

CITYSET METROPOLITAN DISTRICT NO. 2

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

NOTICE OF A SPECIAL MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Navin Dimond	President	2022/May 2022
Aly-Khan Marali	Treasurer	2022/May 2022
Jason Gaede	Assistant Secretary	2022/May 2022
William G. Martinic	Assistant Secretary	2023/May 2022
Ashley Dimond	Assistant Secretary	2023/May 2022
David Solin	Secretary	

DATE: November 18, 2020 (Wednesday)

TIME: 9:30 A.M.

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

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

I. ADMINISTRATIVE MATTERS

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

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

C. Review and approve the Minutes of the September 22, 2020 Special and September 30, 2020 Continued (enclosures).

D. Discuss business to be conducted in 2021. Consider adoption of Resolution of the Board of Directors of the Cityset Metropolitan District No. 2 Establishing Regular Meeting Dates, Time and 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 2020).
-

II. PUBLIC COMMENT

- A. _____
-

II. FINANCIAL MATTERS

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

Fund	Period Ending Oct. 8, 2020	Period Ending Nov. 11, 2020
General	\$ 20,018.73	\$ 60,300.61
Debt Service	\$ -0-	\$ 52,563.82
Capital Projects	\$ -0-	\$ -0-
Total Claims	\$ 20,018.73	\$ 112,864.43

- B. Review and accept unaudited financial statements through the period ending September 30, 2020 (enclosure).
-

- C. Consider engagement of Haynie & Company to perform the 2020 Audit for an amount not to exceed \$6,000 (enclosure).
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- D. Conduct Public Hearing to consider Amendment to 2020 Budget and (if necessary) consider adoption of Resolution to Amend the 2020 Budget and Appropriate Expenditures.
-

- E. Conduct Public Hearing on the proposed 2021 Budget and consider adoption of Resolutions to Adopt the 2021 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 2021 Budget).
-

*As used herein, the term "Developers" 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

- 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 2022 Budget and set date for public hearing to adopt the 2022 Budget (_____, 2021).
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III. LEGAL MATTERS

- A. Discuss and consider adoption of a Resolution Regarding Continuing Disclosure Policies and Procedures (enclosure).
-

IV. PROJECTS – OPERATIONS/MAINTENANCE/CAPITAL REPAIRS

- A. Discuss Parking Lot and Repaving and consider taking an action related therewith.
-

- B. Discuss landscape matters and consider approval or ratification of approval of any actions related therewith.

- a. Additional planting and refreshing.
-

- b. Grounds Maintenance.
-

- c. Holiday Lighting.
-

- C. Discuss Fountain Repair.
-

- D. Discuss improvements to ventilation in Camera Room.
-

- E. Discuss new UPS back-up for Security Camera System.
-

V. OTHER MATTERS

A. _____

VI. ADJOURNMENT **THERE ARE NO MORE REGULAR MEETINGS SCHEDULED
IN 2020.**

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE CITYSET METROPOLITAN DISTRICT NO. 2 HELD SEPTEMBER 22, 2020

A Special 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 Tuesday, September 22, 2020, at 2:00 p.m., at Stonebridge Companies, 4949 South Niagara Street, Suite 300, Denver, CO 80207. Due to Executive Order D 2020 044 Safer at Home issued by Governor Polis on April 26, 2020, and Public Health Order 20-28 implementing the Executive Order, issued by the Colorado Department of Health and Environment (CDPHE) on April 26, 2020, this meeting was held with persons present at the physical location posted on the notice and all other attendees via conference call. The meeting was open to the public via teleconferencing.

ATTENDANCE

Directors In Attendance Were:

Navin Dimond (at physical location)

Jason Gaede (at physical location)

William G. Martinic (at physical location)

Also In Attendance Were:

David Solin; Special District Management Services, Inc.

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

Kimberly Johannis; Simmons & Wheeler, P.C.

Howard Pollack; Stonebridge Companies (“SBCO”) (at physical location)

Kyle Thomas; D.A. Davidson & CO.

Mike McGinnis, Esq.; Greenberg Traurig, LLP

Ashley Dimond and Aly-Khan Merali; Board Candidates

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

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RECORD OF PROCEEDINGS

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. Attorney Williams noted that all Directors' Disclosure Statements had been filed by the statutory deadline.

ADMINISTRATIVE MATTERS

Agenda: The Board reviewed the proposed Agenda for the District's Special Meeting.

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

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

Following discussion, upon motion duly made by Director Dimond, seconded by Director Martinic and, upon vote, unanimously carried, the Board determined that due to concerns regarding the spread of COVID-19 and the spread of the virus by limiting in-person contact, the District Board meeting was held and properly noticed to be held via teleconference, with at least one person at the physical location. The Board further noted that notice providing the conference bridge information was duly posted and that they have not received any objections or any requests that the means of hosting the meeting be changed by tax paying electors within the District's boundaries.

Resignation of Director: Following discussion, upon motion duly made by Director Gaede, seconded by Director Dimond and, upon vote, unanimously carried, the Board acknowledged the resignation of Director Christopher Manley from the Board, effective as of August 7, 2020.

Board Appointment: The Board discussed the vacancies on the Board. It was noted that pursuant to Section 32-1-808(2)(a)(I), C.R.S., publication of a Notice of Vacancy on the Board was made on May 28, 2020 in The Villager. No Letters of Interest from qualified eligible electors were received within ten (10) days of the date of such publication.

Following discussion and upon motion duly made by Director N. Dimond, seconded by Director Martinic and, upon vote, unanimously carried, the Board appointed Ali-Khan Merali and Ashley Dimond to fill the to fill the vacancies on the Board of Directors. The Oaths of Director were administered.

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

President	Navin Dimond
Treasurer	Aly-Khan Merali
Secretary	David Solin
Assistant Secretary	William G. Martinic
Assistant Secretary	Jason Gaede
Assistant Secretary	Ashley Dimond

Minutes: The Board reviewed Minutes of the June 17, 2020 Special Meeting.

Following discussion, upon motion duly made by Director N. Dimond, seconded by Director Martinic and, upon vote, unanimously carried, the Minutes of the June 17, 2020 Special Meeting were approved, as presented.

