

CITYSET METROPOLITAN DISTRICT NO. 2

141 Union Boulevard, Suite 150
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<https://citysetmd2.colorado.gov>

NOTICE OF A REGULAR MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Jason Gaede	President	2025/May 2025
Mark Hays	Treasurer	2025/May 2025
Ashley Dimond	Assistant Secretary	2023/May 2023
William G. Martinic	Assistant Secretary	2023/May 2023
VACANT		2025/May 2023

DATE: November 16, 2022 (Wednesday)

TIME: 9:30 A.M.

PLACE: **Zoom Meeting: This meeting will be held via Zoom without any individuals (neither District representatives nor the general public) attending in person. The meeting can be joined through the directions below:**

Join Zoom Meeting

<https://us02web.zoom.us/j/86267550643?pwd=V3RnRGRtWkRyUjZZc1VMWTJFZjFHdz09>

Meeting ID: 862 6755 0643

Passcode: 987572

1-719-359-4580

I. ADMINISTRATIVE MATTERS

- A. Present Disclosures of potential conflicts of interest and confirm quorum.

- B. Approve Agenda, confirm location of meeting, posting of meeting notice.

- C. Review and approve the Minutes of the June 15, 2022 Regular Meeting (enclosure).

- D. Acknowledge resignation of David B. Solin as Secretary to the Board and consider appointment of Peggy Ripko as Secretary to the Board.

D. Discuss business to be conducted in 2023 and location (**virtual and/or physical**) of meetings. Schedule regular meeting dates (suggested at 9:30 a.m. on the dates of June 12th and November 15th) and consider adoption of Resolution No. 2022-11-01 Establishing Regular Meeting Dates, Time, Location and Designating Location for Posting 24-Hour Notices (enclosure).

E. Discuss §32-1-809, C.R.S.–2021 Transparency Notice reporting requirements and mode of eligible elector notification (Transparency Notice was posted on the SDA’s website in 2022).

F. Discuss status of District website.

II. PUBLIC COMMENT

A.

II. FINANCIAL MATTERS

A. Review and ratify the approval of the payment of claims as follows (enclosures):

Fund	Period Ending June 16, 2022	Period Ending July 12, 2022	Period Ending Aug. 11, 2022	Period Ending Sept. 13, 2022
General	\$ 42,915.46	\$ 6,936.78	\$ 16,193.24	\$ 12,360.88
Debt Service	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Claims	\$ 42,915.46	\$ 6,936.78	\$ 16,193.24	\$ 12,360.88

Fund	Period Ending Oct. 13, 2022
General	\$ 7,207.81
Debt Service	\$ -0-
Capital Projects	\$ -0-
Total Claims	\$ 7,207.81

B. Review and accept unaudited financial statements through the period ending September 30, 2022 (enclosure).

{01020290.DOCX v:1 }*As used herein, the term "Developer" means any and/or all of the following entities: Cherry Creek Lodging, LLC; Stonebridge Realty Advisors, Inc.; Sonley Lodging, LLC; Sonley Retail, LLC; Dimond Holdings LLC; and Group Four Holdings, LLC

- C. Consider engagement of Haynie & Company to perform the 2022 Audit for an amount not to exceed \$8,300 (enclosure).

- D. Conduct Public Hearing to consider Amendment to 2022 Budget and consider adoption of Resolution No. 2022-11-02 to Amend the 2022 Budget and Appropriate Expenditures (enclosure).

- E. Conduct Public Hearing on the proposed 2023 Budget and consider adoption of Resolutions to Adopt the 2023 Budget and Appropriate Sums of Money and Set Mill Levies for General Fund _____, Debt Service Fund _____, and Other Fund(s) _____ for a total mill levy of _____ (enclosures – Final Assessed Valuation, Resolutions and draft 2023 Budget).

- F. Consider authorizing the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

- G. Consider appointment of District Accountant to prepare the 2024 Budget and set date for public hearing to adopt the 2024 Budget (_____, 2023).

III. LEGAL MATTERS

- A. Review and consider approval of 2023 Operation Funding Agreement between the District and Oxbridge Properties, Inc. (enclosure).

- B. Discuss May 2, 2023 Regular Directors' election and consider adoption of Resolution No. 2022-11-05; Resolution Calling a Regular Election for Directors on May 2, 2023, appointing the Designated Election Official ("DEO"), and authorizing the DEO to perform all tasks required for the conduct of mail ballot election (enclosure). Self-Nomination forms are due by February 24, 2023. Discuss the need for ballot issues and/or questions.

IV. PROJECTS – OPERATIONS/MAINTENANCE/CAPITAL REPAIRS

A. Discuss landscape and maintenance matters.

B. Discuss and consider approval Services Agreement for Landscape Maintenance Services between the District and Brightview Landscape Services, Inc. (to be distributed).

C. Discuss and consider approval of Service Agreement for Snow Removal Services between the District and Brightview Landscape Services, Inc. for 2022-2023 snow removal (to be distributed).

D. Discuss District services for 2023 and consider approval of necessary service agreements for related services.

V. OTHER MATTERS

A. _____

VI. ADJOURNMENT **NO FURTHER MEETINGS ARE SCHEDULED FOR 2022.**

Informational Enclosure:

- Memo regarding New Rate Structure from Special District Management Services, Inc.
- Memo regarding New Rate Structure from McGeady Becher PC.

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE CITYSET METROPOLITAN DISTRICT NO. 2 HELD JUNE 15, 2022

A Regular Meeting of the Board of Directors (hereinafter referred to as the “Board”) of CitySet Metropolitan District No. 2 (hereinafter referred to as the “District”) was held on Wednesday, June 15, 2022, at 9:30 a.m. This District Board Meeting was held by conference call without any individuals (neither district representatives nor the general public) attending in person. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Jason Gaede
Ashley Dimond

Following discussion, upon motion made by Director Gaede, seconded by Director Dimond, the absence of Director Hays was excused.

Also In Attendance Were:

David Solin; Special District Management Services, Inc. (“SDMS”)

Paula Williams, Esq.; McGeady Becher P.C.

Kimberly Johannis; Simmons & Wheeler, P.C.

Howard Pollack; Stonebridge Companies (“SBCO”)

William Martinic; SBCO and Board Candidate

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board and to the Secretary of State. Mr. Solin noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. No new conflicts of interest were disclosed, and Attorney Williams reported that all Directors’ Disclosure Statements had been filed by the statutory deadline.

RECORD OF PROCEEDINGS

ADMINISTRATIVE MATTERS

Agenda: The Board reviewed the proposed Agenda for the District’s Regular Meeting.

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

Designation of 24-hour Posting Location: Upon motion duly made by Director Gaede, seconded by Director Dimond and, upon vote, unanimously carried, the Board determined that notices of meetings of the District Board required pursuant to Section 24-6-402(2)(c), C.R.S., shall be posted within the boundaries of the District at least 24-hours prior to each meeting on a parking sign within the Boundaries of the District.

May 3, 2022 Election: Mr. Solin discussed with the Board the results of the May 3, 2022 Regular Election for Directors (“Election”). It was noted that the Election was cancelled, as allowed under Colorado law, by the Designated Election Official because there were not more candidates than positions available on the Board of Directors. Director Dimond was deemed elected to a 1-year term ending in May, 2023 and Directors Gaede and Hays were deemed elected to 3-year terms ending in May 2025.

Board Appointment: The Board discussed the vacancies on the Board. Following discussion and upon motion duly made by Director Gaede, seconded by Director Dimond, to nominate District eligible elector William Martinic to fill one of the vacant seats and, upon vote, unanimously carried, the Board appointed William Martinic to fill one vacancy on the Board. The Oath of Director was administered.

Appointment of Officers: Following discussion, upon motion duly made by Director Gaede, seconded by Director Dimond and, upon vote, unanimously carried, the following slate of officers was appointed:

President	Jason Gaede
Treasurer	Mark Hays
Secretary	David Solin
Assistant Secretary	Ashley Dimond
Assistant Secretary	William G. Martinic

Minutes: The Board reviewed Minutes of the November 17, 2021, December 21, 2021 and February 16, 2022 Special Meetings.

