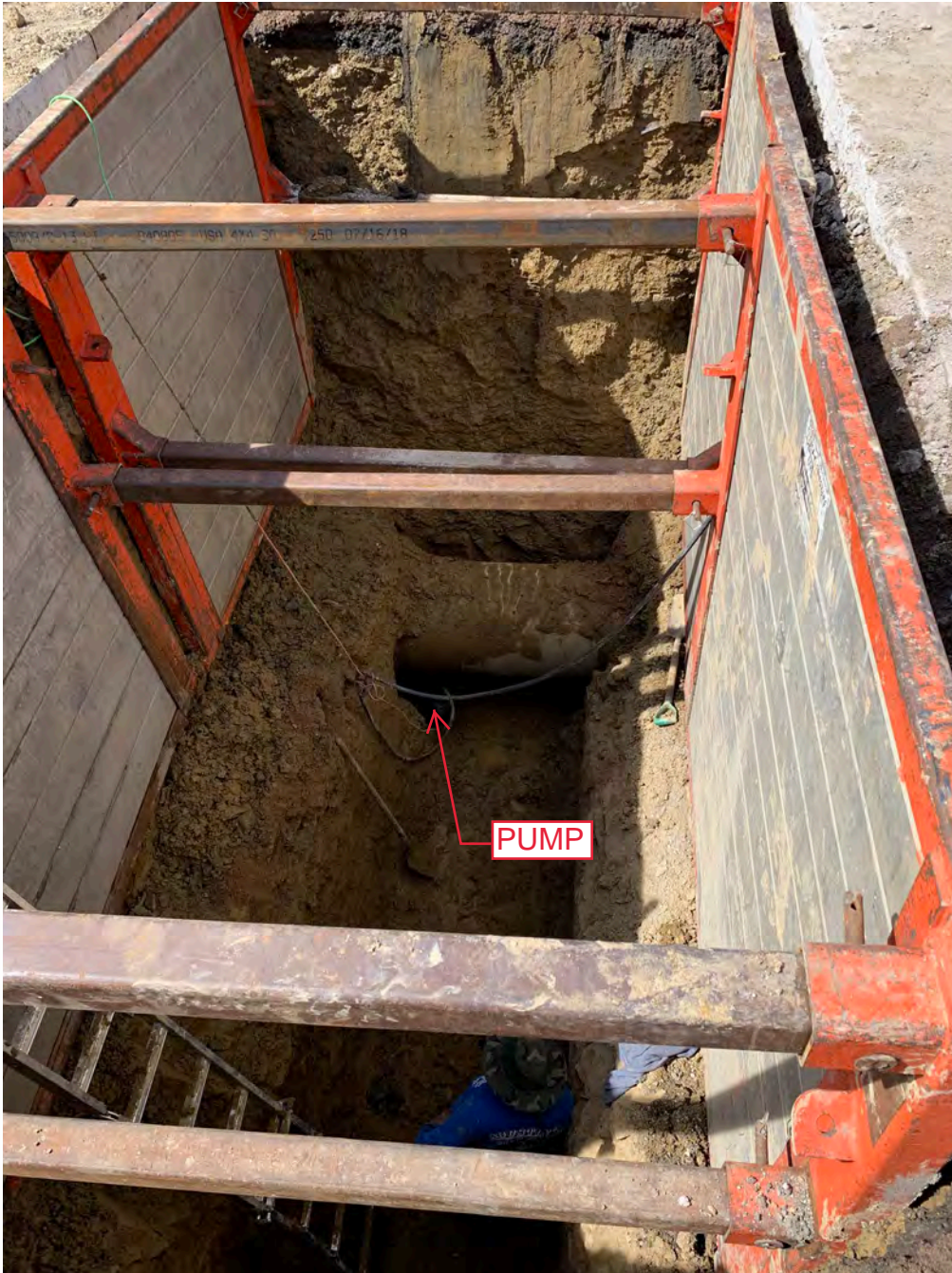
- Observed excavation for cut off wall down to midline of existing storm sewer
- Met with the Contractor and the City of Broomfield Inspector - Jeff Steward. He was very happy with the progress on the project
- Minor amount of water entering the excavation from surface/irrigation



Date of Observation - 03/25/2020

Weather: Sunny, 60 degrees

- Observed excavation for cut off wall down to 3ft below existing storm sewer
  - Constant flow of water in the pipe bedding/fractured bedrock below the pipe
  - Bottom of excavation was very wet. Water being pumped from the excavation to the surface, draining through an erosion BMP to the storm inlet
- Observed that shoring box was installed in the excavation for worker protection