FINANCIAL MATTERS

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

Fund	Period Ending June 15, 2020	Period Ending July 9, 2020	Period Ending Aug. 10, 2020	Period Ending Sept. 9, 2020
General	\$ 23,754.34	\$ 10,653.17	\$ 12,644.05	\$ 146,007.91
Debt Service	\$ -0-	\$ -0-	\$ 202,319.39	\$ 262,817.48
Capital	\$ 725.00	\$ 72.50	\$ -0-	\$ -0-
Total Claims	\$ 24,479.34	\$ 10,725.67	\$ 214,983.44	\$ 278,825.39

Following review, upon motion duly made by Director N. Dimond, seconded by Director Gaede 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 June 30, 2020.

Following review and discussion, upon motion duly made by Director N. Dimond, seconded by Director Martinic and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending June 30, 2020

Engagement of Greenberg Traurig LLP as District Bond Counsel: The Board discussed the engagement of Greenberg Traurig LLP as District Bond Counsel.

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Following review and discussion, upon motion duly made by Director N. Dimond, seconded by Director Martinic and, upon vote, unanimously carried, the Board approved the engagement of Greenberg Traurig LLP as District Bond Counsel.

Engagement of D.A. Davidson & Co. for Investment Banking Services: The Board discussed the engagement of D.A. Davidson & Co. for Investment Banking Services.

Following review and discussion, upon motion duly made by Director Gaede, seconded by Director Martinic and, upon vote, unanimously carried, the Board ratified approval of the engagement of D.A. Davidson & Co. for Investment Banking Services.

Engagement of External Financial Advisor: The Board discussed engagement of an external financial advisor.

Following review and discussion, upon motion duly made by Director N. Dimond, seconded by Director Gaede and, upon vote, unanimously carried, the Board approved the engagement of MuniCap, Inc. as External Financial Advisor.

2020 Budget Amendment Hearing: The President opened the public hearing to consider the Resolution to Amend the 2020 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 2020 Budget and the date, time, and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing. There were no comments from the public in attendance and the public hearing was closed.

Following review and discussion, Director N. Dimond moved to adopt Resolution No. 2020-09-01 to Amend the 2020 Budget, Director Martinic seconded the motion and, upon vote, unanimously carried, the Board adopted Resolution No. 2020-09-01 to Amend the 2020 Budget. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

LEGAL MATTERS

Resolution Authorizing the Incurrence of General Obligation Indebtedness: The Board considered adoption of a Resolution of the District authorizing the incurrence of general obligation indebtedness in the form of Limited Tax General Obligation and Special Revenue Refunding and Improvements Bonds, Series 2020, in an approximate principal amount not to exceed \$17,000,000, approving an indenture of trust and other related documents; authorizing the execution and

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delivery thereof and performance thereunder; approving, ratifying and confirming other actions; making determinations and findings as to other matters related to such financing; authorizing incidental action; and repealing prior inconsistent actions.

Following discussion, upon motion duly made by Director N. Dimond, seconded by Director Martinic and, upon vote, unanimously carried, the Board adopted the Resolution of the District authorizing the incurrence of general obligation indebtedness in the form of Limited Tax General Obligation and Special Revenue Refunding and Improvements Bonds, Series 2020, in an approximate principal amount not to exceed \$17,000,000, approving an indenture of trust and other related documents; authorizing the execution and delivery thereof and performance thereunder; approving, ratifying and confirming other actions; making determinations and findings as to other matters related to such financing; authorizing incidental action; and repealing prior inconsistent actions. The Board appointed Director N. Dimond as the District representative for any Bond matters.

Resolution Regarding Continuing Disclosure Policies and Procedures: The Board determined to defer discussion until after the Limited Tax General Obligation and Special Revenue Refunding and Improvements Bonds, Series 2020, have closed

Requisition(s) of Funds Under the 2020 Bonds for Reimbursement to Developer: The Board discussed requisition(s) of funds under the 2020 Bonds for reimbursement to Developer* under that certain Facilities Funding and Acquisition Agreement and authorize necessary actions in conjunction therewith.

Following discussion, upon motion duly made by Director N. Dimond, seconded by Director Gaede and, upon vote, unanimously carried, the Board authorized requisition(s) of funds under the 2020 Bonds for reimbursement to Developer* under that certain Facilities Funding and Acquisition Agreement and authorize necessary actions in conjunction therewith.

Engagement of Schedio Group LLC for Cost Verification Services: The Board considered the engagement of Schedio Group LLC for Cost Verification Services.

Following discussion, upon motion duly made by Director N. Dimond, seconded by Director Gaede and, upon vote, unanimously carried, the Board approved the engagement of Schedio Group LLC for Cost Verification Services.

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OTHER MATTERS

Proposal for Snow Removal Services from Powder Country: The Board considered the proposal for snow removal services from Powder Country.

Following discussion, upon motion duly made by Director N. Dimond, seconded by Director Martinic and, upon vote, unanimously carried, the Board approved the proposal for snow removal services from Powder Country.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director N. Dimond, seconded by Director Martinic, and upon vote, unanimously carried, the meeting was continued to Wednesday, September 30, 2020 at 8:00 a.m. at the regular meeting location.

Respectfully submitted,

By _____
Secretary for the Meeting

RECORD OF PROCEEDINGS

MINUTES OF A CONTINUED MEETING OF THE BOARD OF DIRECTORS OF THE CITYSET METROPOLITAN DISTRICT NO. 2 HELD SEPTEMBER 30, 2020

A Continued 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, September 30, 2020, at 8:00 a.m., at Stonebridge Companies, 4949 South Niagara Street, Suite 300, Denver, CO 80207. Due to Executive Order D 2020 044 Safer at Home issued by Governor Polis on April 26, 2020, and Public Health Order 20-28 implementing the Executive Order, issued by the Colorado Department of Health and Environment (CDPHE) on April 26, 2020, this meeting was held with persons present at the physical location. The meeting was open to the public via teleconferencing.

ATTENDANCE

Directors In Attendance Were:

Navin Dimond (at physical location)
Jason Gaede (at physical location)
William G. Martinic (at physical location)
Ashley Dimond
Aly-Khan Merali (at physical location)

Also In Attendance Were:

David Solin; Special District Management Services, Inc.