Following discussion, upon motion duly made by Director Gaede, seconded by Director Dimond and, upon vote, unanimously carried, the Minutes of November 17, 2021, December 21, 2021 and February 16, 2022 Special Meetings were approved, as presented.

RECORD OF PROCEEDINGS

**PUBLIC
COMMENT**

There was no public comment.

**FINANCIAL
MATTERS**

Claims: The Board reviewed and considered ratifying approval of payment of claims for the periods ending as follows:

Fund	Period Ending Nov. 18, 2021	Period Ending Dec. 15, 2021	Period Ending Jan. 20, 2022	Period Ending Feb. 10, 2022
General	\$ 6,300.75	\$ 16,290.70	\$ 42,205.30	\$ 16,010.56
Debt Service	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Claims	\$ 6,300.75	\$ 16,290.70	\$ 42,205.30	\$ 16,010.56

Fund	Period Ending March 17, 2022	Period Ending April 7, 2022	Period Ending May 12, 2022
General	\$ 56,669.07	\$ 23,425.88	\$ 18,190.21
Debt Service	\$ -0-	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-
Total Claims	\$ 56,669.07	\$ 23,425.88	\$ 18,190.21

Following review, upon motion duly made by Director Gaede, seconded by Director Dimond and, upon vote, unanimously carried, the Board ratified the payment of claims, as presented.

Unaudited Financial Statements: Ms. Johanns reviewed the unaudited financial statements through the period ending March 31, 2022.

Following review and discussion, upon motion duly made by Director Gaede, seconded by Director Dimond and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending March 31, 2022.

2021 Budget Amendment Hearing: The President opened the public hearing to consider the Resolution to Amend the 2021 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of a Resolution to Amend the 2021 Budget and the date, time, and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing. There were no comments from the public in attendance and the public hearing was closed.

Following discussion, upon motion duly made by Director Gaede, seconded by Director Dimond and, upon vote, unanimously carried, the Board adopted the Resolution Amending the 2021 Budget.

2021 Audit: Ms. Johanns reviewed the 2021 draft audit with the Board.

Following discussion, upon motion duly made by Director Gaede, seconded by Director Dimond and, upon vote, unanimously carried, the Board approved the 2021

RECORD OF PROCEEDINGS

audit, subject to final review by Legal Counsel and Director Hays and authorized execution of the Representations Letter.

Developer Advances: Ms. Johanns discussed the projected need for Developer Advances with the Board.

LEGAL MATTERS

2022 Operation Funding Agreement between the District and Oxford Properties, Inc.: The Board reviewed the 2022 Operation Funding Agreement between the District and Oxford Properties, Inc.

Following review and discussion, upon motion duly made by Director Gaede, seconded by Director Dimond and, upon vote, unanimously carried, the Board ratified approval of the 2022 Operation Funding Agreement between the District and Oxford Properties, Inc.

PROJECTS OPERATIONS/ MAINTENANCE/ CAPITAL REPAIRS

Landscape Maintenance Matters: Mr. Solin and Mr. Martinic updated the Board on the status of landscape maintenance matters.

Change Order #4 from Brightview Landscape Services, Inc. for 2022 Landscape Maintenance: The Board reviewed Change Order #4 from Brightview Landscape Services, Inc. for 2022 Landscape Maintenance.

Following review and discussion, upon motion duly made by Director Gaede, seconded by Director Dimond and, upon vote, unanimously carried, the Board ratified approval of Change Order #4 from Brightview Landscape Services, Inc. for 2022 Landscape Maintenance.

Change Order #5 from Brightview Landscape Services, Inc. for 2022 Summer Annuals: The Board reviewed Change Order #5 from Brightview Landscape Services, Inc. for 2022 Summer Annuals.

Following review and discussion, upon motion duly made by Director Gaede, seconded by Director Dimond and, upon vote, unanimously carried, the Board ratified approval of Change Order #5 from Brightview Landscape Services, Inc. for 2022 Summer Annuals.

Change Order from Ramey Environmental Compliance, Inc. to extend term of Agreement for Lift Station Operations from June 2022 through June 2023: The Board reviewed a Change Order from Ramey Environmental Compliance, Inc. to extend the term of the Agreement for Lift Station Operations from June 2022 through June 2023.

Following review and discussion, upon motion duly made by Director Gaede, seconded by Director Dimond and, upon vote, unanimously carried, the Board

RECORD OF PROCEEDINGS

ratified approval of a Change Order from Ramey Environmental Compliance, Inc. to extend the term of the Agreement for Lift Station Operations from June 2022 through June 2023.

OTHER MATTERS

There were no other matters for discussion.

ADJOURNMENT

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

Respectfully submitted,

By _____
Secretary for the Meeting

RESOLUTION NO. 2022-11-____

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE CITYSET METROPOLITAN DISTRICT NO. 2
ESTABLISHING REGULAR MEETING DATES, TIME, AND LOCATION,
ESTABLISHING DISTRICT WEBSITE AND
DESIGNATING LOCATION FOR POSTING OF 24-HOUR NOTICES**

A. Pursuant to Section 32-1-903(1.5), C.R.S., special districts are required to designate a schedule for regular meetings, indicating the dates, time and location of said meetings.

B. Pursuant to Section 32-1-903(5), C.R.S., “location” means the physical, telephonic, electronic, or virtual place, or a combination of such means where a meeting can be attended. “Meeting” has the same meaning as set forth in Section 24-6-402(1)(b), C.R.S., and means any kind of gathering, convened to discuss public business, in person, by telephone, electronically, or by other means of communication.

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

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

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

F. Pursuant to Section 32-1-903(1.5), C.R.S., all meetings of the board that are held solely at physical locations must be held at physical locations that are within the boundaries of the district or that are within the boundaries of any county in which the district is located, in whole or in part, or in any county so long as the physical location does not exceed twenty (20) miles from the district boundaries unless such provision is waived.

G. The provisions of Section 32-1-903(1.5), C.R.S., may be waived if: (1) the proposed change of the physical location of a meeting of the board appears on the agenda of a meeting; and (2) a resolution is adopted by the board stating the reason for which meetings of the board are to be held in a physical location other than under Section 32-1-903(1.5), C.R.S., and further stating the date, time and physical location of such meeting.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the CitySet Metropolitan District No. 2 (the “**District**”), Arapahoe County, Colorado:

1. That the provisions of Section 32-1-903(1.5), C.R.S., be waived pursuant to the adoption of this Resolution.

2. That the Board of Directors (the “**District Board**”) has determined that conducting meetings at a physical location pursuant to Section 32-1-903(1.5), C.R.S., would be inconvenient and costly for the directors and consultants of the District in that they live and/or work outside of the twenty (20) mile radius requirement.

3. That regular meetings of the District Board for the year 2023 shall be held on June _____, 2023 and November _____, 2023 at 9:30 a.m., via Zoom.

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

5. That, until circumstances change, and a future resolution of the District Board so designates, the physical location and/or method or procedure for attending meetings of the District Board virtually (including the conference number or link) shall appear on the agenda(s) of said meetings.

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

7. That the District has established the following District Website, <https://www.citysetmd2.Colorado.gov> , and the Notice of Meeting of the District Board shall be posted on the District Website at least 24 hours prior to meetings pursuant to Section 24-6-402(2)(c)(III), C.R.S. and Section 32-1-903(2), C.R.S.

8. That, if the District is unable to post the Notice of Meeting on the District Website at least 24 hours prior to each meeting due to exigent or emergency circumstances, the Notice of Meeting shall be posted within the boundaries of the District at least 24 hours prior to each meeting, pursuant to Section 24-6-402(2)(c)(I) and (III), C.R.S., at the following Designated Public Place:

(a) Parking sign within the boundaries of the District

9. _____, or his/her designee, is hereby appointed to post the above-referenced notices.

[SIGNATURE PAGE FOLLOWS]

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

RESOLUTION APPROVED AND ADOPTED on November 16, 2022.