Date of Observation – 03/26/2020

Weather: Sunny, 60 degrees

- Observed coring of the existing downstream inlet to accept 4” underdrain
  - Location/elevation identified by sub-contractor was double checked by MDLI while I observed. Sub had it correct.
- Cut-Off Wall had been formed, poured and the hole covered by the metal plates. Contractor installed wall footing per direction of the City of Broomfield, which is not called for on the City standard detail. Good practices maintained.
- Water continuing to be pumped out of Cut-Off Wall excavation



Date of Observation – 04/01/2020

Weather: Sunny, 70 degrees

- Observed Cut-Off Wall with forms removed
  - No defects observed. Wall braced prior to backfill.
- Observed boring operations (downstream to upstream). Boring company verified slope/depth every 15 feet.
  - Contractor used a different boring company than originally intended. This was due to the fact that the Rocvue GreenLeaf property owner (apartments to the east of the project) had a very bad experience with the Xcel work that had been performed previously. The boring company MDLI had contracted with was on the previous job as a sub-contractor, and they were told that the ownership did not want to see any of those companies on their property again. I was told that the boring company used on this project (Kinetic) was top of the class.



Date of Observation – 04/02/2020

Weather: Overcast, 30 degrees

- Observed completion of the boring operations. Drill bit was in place at the Cut-Off Wall to pull the 4" drain pipe back through the boring
- Due to the extremely low temperature, pipe was not able to be pulled from the excavation, and additional boring upstream would be required. Contractor obtained approval from the City of Broomfield and the west property (Bell Summit Apartments) to bore through the grass landscaping.



Date of Observation - 04/03/2020

Weather: Partly Cloudy, 40 degrees

- Observed test holes for new boring location.
- Observed drain pipe being pulled back through the excavation/boring



May 6, 2020

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Date of Observation – 04/04/2020

Weather: Partly Cloudy, 50 degrees

- Observed backfilling operations of the Cut-Off Wall
  - Volume around perforated pipe in front of wall filled with granular material
  - Remainder of excavation filled with flow-fill concrete
  - Fill volume was approximately 90 cubic yards, delivered in multiple trucks









Date of Observation - 04/08/2020

Weather: Sunny, 50 degrees

- Observed block retaining wall and completed concrete paving operations





Repaired damage  
to concrete curb

Date of Observation – 04/09/2020

Weather: Sunny, 60 degrees

- Punch list walk with Michael Tubaya from MDLI.
  - See punch list report dated 4/12/2020
  - Only minor landscaping repairs the contractor was previously aware of and brought to my attention prior to comment
  - Asphalt patch sealing scheduled for 4/30/2020

Date of Observation – 04/22/2020

Weather: Sunny, 65 degrees

- Back punch list walk with Michael Tubaya from MDLI.
  - All items on the punch list have been addressed
- Visual observation of block retaining wall





Block wall as of 4/22/2020

May 6, 2020

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Date of Observation - 04/30/2020

Weather: Sunny, 75 degrees

- Site visit to verify asphalt patch completion
- Observed block retaining wall





Block wall as of 4/30/2020



**MDLI Consulting Services**  
 5310 Ward Rd Ste 200  
 Arvada Colorado. 80002  
 303-423-4415  
 desi.lopez@mdlisvcs.com



# INVOICE

**BILL TO:**

Midcities Metropolitan District No.2  
 c/o Special District Management Services Inc  
 141 Union Boulevard Suite 150  
 Lakewood Colorado 80228

**INVOICE#** 14666  
**DATE** 05/04/2020  
**DUE DATE** 06/09/2020  
**TERMS** Net 30

**JOB SITE ADDRESS:**

250 Summit Blvd Broomfield

**PROJECTNAME:**

Midcities 250 Summit, Surface Reconstruction

Billing Period	ACTIVITY	Cumulative Amount	Amount This Period
03/24/2020	Open Cut/Excavations	\$12,500	
Through	3rd Party Safety	\$1,700	
4/30/2020	Storm Water/BMPs/Docs	\$5,600	\$5,600
	Cut-Off Wall/Install	\$4,500	
	Permitting	\$3,207	
	Hardscape	\$8,982	\$8,982
	Service Add-On	\$13,154.25	\$13,154.25
	(Flowable-Fill Structure Backfill )		

**TOTALS:** **\$49,643.25** **\$27,736.25**

Balance Due This Period **\$27,736.25**

Past due invoices are subject to a late payment charge of 2.0% per month on any unpaid balances.  
 Customer shall be responsible for all fees associated with the collection of unpaid balances.