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

Kimberly Johanns; Simmons & Wheeler, P.C.

Howard Pollack and Dave Womack; Stonebridge Companies (“SBCO”) (at physical location)

Kyle Thomas; D.A. Davidson & CO.

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 continued meeting, and incorporated for the record those applicable disclosures made by the Board

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members prior to this meeting in accordance with the statute. Attorney Williams noted that all Directors' Disclosure Statements had been previously filed.

LEGAL MATTERS

Resolution Authorizing the Incurrence of General Obligation Indebtedness:

The Board discussed rescinding the resolution dated September 22, 2020 and approving the adoption of a Resolution of the District dated September 30, 2020 authorizing the incurrence of general obligation indebtedness in the form of Limited Tax General Obligation and Special Revenue Refunding and Improvements Bonds, Series 2020, in an approximate principal amount not to exceed \$18,000,000, approving an indenture of trust and other related documents; authorizing the execution and delivery thereof and performance thereunder; approving, ratifying and confirming other actions; making determinations and findings as to other matters related to such financing; authorizing incidental action; and repealing prior inconsistent actions.

Following discussion, upon motion duly made by Director N. Dimond, seconded by Director Martinic and, upon vote, unanimously carried, the Board rescinded the rescinded the resolution dated September 22, 2020 and adopted a Resolution of the District dated September 30, 2020 authorizing the incurrence of general obligation indebtedness in the form of Limited Tax General Obligation and Special Revenue Refunding and Improvements Bonds, Series 2020, in an approximate principal amount not to exceed \$18,000,000, approving an indenture of trust and other related documents; authorizing the execution and delivery thereof and performance thereunder; approving, ratifying and confirming other actions; making determinations and findings as to other matters related to such financing; authorizing incidental action; and repealing prior inconsistent actions. The Board appointed Director N. Dimond as the District representative for any Bond matters

ADJOURNMENT

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

Respectfully submitted,

By _____
Secretary for the Meeting

RESOLUTION NO. 2020-11-01

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

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

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

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

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

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

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

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

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

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

3. That regular meetings of the District Board for the year 2021 shall be held on _____ at _____, at the offices of Stonebridge Companies, 4949 South Niagara Street, Suite 300 Denver 80237 in Denver County, Colorado.

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

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

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

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

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

9. Parking sign within the boundaries of the District

10. The Hilton Garden Inn, or his/her designee, is hereby appointed to post the above-referenced notices.

[SIGNATURE PAGE FOLLOWS]

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

RESOLUTION APPROVED AND ADOPTED on November 18, 2020.

**CITYSET METROPOLITAN DISTRICT
NO. 2**

By: _____
President

Attest:

Secretary

Cityset Metro District No.2
October-20

	General	Debt	Capital	Totals
Disbursements	\$ 20,018.73			\$ 20,018.73
	\$ -		\$ -	\$ -
Total Disbursements from Checking Acct	\$20,018.73	\$0.00	\$0.00	\$20,018.73

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1340						
10/08/2020	Apollo Security USA, Inc	4915	Miscellaneous	1-685	9,970.00	9,970.00
Total 1340:						9,970.00
1341						
10/08/2020	Centric Elevator Corporation	274471	Repair and maintenance	1-805	391.50	391.50
10/08/2020	Centric Elevator Corporation	274649	Repair and maintenance	1-805	328.01	328.01
Total 1341:						719.51
1342						
10/08/2020	CO Special Districts P & L Pool	POL-0004248	Prepaid Expenses	1-143	450.00	450.00
10/08/2020	CO Special Districts P & L Pool	POL-0004249	Prepaid Expenses	1-143	450.00	450.00
Total 1342:						900.00
1343						
10/08/2020	Hilton Garden Inn Denver Cherry	43020	Repair and maintenance	1-805	58.00	58.00
10/08/2020	Hilton Garden Inn Denver Cherry	6302020	Repair and maintenance	1-805	1,113.95	1,113.95
10/08/2020	Hilton Garden Inn Denver Cherry	73120	Repair and maintenance	1-805	1,113.95	1,113.95
10/08/2020	Hilton Garden Inn Denver Cherry	83120	Repair and maintenance	1-805	1,113.95	1,113.95
10/08/2020	Hilton Garden Inn Denver Cherry	93020	Repair and maintenance	1-805	1,113.95	1,113.95
Total 1343:						4,513.80
1344						
10/08/2020	McGeady Becher P.C.	1096W 08/2020	Legal	1-675	445.50	445.50
Total 1344:						445.50
1345						
10/08/2020	Ramey Environmental, Inc	21218	Repair and maintenance	1-805	524.00	524.00
Total 1345:						524.00
1346						
10/08/2020	Simmons & Wheeler, P.C.	27140	Management and Accoun	1-612	783.90	783.90
Total 1346:						783.90
1347						
10/08/2020	Special Dist Management Srvs	09/2020	Insurance/SDA Dues	1-670	42.00	42.00
10/08/2020	Special Dist Management Srvs	09/2020	Management and Accoun	1-612	1,883.00	1,883.00
10/08/2020	Special Dist Management Srvs	09/2020	Miscellaneous	1-685	187.58	187.58
Total 1347:						2,112.58
1348						
10/08/2020	The Villager Legals	9868	Miscellaneous	1-685	49.44	49.44
Total 1348:						49.44
Grand Totals:						20,018.73

Cityset Metro District No.2
November-20

	General	Debt	Capital	Totals
Disbursements	\$ 60,300.61	\$ 52,563.82		\$ 112,864.43
	\$ -		\$ -	\$ -
Total Disbursements from Checking Acct	\$60,300.61	\$52,563.82	\$0.00	\$112,864.43