CITYSET METROPOLITAN DISTRICT NO. 2

By: _____
President

Attest:

Secretary

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1539						
06/16/2022	American Striping Company	INV9018	Repair and maintenance	1-805	5,381.24	5,381.24
Total 1539:						5,381.24
1540						
06/16/2022	Brightview Landscape Services	5109242	Repair and maintenance	1-805	307.92	307.92
06/16/2022	Brightview Landscape Services	5135482	Repair and maintenance	1-805	178.93	178.93
06/16/2022	Brightview Landscape Services	7902823	Landscape Improvement	1-804	19,809.56	19,809.56
06/16/2022	Brightview Landscape Services	7918024	Repair and maintenance	1-805	1,291.00	1,291.00
Total 1540:						21,587.41
1541						
06/16/2022	Haynie and Company	D65219	Audit	1-615	2,400.00	2,400.00
Total 1541:						2,400.00
1542						
06/16/2022	Hilton Garden Inn Denver Cherry	53122	Repair and maintenance	1-805	1,113.95	1,113.95
Total 1542:						1,113.95
1543						
06/16/2022	McGeady Becher P.C.	1096W 4/2022	Legal	1-675	506.50	506.50
Total 1543:						506.50
1544						
06/16/2022	Ramey Environmental, Inc	23920	Repair and maintenance	1-805	544.00	544.00
Total 1544:						544.00
1545						
06/16/2022	Simmons & Wheeler, P.C.	32975	Management and Accoun	1-612	705.00	705.00
06/16/2022	Simmons & Wheeler, P.C.	33194	Management and Accoun	1-612	813.00	813.00
Total 1545:						1,518.00
1546						
06/16/2022	Special Dist Management Srvs	05/2022	Miscellaneous	1-685	29.36	29.36
06/16/2022	Special Dist Management Srvs	05/2022	Election	1-635	464.60	464.60
06/16/2022	Special Dist Management Srvs	05/2022	Management and Accoun	1-612	488.40	488.40
06/16/2022	Special Dist Management Srvs	05/2022	Management and Accoun	1-612	972.00	972.00
Total 1546:						1,954.36
1547						
06/16/2022	Stonebridge Realty Advisors Inc.	MAY 2022	Legal	1-675	850.00	850.00
Total 1547:						850.00
1548						
06/16/2022	Top Gun Pressure Washing	113523	Repair and maintenance	1-805	7,060.00	7,060.00
Total 1548:						7,060.00

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
Grand Totals:						<u>42,915.46</u>

Cityset Metro District No.2
June-22

	General	Debt	Capital	Totals
Disbursements	\$ 42,915.46			\$ 42,915.46
	\$ -		\$ -	\$ -
Total Disbursements from Checking Acct	\$42,915.46	\$0.00	\$0.00	\$42,915.46

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1549						
07/12/2022	Brightview Landscape Services	7967149	Repair and maintenance	1-805	1,291.00	1,291.00
Total 1549:						1,291.00
1550						
07/12/2022	Generator Source, LLC	148001719	Repair and maintenance	1-805	1,166.70	1,166.70
Total 1550:						1,166.70
1551						
07/12/2022	Hilton Garden Inn Denver Cherry	63022	Repair and maintenance	1-805	1,113.95	1,113.95
Total 1551:						1,113.95
1552						
07/12/2022	McGeady Becher P.C.	1096W 05/2022	Legal	1-675	434.50	434.50
Total 1552:						434.50
1553						
07/12/2022	Ramey Environmental, Inc	24074	Repair and maintenance	1-805	544.00	544.00
Total 1553:						544.00
1554						
07/12/2022	Special Dist Management Srvs	06/2022	Miscellaneous	1-685	36.63	36.63
07/12/2022	Special Dist Management Srvs	06/2022	Election	1-635	44.40	44.40
07/12/2022	Special Dist Management Srvs	06/2022	Management and Accoun	1-612	399.60	399.60
07/12/2022	Special Dist Management Srvs	06/2022	Management and Accoun	1-612	1,481.00	1,481.00
Total 1554:						1,961.63
1555						
07/12/2022	Stonebridge Realty Advisors Inc.	JUNE 2022	Legal	1-675	425.00	425.00
Total 1555:						425.00
Grand Totals:						6,936.78

Cityset Metro District No.2
July-22

	General	Debt	Capital	Totals
Disbursements	\$ 6,936.78			\$ 6,936.78
	\$ -		\$ -	\$ -
Total Disbursements from Checking Acct	\$6,936.78	\$0.00	\$0.00	\$6,936.78

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1556						
08/11/2022	Brightview Landscape Services	5178897	Repair and maintenance	1-805	136.00	136.00
08/11/2022	Brightview Landscape Services	5200065	Repair and maintenance	1-805	54.23	54.23
08/11/2022	Brightview Landscape Services	8008434	Repair and maintenance	1-805	1,291.00	1,291.00
Total 1556:						1,481.23
1557						
08/11/2022	Haynie and Company	D65573	Audit	1-615	3,600.00	3,600.00
Total 1557:						3,600.00
1558						
08/11/2022	Hilton Garden Inn Denver Cherry	73122	Repair and maintenance	1-805	1,113.95	1,113.95
Total 1558:						1,113.95
1559						
08/11/2022	McGeady Becher P.C.	1096W 06/2022	Legal	1-675	5,483.66	5,483.66
Total 1559:						5,483.66
1560						
08/11/2022	Ramey Environmental, Inc	24199	Repair and maintenance	1-805	544.00	544.00
08/11/2022	Ramey Environmental, Inc	24283	Repair and maintenance	1-805	632.25	632.25
Total 1560:						1,176.25
1561						
08/11/2022	Simmons & Wheeler, P.C.	33290	Management and Accoun	1-612	1,336.00	1,336.00
Total 1561:						1,336.00
1562						
08/11/2022	Special Dist Management Srvs	07/2022	Miscellaneous	1-685	77.15	77.15
08/11/2022	Special Dist Management Srvs	07/2022	Election	1-635	14.80	14.80
08/11/2022	Special Dist Management Srvs	07/2022	Management and Accoun	1-612	921.80	921.80
08/11/2022	Special Dist Management Srvs	07/2022	Management and Accoun	1-612	988.40	988.40
Total 1562:						2,002.15
Grand Totals:						16,193.24

Cityset Metro District No.2
August-22

	General	Debt	Capital	Totals
Disbursements	\$ 16,193.24			\$ 16,193.24
	\$ -		\$ -	\$ -
Total Disbursements from Checking Acct	\$16,193.24	\$0.00	\$0.00	\$16,193.24

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1563						
09/13/2022	Brightview Landscape Services	5229018	Repair and maintenance	1-805	164.51	164.51
09/13/2022	Brightview Landscape Services	8055461	Repair and maintenance	1-805	1,291.00	1,291.00
Total 1563:						1,455.51
1564						
09/13/2022	CNA Surety	24843850 09/2022	Insurance/SDA Dues	1-670	255.00	255.00
09/13/2022	CNA Surety	BOND #24843853 0	Insurance/SDA Dues	1-670	255.00	255.00
Total 1564:						510.00
1565						
09/13/2022	CO Special Districts P & L Pool	23WC-61118-0007	Prepaid Expenses	1-143	450.00	450.00
Total 1565:						450.00
1566						
09/13/2022	KONE	1158394597	Repair and maintenance	1-805	6,500.00	6,500.00
Total 1566:						6,500.00
1567						
09/13/2022	McGeady Becher P.C.	1096W 07/2022	Legal	1-675	362.09	362.09
Total 1567:						362.09
1568						
09/13/2022	Ramey Environmental, Inc	24353	Repair and maintenance	1-805	544.00	544.00
Total 1568:						544.00
1569						
09/13/2022	Simmons & Wheeler, P.C.	33561	Management and Accoun	1-612	585.00	585.00
Total 1569:						585.00
1570						
09/13/2022	Special Dist Management Srvs	08/2022	Miscellaneous	1-685	29.28	29.28
09/13/2022	Special Dist Management Srvs	08/2022	Management and Accoun	1-612	458.80	458.80
09/13/2022	Special Dist Management Srvs	08/2022	Management and Accoun	1-612	1,466.20	1,466.20
Total 1570:						1,954.28
Grand Totals:						12,360.88