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1349						
11/11/2020	Centric Elevator Corporation	275241	Repair and maintenance	1-805	328.01	328.01
Total 1349:						328.01
1350						
11/11/2020	Cherry Creek Corporate Center	REFUND 09/20	Miscellaneous	1-685	5,140.20	5,140.20
Total 1350:						5,140.20
1351						
11/11/2020	CO Special Districts P & L Pool	POL-0004924	Prepaid Expenses	1-143	400.00	400.00
Total 1351:						400.00
1352						
11/11/2020	Freeman Signs, Inc.	9035	Repair and maintenance	1-805	18,170.86	18,170.86
Total 1352:						18,170.86
1353						
11/11/2020	Hilton Garden Inn Denver Cherry	103120	Repair and maintenance	1-805	1,113.95	1,113.95
Total 1353:						1,113.95
1354						
11/11/2020	Horizon Glass	55436	Repair and maintenance	1-805	1,146.88	1,146.88
Total 1354:						1,146.88
1355						
11/11/2020	McGeady Becher P.C.	1096W 09/2020	Legal	1-675	814.00	814.00
Total 1355:						814.00
1356						
11/11/2020	Powder Country LLC	2105	Repair and maintenance	1-805	1,162.50	1,162.50
11/11/2020	Powder Country LLC	2106	Repair and maintenance	1-805	1,162.50	1,162.50
11/11/2020	Powder Country LLC	2212	Repair and maintenance	1-805	1,162.50	1,162.50
11/11/2020	Powder Country LLC	2213	Repair and maintenance	1-805	1,162.50	1,162.50
Total 1356:						4,650.00
1357						
11/11/2020	Ramey Environmental, Inc	21344	Repair and maintenance	1-805	524.00	524.00
Total 1357:						524.00
1358						
11/11/2020	Simmons & Wheeler, P.C.	27311	Management and Accoun	1-612	2,587.50	2,587.50
Total 1358:						2,587.50
1359						
11/11/2020	Special Dist Management Svcs	10/2020	Management and Accoun	1-612	1,897.00	1,897.00
11/11/2020	Special Dist Management Svcs	10/2020	Insurance/SDA Dues	1-670	28.00	28.00
11/11/2020	Special Dist Management Svcs	10/2020	Miscellaneous	1-685	80.83	80.83

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
Total 1359:						<u>2,005.83</u>
1360						
11/11/2020	Stonebridge Realty Advisors Inc.	01/2019-11/2020 FE	Legal	1-675	23,375.00	<u>23,375.00</u>
Total 1360:						<u>23,375.00</u>
1361						
11/11/2020	The Villager Legals	9964	Miscellaneous	1-685	44.38	<u>44.38</u>
Total 1361:						<u>44.38</u>
1362						
11/11/2020	Zions First National Bank	09/2020	Zion's Bank-Pledged Rev	2-117	52,563.82	<u>52,563.82</u>
Total 1362:						<u>52,563.82</u>
Grand Totals:						<u><u>112,864.43</u></u>

CitySet Metropolitan District No. 2
Financial Statements
September 30, 2020

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, 2020, which are comprised of the Balance Sheet and the related Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Funds and account groups for the 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 10, 2020
Englewood, Colorado

CitySet Metropolitan District No. 2
 Combined Balance Sheet
 September 30, 2020

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	\$ -	\$ -	\$ 73,858	\$ -	\$ 73,858
Zion's Bank - Pledged Revenue	-	-	499,973	-	499,973
Zion's Bank - Reserve Fund	-	-	1,001,264	-	1,001,264
Sales and Lodging Receivable	-	-	41,661	-	41,661
Increment receivable	-	-	760	-	760
PIF Receivable	89,863	-	-	-	89,863
Developer advances receivable	-	798	-	-	798
Due to/from other funds	<u>(72,500)</u>	<u>(798)</u>	<u>73,298</u>	<u>-</u>	<u>-</u>
	<u>17,363</u>	<u>-</u>	<u>1,690,814</u>	<u>-</u>	<u>1,708,177</u>
Other assets					
Land Easements	-	-	-	3,707,541	3,707,541
Phase I & II - Parking Garage	-	-	-	11,786,861	11,786,861
Lift Station	-	-	-	208,100	208,100
Accumulated Depreciation	-	-	-	(2,180,662)	(2,180,662)
Amount available in debt service fund	-	-	-	1,690,814	1,690,814
Amount to be provided for retirement of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,954,796</u>	<u>15,954,796</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,167,450</u>	<u>31,167,450</u>
	<u>\$ 17,363</u>	<u>\$ -</u>	<u>\$ 1,690,814</u>	<u>\$ 31,167,450</u>	<u>\$ 32,875,627</u>
Liabilities and Equity					
Current liabilities					
Accounts payable	<u>\$ 17,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,363</u>
	<u>17,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,363</u>
2015 Loan	-	-	-	12,185,000	12,185,000
Dev Advance - Cap Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,460,610</u>	<u>5,460,610</u>
Total liabilities	<u>17,363</u>	<u>-</u>	<u>-</u>	<u>17,645,610</u>	<u>17,662,973</u>
Fund Equity					
Investment in improvements	-	-	-	13,521,840	13,521,840
Fund balance (deficit)	<u>-</u>	<u>-</u>	<u>1,690,814</u>	<u>-</u>	<u>1,690,814</u>
	<u>-</u>	<u>-</u>	<u>1,690,814</u>	<u>13,521,840</u>	<u>15,212,654</u>
	<u>\$ 17,363</u>	<u>\$ -</u>	<u>\$ 1,690,814</u>	<u>\$ 31,167,450</u>	<u>\$ 32,875,627</u>

CitySet Metropolitan District No. 2
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For Nine Months Ended September 30, 2020
General Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
PIF Collections	\$ 830,000	\$ 355,558	\$ (474,442)
Other income	1,000	-	(1,000)
	<u>831,000</u>	<u>355,558</u>	<u>(475,442)</u>
Expenditures			
Management & Accounting	30,000	24,957	5,043
Audit	6,000	5,950	50
Election Expense	10,000	1,031	8,969
Insurance/SDA Dues	28,000	27,340	660
Legal	10,000	9,992	8
PIF Collection Fee	16,600	-	16,600
Miscellaneous	2,000	6,767	(4,767)
Repairs & Maintenance	110,000	50,659	59,341
Snow Removal	-	24,899	(24,899)
Furnishings	5,000	751	4,249
Transfer to Debt Service	600,000	203,212	396,788
Contingency	6,872	-	6,872
Emergency reserve	6,528	-	6,528
	<u>831,000</u>	<u>355,558</u>	<u>475,442</u>
Excess (deficiency) of revenues over expenditures	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</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, 2020
Capital Projects Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Bond/Loan proceeds	\$ 500,000	\$ -	\$ (500,000)
Developer advances	<u>-</u>	<u>798</u>	<u>798</u>
	<u>500,000</u>	<u>798</u>	<u>(499,202)</u>
Expenditures			
Engineering	-	798	(798)
Paving and landscape	<u>400,000</u>	<u>-</u>	<u>400,000</u>
	<u>400,000</u>	<u>798</u>	<u>399,202</u>
Excess (deficiency) of revenues over expenditures	100,000	-	(100,000)
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ (100,000)</u>