Cityset Metro District No.2
September-22

	General	Debt	Capital	Totals
Disbursements	\$ 12,360.88			\$ 12,360.88
	\$ -		\$ -	\$ -
Total Disbursements from Checking Acct	\$12,360.88	\$0.00	\$0.00	\$12,360.88

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1571						
10/13/2022	Brightview Landscape Services	8102491	Repair and maintenance	1-805	1,291.00	1,291.00
Total 1571:						1,291.00
1572						
10/13/2022	Hilton Garden Inn Denver Cherry	83122	Repair and maintenance	1-805	1,113.95	1,113.95
Total 1572:						1,113.95
1573						
10/13/2022	McGeady Becher P.C.	1096W 08/2022	Legal	1-675	548.45	548.45
Total 1573:						548.45
1574						
10/13/2022	Ramey Environmental, Inc	24493	Repair and maintenance	1-805	544.00	544.00
Total 1574:						544.00
1575						
10/13/2022	Simmons & Wheeler, P.C.	33807	Management and Accoun	1-612	874.00	874.00
Total 1575:						874.00
1576						
10/13/2022	Special Dist Management Srvs	09/2022	Miscellaneous	1-685	294.91	294.91
10/13/2022	Special Dist Management Srvs	09/2022	Management and Accoun	1-612	566.60	566.60
10/13/2022	Special Dist Management Srvs	09/2022	Management and Accoun	1-612	1,358.40	1,358.40
Total 1576:						2,219.91
1577						
10/13/2022	Yesco LLC	INY-0389511	Repair and maintenance	1-805	616.50	616.50
Total 1577:						616.50
Grand Totals:						7,207.81

Cityset Metro District No.2
October-22

	General	Debt	Capital	Totals
Disbursements	\$ 7,207.81		\$ -	\$ 7,207.81
	\$ -		\$ -	\$ -
Total Disbursements from Checking Acct	\$7,207.81	\$0.00	\$0.00	\$7,207.81

CitySet Metropolitan District No. 2
Financial Statements
September 30, 2022

ACCOUNTANT'S COMPILATION REPORT

Board of Directors
CitySet Metropolitan District No. 2

Management is responsible for the accompanying financial statements of each major fund of CitySet Metropolitan District No. 2, as of and for the period September 30, 2022, 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 nine 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 CitySet Metropolitan District No. 2 because we performed certain accounting services that impaired our independence.

Simmons & Wheeler P.C.

November 9, 2022
Englewood, Colorado

CitySet Metropolitan District No. 2
 Combined Balance Sheet
 September 30, 2022

See Accountant's Compilation Report

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Account Groups</u>	<u>Total All Funds</u>
Assets					
Current assets					
Cash in Bank - BOK	\$ -	\$ -	\$ 61,651	\$ -	\$ 61,651
Colotrust	152,506	-	-	-	152,506
Zion's Bank	-	16,128	1,263,885	-	1,280,013
Sales and Lodging Receivable	-	-	56,912	-	56,912
Prop Tax Increment Receivable	-	-	5	-	5
PIF Receivable	142,340	-	-	-	142,340
Developer advances receivable	52,342	-	-	-	52,342
Due to/from other funds	<u>(282,935)</u>	<u>(798)</u>	<u>283,733</u>	-	<u>-</u>
	<u>64,253</u>	<u>15,330</u>	<u>1,666,186</u>	-	<u>1,745,769</u>
Other assets					
Land Easements	-	-	-	3,858,848	3,858,848
Phase I & II - Parking Garage	-	-	-	11,786,861	11,786,861
Lift Station	-	-	-	208,100	208,100
Accumulated Depreciation	-	-	-	(2,790,816)	(2,790,816)
Amount available in debt service fund	-	-	-	1,666,186	1,666,186
Amount to be provided for retirement of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,970,121</u>	<u>15,970,121</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,699,300</u>	<u>30,699,300</u>
	<u>\$ 64,253</u>	<u>\$ 15,330</u>	<u>\$ 1,666,186</u>	<u>\$ 30,699,300</u>	<u>\$ 32,445,069</u>
Liabilities and Equity					
Current liabilities					
Accounts payable	<u>\$ 64,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,253</u>
	<u>64,253</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,253</u>
2020 Bonds	-	-	-	17,615,000	17,615,000
Developer Advance	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,307</u>	<u>21,307</u>
Total liabilities	<u>64,253</u>	<u>-</u>	<u>-</u>	<u>17,636,307</u>	<u>17,700,560</u>
Fund Equity					
Investment in improvements	-	-	-	13,062,993	13,062,993
Fund balance (deficit)	<u>-</u>	<u>15,330</u>	<u>1,666,186</u>	<u>-</u>	<u>1,681,516</u>
	<u>-</u>	<u>15,330</u>	<u>1,666,186</u>	<u>13,062,993</u>	<u>14,744,509</u>
	<u>\$ 64,253</u>	<u>\$ 15,330</u>	<u>\$ 1,666,186</u>	<u>\$ 30,699,300</u>	<u>\$ 32,445,069</u>

CitySet Metropolitan District No. 2
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For Nine Months Ended September 30, 2022
General Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
PIF Collections	\$ 770,000	\$ 547,846	\$ (222,154)
Developer advances	150,222	73,599	(76,623)
Transfer from other funds - waterfall	393,588	-	(393,588)
Other income and interest	500	1,263	763
	<u>1,314,310</u>	<u>622,708</u>	<u>(691,602)</u>
Expenditures			
Management	20,000	11,039	8,961
Accounting	25,000	12,016	12,984
Audit	6,300	6,000	300
Election Expense	15,000	1,801	13,199
Insurance/SDA Dues	30,000	26,778	3,222
Legal	25,000	14,265	10,735
PIF Collection Fee	15,400	10,957	4,443
Miscellaneous	4,000	3,143	857
Repairs & Maintenance	15,000	45,364	(30,364)
Security Systems Repair & Maintenance	3,000	-	3,000
Landscape Maintenance	18,000	17,470	530
Landscape Improvements	50,000	19,810	30,190
Holiday Lighting	9,250	-	9,250
Garage Repair & Maintenance	5,000	-	5,000
Elevator Repair & Maintenance	15,000	8,315	6,685
Surface Parking Repair & Maintenance	8,000	12,441	(4,441)
Lift Station Operations	8,000	13,606	(5,606)
Snow Removal	51,500	72,711	(21,211)
Furnishings	25,000	-	25,000
General Labor	13,500	10,026	3,474
Developer repayment - principal	150,222	249,915	(99,693)
Developer repayment - interest	-	13,427	(13,427)
Transfer to Debt Service	636,571	311,896	324,675
Contingency	232,912	-	232,912
Emergency reserve	10,454	-	10,454
	<u>1,392,109</u>	<u>860,980</u>	<u>531,129</u>
Excess (deficiency) of revenues over expenditures	(77,799)	(238,272)	(160,473)
Fund balance - beginning	<u>77,799</u>	<u>238,272</u>	<u>160,473</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CitySet Metropolitan District No. 2
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For Nine Months Ended September 30, 2022
Capital Projects Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Interest income	\$ -	\$ 60	\$ 60
	<u>-</u>	<u>60</u>	<u>60</u>
Expenditures			
Paving and landscape	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	60	60
Fund balance - beginning	<u>-</u>	<u>15,270</u>	<u>15,270</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ 15,330</u></u>	<u><u>\$ 15,330</u></u>


CitySet Metropolitan District No. 2
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For Nine Months Ended September 30, 2022
Debt Service Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Sales and Lodging Tax - TIF Collection	\$ 360,000	\$ 232,490	\$ (127,510)
Property Tax Increment Rev	330,245	340,152	9,907
Transfer from General Fund	636,571	311,896	(324,675)
Interest income	<u>500</u>	<u>3,824</u>	<u>3,324</u>
	<u>1,327,316</u>	<u>888,362</u>	<u>(438,954)</u>
Expenditures			
Principal payment - 2020 Bonds	450,000	-	450,000
Interest Expense - 2020 Bonds	721,475	360,737	360,738
TIF Collection Fee	1,800	1,162	638
PropTax increment collection	1,651	1,700	(49)
Transfer to other funds	393,588	-	393,588
Paying agent fees	<u>4,000</u>	<u>-</u>	<u>4,000</u>
	<u>1,572,514</u>	<u>363,599</u>	<u>1,208,915</u>
Excess (deficiency) of revenues over expenditures	(245,198)	524,763	769,961
Fund balance - beginning	<u>994,467</u>	<u>1,141,423</u>	<u>146,956</u>
Fund balance - ending	<u>\$ 749,269</u>	<u>\$ 1,666,186</u>	<u>\$ 916,917</u>



1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

November 8, 2022

Board of Directors
CitySet Metropolitan District No. 2
Special District Management Services, Inc.
141 Union Boulevard, Suite 150
Lakewood, CO 80228

To the Members of the Board:

We are pleased to confirm our understanding of the services we are to provide for CitySet Metropolitan District No. 2 (District) for the year ended December 31, 2022.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities and the major funds, and the disclosures, which collectively comprise the basic financial statements of CitySet Metropolitan District No. 2 as of and for the year ended December 31, 2022.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as the Statement of Revenue, Expenditures and Changes in Fund Balance—Actual and Budget—General Fund, to supplement CitySet Metropolitan District No. 2's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to CitySet Metropolitan District No. 2's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Statement of Revenue, Expenditures and Changes in Fund Balance—Actual and Budget—General Fund

Management has elected to omit the Management's Discussion and Analysis (MD&A) that accounting principles in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have also been engaged to report on supplementary information other than RSI that accompanies CitySet Metropolitan District No. 2's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

- 1) Statement of Revenue, Expenditures and Changes in Fund Balance—Actual and Budget—Governmental Fund Type—Debt Service Fund
- 2) Statement of Revenue, Expenditures and Changes in Fund Balance—Actual and Budget—Capital Projects Fund

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

We have identified the following significant risk of material misstatement as part of our audit planning:

- Management override of controls

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of CitySet Metropolitan District No. 2's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party

relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We estimate that our fees for these services will be \$6,100 for the audit and \$2,200 for financial statement preparation, for a total fee of \$8,300. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full. Accounts in excess of 30 days will accrue finance charges at 1.5% per month. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

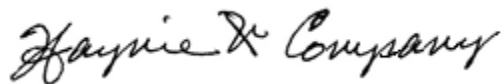
Ty Holman is the engagement partner and is responsible for supervising the engagement and signing the report. We expect to begin our audit in April 2023 and to issue our report by June 2023.

Reporting

We will issue a written report upon completion of our audit of CitySet Metropolitan District's financial statements. Our report will be addressed to the Board of Directors of CitySet Metropolitan District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,



Accepted and agreed to:

CitySet Metropolitan District No. 2

Officer signature

Title

Date

RESOLUTION NO. 2022-11-02

RESOLUTION TO AMEND BUDGET

**RESOLUTION OF THE CITYSET METROPOLITAN DISTRICT NO. 2
TO AMEND THE 2022 BUDGET**

Pursuant to Section 29-1-109, C.R.S., the Board of CitySet Metropolitan District No. 2 (the “**District**”), hereby certifies that a special meeting of the Board of Directors of the District, was held on November 17, 2021, which meeting was held and properly noticed to be held via telephone conference.

A. At such meeting, the Board of Directors of the District adopted that certain Resolution No. 2021-11-03 to Adopt Budget appropriating funds for the fiscal year 2022 as follows:

General Fund	\$1,392,109
Capital Projects Fund	\$ -0-
Debt Service Fund	\$1,572,514

B. The necessity has arisen for additional Debt Service Fund appropriations requiring the expenditure of funds in excess of those appropriated for the fiscal year 2022.

C. The source and amount of revenues for such expenditures, the purposes for which such revenues are being appropriated, and the fund(s) which shall make such supplemental expenditures are described on **Exhibit A**, attached hereto and incorporated herein by this reference.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the CitySet Metropolitan District No. 2 shall and hereby does amend the budget for the fiscal year 2022 as follows:

Debt Service Fund	\$1,800,000
-------------------	-------------

BE IT FURTHER RESOLVED, that such sum is hereby appropriated from unexpected revenues available to the District to the Debt Service Fund for the purpose stated.

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE TO RESOLUTION OF THE CITYSET METROPOLITAN DISTRICT NO. 2 TO AMEND THE 2022 BUDGET]

RESOLUTION APPROVED AND ADOPTED on November 16, 2022.

CITYSET METROPOLITAN DISTRICT NO. 2

By: _____
President

Attest:

By: _____
Secretary

EXHIBIT A

Original and Amended Budget Appropriations

CitySet Metropolitan District No. 2
Amended Budget
Debt Service Fund
For the Year ended December 31, 2022

	Adopted Budget <u>2022</u>	Amended Budget <u>2022</u>
Beginning fund balance	\$ 994,467	\$ 1,141,423
Revenues:		
Sales Tax - TIF Collections	205,000	205,000
Lodging Tax - TIF Collections	155,000	155,000
Property Tax Increment Revenue	330,245	341,000
Transfer from General Fund	636,571	701,846
Interest Income	<u>500</u>	<u>5,000</u>
Total revenues	<u>1,327,316</u>	<u>1,407,846</u>
Total funds available	<u>2,321,783</u>	<u>2,549,269</u>
Expenditures:		
2020 Bond Principal	450,000	450,000
2020 Bond Interest	721,475	721,475
Transfer excess to GF	393,588	621,020
Paying Agent Fees	4,000	4,000
TIF Collection Fee	1,800	1,800
Tax Increment Collection Fee	<u>1,651</u>	<u>1,705</u>
Total expenditures	<u>1,572,514</u>	<u>1,800,000</u>
Ending fund balance	<u>\$ 749,269</u>	<u>\$ 749,269</u>



PK Kaiser, MBA, MS

Assessor

SEP 06 2022

August 31, 2022

OFFICE OF THE ASSESSOR
5334 S. Prince Street
Littleton, CO 80120-1136
Phone: 303-795-4650
TDD: Relay-711

<http://co-arapahoe-ptoc.publicaccessnow.com>
arapahoep@arapahoegov.com

AUTH 4196 CITYSET METRO DIST #2
SPECIAL DISTRICT MANAGEMENT
SERVICES INC
C/O DAVID SOLIN
141 UNION BLVD SUITE 150
LAKEWOOD CO 80228

Code # 4196

REVISED

CERTIFICATION OF VALUATION

The Arapahoe County Assessor reports a taxable assessed valuation for your taxing entity for 2022 of:

\$10,842,072

The breakdown of the taxable valuation of your property is enclosed.

As further required by CRS 39-5-128(1), you are hereby notified to officially certify your levy to the Board of County Commissioners no later than December 15.

CRS 39-1-111(5) requires that this office transmit a notification by December 10 of any changes to valuation made after the original certification.

PK Kaiser, MBA, MS
Arapahoe County Assessor

enc

CERTIFICATION OF VALUATION BY ARAPAHOE COUNTY ASSESSOR

New Tax Entity YES NO

Date: August 31, 2022

NAME OF TAX ENTITY: CITYSET METRO DIST #2

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATION ("5.5%" LIMIT) ONLY

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2022:

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	1.	\$	6,995,633
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡	2.	\$	10,842,072
3. LESS TOTAL TIF AREA INCREMENTS, IF ANY:	3.	\$	3,917,391
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	4.	\$	6,924,681
5. NEW CONSTRUCTION: *	5.	\$	0
6. INCREASED PRODUCTION OF PRODUCING MINE: ≈	6.	\$	0
7. ANNEXATIONS/INCLUSIONS:	7.	\$	0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: ≈	8.	\$	0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b), C.R.S.): ☉	9.	\$	0
10. TAXES RECEIVED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(A), C.R.S.). Includes all revenue collected on valuation not previously certified:	10.	\$	0
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a), C.R.S.) and (39-10-114(1)(a)(I)(B), C.R.S.):	11.	\$	0

‡ This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec 20(8)(b), Colo. Constitution

* New construction is defined as: Taxable real property structures and the personal property connected with the structure.