CitySet Metropolitan District No. 2
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For Nine Months Ended September 30, 2020
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	\$ 385,000	\$ 160,584	\$ (224,416)
Property Tax Increment Rev	360,000	395,798	35,798
Transfer from General Fund	600,000	203,212	(396,788)
Bond/Loan proceeds	12,000,000	-	(12,000,000)
Interest income	5,000	2,185	(2,815)
	<u>13,350,000</u>	<u>761,779</u>	<u>(12,588,221)</u>
Expenditures			
Debt service - loan principal	12,660,000	475,000	12,185,000
Debt service - loan interest	351,729	265,486	86,243
Sub Debt payment	500,000	-	500,000
TIF Collection Fee	1,925	-	1,925
Tax increment collection	1,800	1,979	(179)
Paying agent fees	3,000	-	3,000
	<u>13,518,454</u>	<u>742,465</u>	<u>12,775,989</u>
Excess (deficiency) of revenues over expenditures	(168,454)	19,314	187,768
Fund balance - beginning	<u>1,719,631</u>	<u>1,671,500</u>	<u>(48,131)</u>
Fund balance - ending	<u>\$ 1,551,177</u>	<u>\$ 1,690,814</u>	<u>\$ 139,637</u>



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

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

October 31, 2020

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, 2020.

We will audit the financial statements of the governmental activities and the major funds, including the related notes to the financial statements, which collectively comprise the basic financial statements of CitySet Metropolitan District No. 2 as of and for the year ended December 31, 2020.

Audit Scope and Objectives

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.

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.

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.

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.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

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 \$6,000. 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.

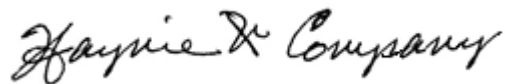
Nick Warnick is the engagement partner and is responsible for supervising the engagement and signing the report. We expect to begin our audit in April 2021 and to issue our report no later than July 31, 2021.

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



PK Kaiser, MBA, MS

Assessor

OFFICE OF THE ASSESSOR
5334 S. Prince Street
Littleton, CO 80120-1136
Phone: 303-795-4600
TDD: Relay-711
Fax: 303-797-1295

[HTTP://www.arapahoegov.com/assessor](http://www.arapahoegov.com/assessor)
assessor@arapahoegov.com

October 8, 2020

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

Code # 4196

CERTIFICATION OF VALUATION

The Arapahoe County Assessor reports a taxable assessed valuation for your taxing entity for 2020 of:

\$13,122,522

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: October 8, 2020

NAME OF TAX ENTITY: CITYSET METRO DISTRICT #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 2020:

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	1.	\$	8,437,357
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡	2.	\$	13,122,522
3. <u>LESS</u> TOTAL TIF AREA INCREMENTS, IF ANY:	3.	\$	4,755,145
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	4.	\$	8,367,377
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 2020:

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶	1.	\$	41,987,639
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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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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, 2021

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>6/30/2020</u>	Estimate <u>2020</u>	Proposed Budget <u>2021</u>
Beginning fund balance	\$ 24,938	\$ -	\$ -	\$ -	\$ -
Revenues:					
PIF Collections	750,692	830,000	225,671	385,000	616,000
Developer Advances	-	-	-	21,800	127,000
Miscellaneous Income	600	1,000	-	500	500
	<u>751,292</u>	<u>831,000</u>	<u>225,671</u>	<u>407,300</u>	<u>743,500</u>
Total revenues					
	<u>751,292</u>	<u>831,000</u>	<u>225,671</u>	<u>407,300</u>	<u>743,500</u>
Total funds available					
	<u>776,230</u>	<u>831,000</u>	<u>225,671</u>	<u>407,300</u>	<u>743,500</u>
Expenditures:					
Management	34,613	30,000	15,351	30,000	20,000
Accounting	-	-	-	-	12,000
Audit	5,903	6,000	5,838	6,000	6,000
Election	-	10,000	1,030	1,100	-
Insurance/ SDA Dues	26,571	28,000	27,235	28,000	30,000
Legal	11,477	10,000	7,858	17,000	17,000
PIF Collection Fee	15,014	16,600	4,514	7,700	12,320
Miscellaneous	10,054	2,000	6,360	6,500	2,000
Repair and Maintenance	56,151	110,000	14,323	15,000	15,000
Security Systems Repair and maintenance	-	-	-	-	3,000
Landscape Maintenance	-	-	13,589	14,000	10,000
Landscape Improvements	-	-	-	-	13,000
Holiday Lighting	-	-	-	-	8,000
Garage Repair and Maintenance	-	-	-	-	5,000
Elevator Repair and Maintenance	-	-	-	-	4,750
Surface Parking Repair and Maintenance	-	-	-	-	8,000
Lift Station Operations	-	-	-	-	8,000
Snow Removal	-	-	24,899	26,000	40,000
Furnishings	-	5,000	751	1,000	6,000
General Labor	-	-	-	-	13,500
Transfer to Debt Service Fund	616,447	600,000	103,923	255,000	484,050
Contingency	-	6,872	-	-	19,278
Emergency Reserve	-	6,528	-	-	6,602
	<u>776,230</u>	<u>831,000</u>	<u>225,671</u>	<u>407,300</u>	<u>743,500</u>
Total expenditures					
	<u>776,230</u>	<u>831,000</u>	<u>225,671</u>	<u>407,300</u>	<u>743,500</u>
Ending fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Total Taxable AV		\$ 13,280,083			\$ 13,122,522
Lss Total TIF		<u>4,842,726</u>			<u>4,755,145</u>
Assessed valuation		<u>\$ 8,437,357</u>			<u>\$ 8,367,377</u>
Mill Levy		<u>-</u>			<u>-</u>

CitySet Metropolitan District No. 2
Proposed Budget
Capital Projects Fund
For the Year ended December 31, 2021

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>6/30/2020</u>	Estimate <u>2020</u>	Proposed Budget <u>2021</u>
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Developer Advances	-	-	798	168,169	-
Bond proceeds	-	500,000	-	171,919	-
Total revenues	<u>-</u>	<u>500,000</u>	<u>798</u>	<u>340,088</u>	<u>-</u>
Total funds available	<u>-</u>	<u>500,000</u>	<u>798</u>	<u>340,088</u>	<u>-</u>
Expenditures:					
Engineering	-	-	798	798	-
Paving and Landscape	-	400,000	-	167,371	-
Developer repayment	-	-	-	167,371	-
Costs of Issuance	-	-	-	4,548	-
Total expenditures	<u>-</u>	<u>400,000</u>	<u>798</u>	<u>340,088</u>	<u>-</u>
Ending fund balance	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CitySet Metropolitan District No. 2
Proposed Budget
Debt Service Fund
For the Year ended December 31, 2021

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>6/30/2020</u>	Estimate <u>2020</u>	Proposed Budget <u>2021</u>
Beginning fund balance	\$ 1,598,981	\$ 1,719,631	\$ 1,671,500	\$ 1,671,500	\$ 1,015,226
Revenues:					
Sales Tax - TIF Collections	199,847	225,000	57,867	102,500	164,000
Lodging Tax - TIF Collections	146,972	160,000	38,456	77,500	124,000
Property Tax Increment Revenue	359,932	360,000	394,076	404,101	404,101
Transfer from General Fund	616,447	600,000	103,923	255,000	484,050
Bond/Loan proceeds	-	12,000,000	-	17,443,081	-
Interest Income	<u>5,243</u>	<u>5,000</u>	<u>1,861</u>	<u>4,000</u>	<u>4,000</u>
Total revenues	<u>1,328,441</u>	<u>13,350,000</u>	<u>596,183</u>	<u>18,286,182</u>	<u>1,180,151</u>
Total funds available	<u>2,927,422</u>	<u>15,069,631</u>	<u>2,267,683</u>	<u>19,957,682</u>	<u>2,195,377</u>
Expenditures:					
Loan Principal	620,000	12,660,000	315,000	12,660,000	-
Loan Interest	369,388	351,729	178,112	351,729	-
2020 Bond Interest	-	-	-	-	841,721
Costs of Issuance	-	-	-	461,510	-
Sub Debt Payment	260,000	500,000	-	5,462,296	-
Paying Agent Fees	3,000	3,000	-	3,000	5,000
TIF Collection Fee	1,734	1,925	481	900	1,440
Tax Increment Collection Fee	1,800	1,800	1,970	2,021	2,021
Miscellaneous	-	-	-	1,000	-
Total expenditures	<u>1,255,922</u>	<u>13,518,454</u>	<u>495,563</u>	<u>18,942,456</u>	<u>850,182</u>
Ending fund balance	<u>\$ 1,671,500</u>	<u>\$ 1,551,177</u>	<u>\$ 1,772,120</u>	<u>\$ 1,015,226</u>	<u>\$ 1,345,195</u>
Assessed valuation		<u>\$ 8,437,357</u>			<u>\$ 8,367,377</u>
Mill Levy		<u>0.000</u>			<u>0.000</u>
Total Mill Levy		<u>0.000</u>			<u>0.000</u>

RESOLUTION NO. 2020 - 11 - ____
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CITYSET METROPOLITAN DISTRICT NO. 2
TO ADOPT THE 2020 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 2021 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, 2020, 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 18, 2020, 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 2021 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 18th day of November, 2020.

Secretary

(SEAL)

EXHIBIT A
(Budget)

I, David Solin, 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 2021, duly adopted at a meeting of the Board of Directors of the CitySet Metropolitan District No. 2 held on November 18, 2020.

By: _____
Secretary

RESOLUTION NO. 2020- 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 2021 annual budget in accordance with the Local Government Budget Law on November 18, 2020; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2021 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 2020 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

2. That for the purposes of meeting all debt service fund expenses of the District during the 2021 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 18th day of November, 2020.

Secretary

(SEAL)

EXHIBIT A
(Certification of Tax Levies)

RESOLUTION NO. 2020-12-__

**RESOLUTION OF THE BOARD OF DIRECTORS OF
CITYSET METROPOLITAN DISTRICT NO. 2 REGARDING CONTINUING
DISCLOSURE POLICIES AND PROCEDURES**

A. The CitySet Metropolitan District No. 2, Arapahoe, Colorado (the “**District**”) has entered into the continuing disclosure undertaking(s) set forth in **Exhibit A** attached hereto (referred to collectively herein, whether one or more than one, the “**Continuing Disclosure Undertaking**”).

B. The Board of Directors of the District (the “**Board**”) desires to adopt policies and procedures in an effort to ensure compliance by the District with its obligations set forth in the Continuing Disclosure Undertaking (the “**Continuing Disclosure Policy**”).

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITYSET METROPOLITAN DISTRICT NO. 2, ARAPAHOE, COLORADO:

1. The Continuing Disclosure Policy, as hereby approved, adopted and made a part of the public records of the District, shall be to impose the procedures set forth in **Exhibit B** attached hereto (the “**Compliance Procedures**”).

2. The Board hereby delegates the tasks and responsibilities set forth in the Compliance Procedures to the responsible parties as set forth therein.

3. The Continuing Disclosure Policy is intended to supplement any previous post-issuance compliance procedures that may have been adopted by the District and any procedures evidenced in writing by any Official Statement or continuing disclosure undertaking heretofore or hereafter issued, entered into or executed and delivered by the District or on its behalf.

4. The Board may revise the Continuing Disclosure Policy from time to time as the Board deems necessary or desirable to comply with federal and state securities laws or otherwise as the Board may determine in its sole discretion.

5. Prior to the engagement of the responsible parties listed in the Compliance Procedure, and other consultants as may applicable with respect to the Continuing Disclosure Undertaking, such responsible parties and consultants shall be required to review and comply with the Continuing Disclosure Policy, including, without limitation, the responsibilities set forth in the Compliance Procedures.