≈ Jurisdiction must submit to the Division of Local Government respective Certifications of Impact in order for the values to be treated as growth in the limit calculation; use Forms DLG 52 & 52A.

☉ Jurisdiction must apply to the Division of Local Government before the value can be treated as growth in the limit calculation; use Form DLG 52B.

USE FOR TABOR "LOCAL GROWTH" CALCULATION ONLY

IN ACCORDANCE WITH ART X, SEC.20, COLO. CONSTITUTION AND 39-5-121(2)(b), C.R.S., THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2022:

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶	1.	\$	34,906,086
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ADDITIONS TO TAXABLE REAL PROPERTY

2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	2.	\$	0
3. ANNEXATIONS/INCLUSIONS:	3.	\$	0
4. INCREASED MINING PRODUCTION: §	4.	\$	0
5. PREVIOUSLY EXEMPT PROPERTY:	5.	\$	0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	6.	\$	0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT: (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.):	7.	\$	0

DELETIONS FROM TAXABLE REAL PROPERTY

8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	8.	\$	0
9. DISCONNECTIONS/EXCLUSIONS:	9.	\$	0
10. PREVIOUSLY TAXABLE PROPERTY:	10.	\$	0

¶ This includes the actual value of all taxable real property plus the actual value of religious, private school, and charitable real property.

* Construction is defined as newly constructed taxable real property structures.

§ Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS:

1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY	1.	\$	0
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IN ACCORDANCE WITH 39-5-128(1.5), C.R.S., THE ASSESSOR PROVIDES:

HB21-1312 VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **		\$	38,252
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** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119.5(3), C.R.S.

NOTE: ALL LEVIES MUST BE CERTIFIED TO THE COUNTY COMMISSIONERS NO LATER THAN DECEMBER 15.

CitySet Metropolitan District No. 2
Proposed Budget
General Fund
For the Year ended December 31, 2023

	Actual <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>9/30/2022</u>	Estimate <u>2022</u>	Proposed Budget <u>2023</u>
Beginning fund balance	\$ -	\$ 77,799	\$ 238,272	\$ 238,272	\$ 303,403
Revenues:					
PIF Collections	602,257	770,000	547,846	770,000	820,000
Developer Advances	105,336	150,222	73,599	89,750	44,059
Interest and Miscellaneous Income	14	500	1,263	1,500	2,000
Transfer from debt service	365,413	393,588	-	555,245	224,656
Total revenues	<u>1,073,020</u>	<u>1,314,310</u>	<u>622,708</u>	<u>1,416,495</u>	<u>1,090,715</u>
Total funds available	<u>1,073,020</u>	<u>1,392,109</u>	<u>860,980</u>	<u>1,654,767</u>	<u>1,394,118</u>
Expenditures:					
Management	15,178	20,000	11,039	20,000	24,000
Accounting	19,875	25,000	12,016	25,000	25,000
Audit	6,000	6,300	6,000	6,000	6,500
Election	-	15,000	1,801	1,801	3,000
Insurance/ SDA Dues	27,540	30,000	26,778	27,000	29,000
Legal	17,783	25,000	14,265	32,000	32,000
PIF Collection Fee	12,045	15,400	10,957	15,400	16,400
Miscellaneous	2,631	4,000	3,143	4,000	4,000
Repair and Maintenance	6,249	15,000	45,364	60,000	60,000
Security Systems Repair and maintenance	-	3,000	-	3,000	5,000
Landscape Maintenance	17,340	18,000	17,470	30,000	30,000
Landscape Improvements	55,778	50,000	19,810	50,000	50,000
Holiday Lighting	8,753	9,250	-	9,250	10,000
Garage Repair and Maintenance	1,288	5,000	-	5,000	5,000
Elevator Repair and Maintenance	11,597	15,000	8,315	15,000	15,000
Surface Parking Repair and Maintenance	-	8,000	12,441	15,000	15,000
Lift Station Operations	8,485	8,000	13,606	20,000	20,000
Snow Removal	43,400	51,500	72,711	75,000	85,000
Furnishings	19,130	25,000	-	25,000	25,000
General Labor	13,367	13,500	10,026	13,500	13,500
Transfer to Debt Service Fund	548,309	636,571	311,896	636,071	686,062
Repay developer	-	150,222	263,342	263,342	89,750
Contingency	-	232,912	-	-	131,109
Emergency Reserve	-	10,454	-	-	13,797
Total expenditures	<u>834,748</u>	<u>1,392,109</u>	<u>860,980</u>	<u>1,351,364</u>	<u>1,394,118</u>
Ending fund balance	<u>\$ 238,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303,403</u>	<u>\$ -</u>
Gross Total Taxable AV		\$ 10,953,029			\$ 10,842,072
Less Total TIF		3,957,396			3,917,901
Assessed valuation		<u>\$ 6,995,633</u>			<u>\$ 6,924,171</u>
Mill Levy		<u>-</u>			<u>-</u>

CitySet Metropolitan District No. 2
Proposed Budget
Capital Projects Fund
For the Year ended December 31, 2023

	Actual <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>9/30/2022</u>	Estimate <u>2022</u>	Proposed Budget <u>2023</u>
Beginning fund balance	\$ 15,267	\$ -	\$ 15,270	\$ 15,270	\$ 15,345
Revenues:					
Interest Income	3	-	60	75	75
Bond proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>3</u>	<u>-</u>	<u>60</u>	<u>75</u>	<u>75</u>
Total funds available	<u>15,270</u>	<u>-</u>	<u>15,330</u>	<u>15,345</u>	<u>15,420</u>
Expenditures:					
Paving and Landscape	-	-	-	-	15,420
Costs of Issuance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,420</u>
Ending fund balance	<u>\$ 15,270</u>	<u>\$ -</u>	<u>\$ 15,330</u>	<u>\$ 15,345</u>	<u>\$ -</u>

CitySet Metropolitan District No. 2
Proposed Budget
Debt Service Fund
For the Year ended December 31, 2023

	Actual <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>9/30/2022</u>	Estimate <u>2022</u>	Proposed Budget <u>2023</u>
Beginning fund balance	\$ 1,112,823	\$ 994,467	\$ 1,141,423	\$ 1,141,423	\$ 749,269
Revenues:					
Sales Tax - TIF Collections	159,706	205,000	123,028	205,000	225,000
Lodging Tax - TIF Collections	121,422	155,000	109,462	155,000	170,000
Property Tax Increment Revenue	413,517	330,245	340,152	341,000	326,929
Transfer from General Fund	548,309	636,571	311,896	636,071	686,062
Interest Income	254	500	3,824	5,000	5,000
Total revenues	<u>1,243,208</u>	<u>1,327,316</u>	<u>888,362</u>	<u>1,342,071</u>	<u>1,412,991</u>
Total funds available	<u>2,356,031</u>	<u>2,321,783</u>	<u>2,029,785</u>	<u>2,483,494</u>	<u>2,162,260</u>
Expenditures:					
2020 Bond Principal	-	450,000	-	450,000	475,000
2020 Bond Interest	841,721	721,475	360,737	721,475	705,725
Costs of Issuance	1,000	-	-	-	-
Transfer excess to GF	365,413	393,588	-	555,245	224,656
Paying Agent Fees	3,000	4,000	-	4,000	4,000
TIF Collection Fee	1,406	1,800	1,162	1,800	1,975
Tax Increment Collection Fee	2,068	1,651	1,700	1,705	1,635
Total expenditures	<u>1,214,608</u>	<u>1,572,514</u>	<u>363,599</u>	<u>1,734,225</u>	<u>1,412,991</u>
Ending fund balance	<u>\$ 1,141,423</u>	<u>\$ 749,269</u>	<u>\$ 1,666,186</u>	<u>\$ 749,269</u>	<u>\$ 749,269</u>
Gross Total Taxable AV		<u>\$ 10,953,029</u>			<u>\$ 10,842,072</u>
Less Total TIF		<u>\$ 3,957,396</u>			<u>\$ 3,917,901</u>
Assessed valuation		<u>\$ 6,995,633</u>			<u>\$ 6,924,171</u>
TIF Rate	TIF Rate	<u>85.148</u>	TIF Rate	<u>85.148</u>	
TIF Rate	TIF Rate	<u>85.148</u>	TIF Rate	<u>85.148</u>	
Required Reserve Fund	2020 Surplus	<u>\$ 749,269</u>	2020 Surplus	<u>\$ 749,269</u>	

RESOLUTION NO. 2022 - 11 - __
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CITYSET METROPOLITAN DISTRICT NO. 2
TO ADOPT THE 2023 BUDGET AND APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the CitySet Metropolitan District No. 2 (“District”) has appointed the District Accountant to prepare and submit a proposed 2023 budget to the Board at the proper time; and

WHEREAS, the District Accountant has submitted a proposed budget to this Board on or before October 15, 2022, for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on November 16, 2022, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the CitySet Metropolitan District No. 2:

1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the CitySet Metropolitan District No. 2 for the 2023 fiscal year.
2. That the budget, as hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

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

ADOPTED this 16th day of November, 2022.