6. Within thirty (30) days, or earlier if necessary, of entering into any new continuing disclosure undertaking and/or with respect to any changes or modifications to the Continuing Disclosure Undertaking, the responsible parties and consultants shall meet with bond counsel and disclosure counsel to review the continuing disclosure compliance requirements and develop a process for compliance with respect to such new and/or changed continuing disclosure undertaking.

RESOLUTION APPROVED AND ADOPTED on November 18, 2020.

**CITYSET METROPOLITAN DISTRICT
NO. 2**

By: _____
President

Attest:

By: _____
Secretary

EXHIBIT A

Continuing Disclosures / Covenants of the District

ARTICLE V
COVENANTS AND AGREEMENTS OF THE DISTRICT

Section 5.01. Performance of Covenants. The District covenants that it will timely and faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture in any and every Bond and in all proceedings of the District

pertaining thereto. The District covenants, represents, warrants and agrees that it is duly authorized under the laws of the State, to issue the Bonds and to execute this Indenture, and to pledge the Trust Estate in the manner and to the extent herein set forth, that all actions on its part required for the issuance of the Bonds and the execution and delivery of this Indenture, have been duly and effectively taken or will be duly taken as provided herein, and that this Indenture is a valid and enforceable instrument of the District and that the Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the District according to the terms thereof.

Section 5.02. Covenant to Impose Required Mill Levy.

(a) For the purpose of paying the principal of, premium if any, and interest on the Bonds and, if necessary, replenishing the Surplus Fund to the Surplus Fund Requirement and, for so long as it is in existence, the Board shall annually determine and certify to the County, in each of the years 2020 through 2044, inclusive (for tax collection in years 2021 through 2045, inclusive), and in any year thereafter in which the Bonds remain Outstanding, in addition to all other taxes, the Required Mill Levy. Nothing herein shall be construed to require the District to levy an ad valorem property tax for payment of the Bonds and, if necessary, replenishing the Surplus Fund to the Surplus Fund Requirement, in excess of the Required Mill Levy. When collected, the taxes levied for the foregoing purposes shall be deposited with the Trustee in accordance with Section 4.06 hereof.

(b) The foregoing provisions of this Indenture are hereby declared to be the certificate of the Board to the City, showing the aggregate amount of taxes to be levied from time to time, as required by law, for the purpose of paying the principal of, premium if any, and the interest on the Bonds.

(c) The amounts necessary to pay all costs and expenses incidental to the issuance of the Bonds and to pay the principal of, premium if any, and interest on the Bonds when due, to make up any deficiencies in the Surplus Fund are hereby appropriated for said purposes, and such amounts as appropriate for each year shall also be included in the annual budget and the appropriation bills to be adopted and passed by the Board in each year, respectively, until the Bonds have been fully paid, satisfied, and discharged.

(d) It shall be the duty of the Board, annually, at the time and in the manner provided by law for levying other District taxes, to ratify and carry out the provisions hereof with reference to the levying and collection of taxes; and the Board shall levy, certify, and collect said taxes in the manner provided by law for the purposes aforesaid.

(e) Said taxes shall be levied, assessed, collected, and enforced at the time and in the form and manner and with like interest and penalties as other general taxes in the State, and when collected said taxes shall be paid to the District as provided by law. The Board shall take all necessary and proper steps to enforce promptly the payment of taxes levied pursuant to this Indenture.

(f) The District shall maintain its existence, shall use commercially reasonable efforts to maintain and renew all its rights, powers, privileges and franchises; and shall comply with all valid and applicable laws, acts, rules, regulations, permits, orders, requirements and directions of any legislative, executive, administrative or judicial body.

Section 5.03. Authority Reimbursement Agreement and Assignment. The District agrees that, without prior written consent of a Majority Interest it will not consent to any amendment of or modification to the Authority Reimbursement Agreement or the Assignment that would in any manner adversely impact the pledge of Pledged Revenue for, or the payment of debt service with respect to the Bonds.

Section 5.04. Further Assurance. The District covenants that it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, such indentures supplemental hereto and such further acts, instruments, and transfers as the Trustee may reasonably require for the better assuring, transferring, and pledging unto the Trustee all and singular the Trust Estate. The District shall cause a true and correct copy of the executed Authority Reimbursement Agreement and Assignment to be delivered to the Trustee and shall cause the Authority to pay any amounts due thereunder constituting Pledged Revenues to be paid directly to the Trustee for deposit in the Revenue Fund.

Section 5.05. Additional Covenants and Agreements.

(a) The District will maintain its existence and shall not merge or otherwise alter its corporate structure in any manner or to any extent as might reduce the security provided for the payment of the Bonds, and will continue to operate and manage the District and its facilities in an efficient and economical manner in accordance with all applicable laws, rules, and regulations.

(b) At least once a year the District will cause an audit (the “**Audit**”) to be performed of the records relating to its revenues and expenditures, and the District shall use its best commercially reasonable efforts to have the Audit completed not later than September 30 of each calendar year. Such Audit shall be prepared in accordance with generally accepted accounting standards for governmental units as prescribed by the Governmental Accounting Standards Board and be filed with the MSRB for posting on EMMA, within ten (10) days of completion thereof. The foregoing covenant shall apply notwithstanding any State law audit exemptions that may exist. In addition, at least once a year in the time and manner provided by law, the District will cause a budget to be prepared and adopted. Copies of the budget and the Audit will be filed and recorded in the places, time, and manner provided by state law.

(c) Within 30 days after each calendar quarter, the District will file or cause to be filed with the MSRB for posting on EMMA, (i) a certificate setting forth the Debt Service Coverage Ratio for the immediately preceding twelve (12) month period, (ii) unaudited financial statements for the immediately prior calendar quarter prepared by the District’s Accountant 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 in accordance with accounting principles generally accepted in the United States of America, and (iii) a statement regarding the occupancy levels of the hotels within the boundaries of the District for the immediately prior calendar quarter, which statement is to be provided to the District by the Developer.

(d) The District will carry general liability, public officials liability, and such other forms of insurance coverage on insurable District property upon the terms and conditions as in the judgment of the District would ordinarily be carried by entities having similar properties of equal value, such insurance being in such amounts as will protect the District and its operations.