Secretary

(SEAL)

EXHIBIT A
(Budget)

I, _____, hereby certify that I am the duly appointed Secretary of the CitySet Metropolitan District No. 2, and that the foregoing is a true and correct copy of the budget for the budget year 2023, duly adopted at a meeting of the Board of Directors of the CitySet Metropolitan District No. 2 held on November 16, 2022.

By: _____
Secretary

RESOLUTION NO. 2022- 11 - __

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CITYSET METROPOLITAN DISTRICT NO. 2
TO SET MILL LEVIES

WHEREAS, the Board of Directors of the CitySet Metropolitan District No. 2 (“District”) has adopted the 2023 annual budget in accordance with the Local Government Budget Law on November 16, 2022; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2023 Budget and Appropriate Sums of Money, and such budget is incorporated herein by this reference; and

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

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

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the CitySet Metropolitan District No. 2:

1. That for the purposes of meeting all general fund expenses of the District during the 2023 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

2. That for the purposes of meeting all debt service fund expenses of the District during the 2023 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

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

ADOPTED this 16th day of November, 2022.

Secretary

(SEAL)

EXHIBIT A
(Certification of Tax Levies)

2023 OPERATION FUNDING AGREEMENT

This **2023 OPERATION FUNDING AGREEMENT** (“**Agreement**”) is made and entered into this 16th day of November, 2022, with an effective date of the 1st day of January, 2023, by and between **CITYSET METROPOLITAN DISTRICT NO. 2**, a quasi-municipal corporation and political subdivision of the State of Colorado (the “**District**”), and **OXBRIDGE PROPERTIES, INC.**, a Colorado corporation (the “**Developer**”) (individually, each a “**Party**” and collectively, the “**Parties**”).

RECITALS

- A. The Developer is developing property within a project located in the City of Glendale, Arapahoe County, Colorado, commonly known as CitySet (the “**Property**”).
- B. The Property is within the boundaries and/or service area of the District.
- C. The District was organized on March 3, 2011 (“**Organization Date**”).
- D. Pursuant to the authority granted to the District by its Service Plan, as approved by the City of Glendale on August 3, 2010, as it may be amended from time to time (the “**Service Plan**”), the District intends to construct and/or acquire certain public improvements and provide certain services to benefit properties within its boundaries and/or service area (the “**District Services**”).
- E. The District Services will benefit the Property.
- F. In order for the public improvements to be constructed and/or acquired it is necessary for the District to be able to pay its ongoing operations, maintenance and administrative expenses which enable it to provide the District Services.
- G. The District anticipates that it will not have sufficient revenues to make payment of its operations, maintenance and administrative expenses for fiscal year 2023.
- H. In order to enable the District to provide District Services, the Developer is willing to advance funds to the District or to pay consultants directly for operations, maintenance and administrative expenses pursuant to the terms of this Agreement.
- I. The District’s Service Plan authorizes the repayment of amounts advanced for operations, maintenance and administrative expenses, together with interest thereon, by the District.
- J. The District and the Developer desire to set forth the rights, obligations and procedures for the Developer to advance funds and for the District to reimburse the Developer for the advances made hereunder.

NOW, THEREFORE, in consideration of the foregoing and the respective agreements of the Parties contained herein, the Parties agree as follows:

COVENANTS AND AGREEMENTS

1. Acknowledgement of Anticipated Shortfall. The District anticipates a shortfall in revenues available for operations, maintenance and administrative expenses to be incurred for fiscal year 2023 in an aggregate amount of Fifteen Thousand Dollars (\$15,000.00) (the “**Shortfall Amount**”).

2. Payment of Shortfall. The Developer shall advance funds necessary to fund, or shall directly pay, the District’s operations, maintenance and administrative expenses on a periodic basis as needed for the fiscal year 2023 up to the Shortfall Amount. The District shall, from time to time, provide written notice to the Developer that an advance of all or part of the Shortfall Amount is required. The Developer shall make an advance of funds to the District within fifteen (15) days of receipt from the District of any such written notice that an advance of funds is required (“**Developer Advance**”).

3. Request for Additional Developer Advance. If the District requires additional advances above the Shortfall Amount from the Developer in order to meet its operation and maintenance expenses, the District shall request such additional funds in writing. Such request shall be accompanied by written explanation regarding the reasons additional funds are required. The Developer shall provide such additional funds within fifteen (15) days of receipt of notice requesting such funds. The amount of the additional funds shall be added to and included in the Shortfall Amount.

4. Accounting. The Developer shall provide the District with written documentation relative to any expenses paid directly to consultants. The District shall keep an accounting of each advance made by the Developer, including the accrued and unpaid interest on such advances, and shall provide unaudited financial statements reflecting this accounting to the Developer on a quarterly basis.

5. Repayment. The District hereby agrees that it is its intention to repay the amounts the Developer has advanced or directly paid pursuant to this Agreement, to the extent it has funds available from the imposition of its taxes, fees, rates, tolls, penalties and charges, and from any other revenue legally available, after the payment of its annual debt service obligations and annual operations, maintenance and administrative expenses, which repayment is subject to annual budget and appropriation. Simple interest shall accrue on each Developer Advance from the date of deposit into the District’s account or from the date of direct payment by the Developer, until paid, at the rate of eight percent (8%) per annum. It is hereby agreed and acknowledged that this Agreement evidences an intent to reimburse the Developer hereunder, but that this Agreement shall not constitute a debt or indebtedness of the District within the meaning of any constitutional or statutory provision, nor shall it constitute a multiple fiscal year financial obligation, and the making of any reimbursement hereunder shall be at all times subject to annual appropriation by the District in its absolute discretion. By acceptance of this Agreement, the Developer agrees and consents to all of the limitations in respect of the payment of the principal and interest due hereunder and in the District’s Service Plan.

6. Priority of Payments. Subject to the provisions of Section 5 above, payments to reimburse the Developer shall be made on December 2 of each year and shall be applied as

follows: first to the accrued and unpaid interest and then to the principal amount due pursuant to this Agreement.

7. Representations. The Developer hereby represents and warrants to and for the benefit of the District as follows:

(a) The Developer is a Colorado limited liability company in good standing and qualified to conduct business under the laws of the State of Colorado.

(b) The Developer has the full power and legal authority to enter into this Agreement. Neither the execution and delivery of this Agreement nor the compliance by the Developer with any of its terms, covenants or conditions is or shall become a default under any other agreement or contract to which the Developer is a party or by which the Developer is or may be bound. The Developer has taken or performed all requisite acts or actions which may be required by its organizational or operational documents to confirm its authority to execute, deliver and perform each of its obligations under this Agreement.

(c) The Developer represents that it has sufficient available funds to fulfill its obligations under this Agreement.

The foregoing representations and warranties are made as of the date hereof and shall be deemed continually made by the Developer to the District for the entire term of this Agreement.

8. Term/Repose. Any obligation of the Developer to advance funds will expire upon advance to the District of amounts sufficient to pay expenses incurred in 2023, not to exceed the Shortfall Amount unless agreed to in writing by the Parties. Any obligation of the District to reimburse the Developer shall expire on December 31, 2063. In the event the District has not reimbursed the Developer for any Developer Advance(s) made pursuant to this Agreement on or before December 31, 2063, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

9. Termination of Reimbursement Obligations. Notwithstanding any provision herein to the contrary, the District's obligations to reimburse the Developer for any and all funds advanced or otherwise payable to the Developer under and pursuant to this Agreement (whether the Developer has already advanced or otherwise paid such funds or intends to make such advances or payments in the future) shall terminate automatically and be of no further force or effect upon the occurrence of: (a) the Developer's voluntary dissolution, liquidation, winding up, or cessation to carry on business activities as a going concern; (b) administrative dissolution (or other legal process not initiated by the Developer dissolving the Developer as a legal entity) that is not remedied or cured within sixty (60) days of the effective date of such dissolution or other process; or (c) the initiation of bankruptcy, receivership or similar process or actions with regard to the Developer (whether voluntary or involuntary). The termination of the District's reimbursement obligations as set forth in this Section shall be absolute and binding upon the Developer, its successors and assigns. The Developer, by its execution of this Agreement, waives and releases any and all claims and rights, whether existing now or in the future, against

the District relating to or arising out of the District's reimbursement obligations under this Agreement in the event that any of the occurrences described in this Section occur.

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

To District: CitySet Metropolitan District No. 2
c/o Special District Management Services, Inc.
141 Union Boulevard, Suite 150
Lakewood, Colorado 80228
Attention: Peggy Ripko
Phone: 303-987-0835
Email: pripko@sdmsi.com

With a copy to: McGeady Becher P.C.
450 East 17th Avenue, Suite 400
Denver, CO 80203-1254
Phone: 303-592-4380
Email: legalnotices@specialdistrictlaw.com

To Developer: Oxbridge Properties, Inc.
4949 S. Niagara Street, Suite 300
Denver, Colorado 80237
Attention: Navin Dimond
Phone: 303-785-3100
Email: ndimond@sbcos.com

With a copy to: Stonebridge Realty Advisors, Inc.
4949 S. Niagara Street, Suite 300
Denver, Colorado 80237
Attention: Howard Pollack
Phone: 303-785-3106
Email: hpollack@sbcos.com

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

11. Assignment. The Developer shall not assign any of its rights or delegate any of its duties hereunder to any person or entity. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.

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

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

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

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

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

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

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

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

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

SIGNATURE PAGE FOLLOWS

[SIGNATURE PAGE TO 2023 OPERATION FUNDING AGREEMENT]

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

**CITYSET METROPOLITAN DISTRICT
NO. 2**, a quasi-municipal corporation and
political subdivision of the State of Colorado

By: _____
Jason Gaede, President

Attest:

Secretary

OXBRIDGE PROPERTIES, INC., a Colorado
corporation

By: _____
Name: Navin Dimond
Title: President

RESOLUTION NO. 2022-11-05

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
CITYSET METROPOLITAN DISTRICT NO. 2
CALLING A REGULAR ELECTION FOR DIRECTORS
MAY 2, 2023**

A. The term of the office of Director Ashley Dimond shall expire upon the election of her successor at the regular election, to be held on May 2, 2023 (“**Election**”), and upon such successor taking office.

B. The term of the office to which Director William Martinic has previously been appointed expires upon his re-election, or the election of his successor at the Election, and upon such successor taking office.

C. A vacancy currently exists on the Board of Directors of the District.

D. In accordance with the provisions of the Special District Act (“**Act**”) and the Uniform Election Code (“**Code**”), a regular election, to be held on May 2, 2023 (“**Election**”) must be conducted to elect one (1) Director to serve until the next regular election, to occur May 6, 2025, and two (2) Directors to serve until the second regular election, to occur May 4, 2027.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the CitySet Metropolitan District No. 2 (the “**District**”) of the County of Arapahoe, Colorado:

1. Date and Time of Election. The Election shall be held on May 2, 2023, between the hours of 7:00 A.M. and 7:00 P.M. pursuant to and in accordance with the Act, Code, and other applicable laws. At that time, one (1) Director shall be elected to serve until the next regular election, to occur May 6, 2025, and two (2) Directors shall be elected to serve until the second regular election, to occur May 4, 2027.

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

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

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

5. Call for Nominations. The Designated Election Official shall provide Call for Nominations as required under Section 1-13.5-501, C.R.S., as applicable.

6. Absentee Ballot Applications. NOTICE IS FURTHER GIVEN, pursuant to Section 1-13.5-1002, C.R.S., that applications for and return of absentee ballots may be filed with Peggy Ripko, the Designated Election Official of the District, c/o Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood, CO 80228, between the hours of 8:00 a.m. and 5:00 p.m., until the close of business on the Tuesday immediately preceding the Election (April 25, 2023).

7. Self-Nomination and Acceptance Forms. Self-Nomination and Acceptance Forms are available and can be obtained from Peggy Ripko, the Designated Election Official of the District, c/o Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood, CO 80228, (303) 987-0835 and on the District's website at <https://citysetmd2.colorado.gov>.

8. Cancellation of Election. If the only matter before the electors is the election of Directors of the District and if, at 5:00 P.M. on February 28, 2023, the sixty-third day prior to the regular election, there are not more candidates than offices to be filled at the Election, including candidates timely filing affidavits of intent, the Designated Election Official shall cancel the Election and declare the candidates elected. Notice of such cancellation shall be published and posted in accordance with law.

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

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

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

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO RESOLUTION
CALLING A REGULAR ELECTION FOR DIRECTORS
MAY 2, 2023]**

RESOLUTION APPROVED AND ADOPTED on November 16, 2022.

**CITYSET METROPOLITAN DISTRICT
NO. 2**

By: _____
President

Attest:

Secretary



141 Union Boulevard, Suite 150
Lakewood, CO 80228-1898
303-987-0835 • Fax: 303-987-2032

MEMORANDUM

TO: Board of Directors

FROM: Christel Gemski
Executive Vice-President

DATE: September 2, 2022

RE: Notice of 2023 Rate Increase

A rectangular box containing a handwritten signature in blue ink that reads "Christel Gemski".

In accordance with the Management Agreement (“Agreement”) between the District and Special District Management Services, Inc. (“SDMS”), at the time of the annual renewal of the Agreement, the hourly rate described in Article III for management and all services shall increase by the CPI (8.5%) per hour.

We hope you will understand that it is necessary to increase our rates due to increasing gas and operating costs along with new laws and rules implemented by our legislature.



October 15, 2022

Dear Client:

Our Firm prides itself on providing the highest level of service in the most efficient manner. In the current economic environment, we are facing increased costs in all areas of the business. In order to continue to provide consistent high-level service we have found it necessary to implement a rate increase.

In accordance with the Firm's fee engagement letter, this letter is to advise you that effective January 1, 2023, the hourly rates of selected attorneys and staff will be adjusted. Hourly rates will be as follows: Shareholders \$425 - \$550; Of Counsel \$380 - \$425; Associates \$275 - \$375; Paralegals and Directors \$225 - \$240; Law Clerks \$150; File Clerks \$30.

Commencing on January 1, 2023, we will begin charging most costs incurred on your behalf as an administrative fee equal to 1% of the legal fees charged in a given month. This fee includes such costs as long-distance telephone calls, research requiring a subscription database, in-office photocopies and faxes, ordinary postage, and messenger and delivery services, and includes a small overhead component. This fee may be adjusted with notice.

This fee is based on our historic experience, as well as client feedback, that invoices that itemize every photocopy, fax, and delivery charge are confusing. Any advances made on behalf of the client as well as major costs, such as major travel expenses, application/submittal/recording fees, election expenses, court costs, publication costs, express delivery, and conference calls and videoconferencing where a third-party provider is used, will be separately invoiced at our actual cost. If you have any questions or concerns about this change, please let us know.

We appreciate your continued trust and confidence in our Firm and look forward to representing your interests in 2023 and beyond.

Very truly yours,

McGEADY BECHER P.C.

A handwritten signature in blue ink that reads "Cheryl L. Matlosz". The signature is written in a cursive, flowing style.

Cheryl L. Matlosz
Firm Administrator