(e) Each District official or other person having custody of any District funds or responsible for the handling of such funds, shall be bonded or insured against theft or defalcation at all times.

(f) In the event any ad valorem taxes are not paid when due, the District shall diligently cooperate with the appropriate county treasurer to enforce the lien of such unpaid taxes against the property for which the taxes are owed.

Section 5.06. Maintenance and Management of Authorized Projects. So long as the Bonds are Outstanding, the District will keep or cause to be kept the Authorized Projects financed with proceeds of the Bonds (to the extent owned or controlled by the District) and all parts thereof in good repair and good operating condition, making all repairs thereto and renewals and replacements thereof necessary for this purpose, so that such Authorized Projects will remain suitable and efficient for use as a facility of the character described in and contemplated by this Indenture, or, such other uses as are not inconsistent with this Indenture.

Section 5.07. Construction, Equipping and Operation of the Authorized Projects. The District shall:

(a) cause the Authorized Projects financed with proceeds of the Bonds to be acquired and constructed substantially in accordance with all applicable building code and zoning requirements currently in effect, and provide all other improvements, access roads, utilities, and other items required for facilities fully operable for the purposes specified herein, all with due diligence;

(b) cause to be acquired and properly installed in such Authorized Projects such items of machinery and equipment and other items of personal property as may be necessary and desirable in the District's reasonable judgment for operation of the Projects;

(c) cause insurance relating to such Authorized Projects which are owned or controlled by the District to be procured and maintained in accordance with Section 5.05(c) hereof;

(d) cause to be paid when due or provide for the payment of all fees, costs and expenses incurred in connection with the acquisition, construction, and equipping of the Authorized Projects financed with proceeds of the Bonds; and

(e) ask, demand, sue for, levy, recover and receive all those sums of money, debts and other demands whatsoever which may be due, owing and payable under the terms of any agreement in connection with the acquisition, construction, furnishing, equipping, and operation of such Authorized Projects, and enforce the provisions of any obligation, bond or other performance security with respect thereto.

Section 5.08. Taxes and Other Governmental Charges and Utility Charges. To the extent taxes and special assessments are lawfully levied upon or with respect to the Authorized Projects, or to the extent other charges are lawfully made by any governmental body for public improvements that may be or become secured by a lien on such Authorized Projects, the District agrees to make, or cause to be made, promptly all payments due with respect to such taxes, special assessment or charges so long as the Bonds are Outstanding. In addition, the District will make, or cause to be made, all payments and utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of such Authorized Projects owned or controlled by it. With respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, with or without interest, the District shall be obligated to pay only such installments and interest as are required to be paid so long as the Bonds are outstanding. The District may in good faith contest any such taxes, assessments and other charges and, in the event of such contest, may permit the items so contested to remain unpaid during the period of the contest and any appeal therefrom, provided that the District shall first furnish to the Trustee, an Opinion of Counsel, addressed to the Trustee, that nonpayment of any such items will not materially endanger the lien of the Indenture as to any part of such Authorized Projects and will not subject such Authorized Projects or any part thereof to loss or forfeiture.

Section 5.09. Perfection of Lien. Pursuant to the Supplemental Act, the Pledged Revenue pledged hereunder for the payment of the Bonds and now or hereafter received by the District shall immediately be subject to the lien of each such pledge without any physical delivery, filing, or further act. The lien of each such pledge and the obligation to perform the contractual provisions made hereby shall have priority over any or all other obligations and liabilities of the District with regard to the Pledged Revenue, to the extent provided herein. Pursuant to Section 208 of the Supplemental Act, the pledges and liens created by this Indenture are subject to any prior pledges or liens and the District hereby covenants and represents that it has not heretofore created any prior pledge or lien on the Pledged Revenue. The lien of each such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the District irrespective of whether such persons have notice thereof. From time to time, as reasonably requested by the Trustee, the District shall furnish to the Trustee an Opinion of Counsel setting forth what, if any, actions by the District or Trustee should be taken to preserve such security.

The District shall execute or cause to be executed any and all instruments and take such further action under Section 5.04 hereof and as otherwise may be required by law or as shall

reasonably be requested by the Trustee for such protection of the interests of the Trustee and the Owners, and shall furnish satisfactory evidence to the Trustee of filing and refiling of such instruments and of every additional instrument which shall be necessary to preserve the lien of this Indenture upon the Trust Estate or any part thereof until the principal of and premium, if any, and interest on the Bonds issued hereunder shall have been paid. The Trustee shall execute or join in the execution of any such further or additional instrument and file or join in the filing thereof at such time or times and in such place or places as it may be advised by an Opinion of Counsel will preserve the lien of this Indenture upon the trust estate or any part thereof until the aforesaid principal and interest shall have been paid.

Section 5.10. No Liens. As of the date of issuance of the Bonds, there are no liens or encumbrances of any nature whatsoever on or against the Pledged Revenue other than with respect to the Bonds.

Section 5.11. No Liability of District's Officers, Etc. Notwithstanding anything to the contrary set forth herein, or any other agreement or instrument relating to the Bonds, neither the District's officers, directors, employees or agents, nor their heirs, successors or assigns, shall have any liability, personal or otherwise, for payment or performance of the covenants or obligations set forth in this Indenture or in any other agreement or instrument securing the indebtedness and obligations created hereunder.

Section 5.12. Tax Covenants. The District covenants with the owners of the Tax-Exempt Bonds that, notwithstanding any other provision of this Indenture or any other instrument, it will make no investment or other use of the proceeds of the Tax-Exempt Bonds which would cause such Bonds to be arbitrage bonds under Section 148 of the Code, and the regulations thereunder, and it further covenants that it will comply with the requirements of such Section and regulations. The foregoing covenants shall extend throughout the term of the Tax-Exempt Bonds, to all funds created under this Indenture and all moneys on deposit to the credit of any such Fund, and to any other amounts which are Tax-Exempt Bond proceeds for purposes of Section 148 of the Code, and the regulations thereunder.

The District will determine the amount of the required arbitrage rebate, if any, payable to the United States government under Section 148(f) of the Code and will make or cause to be made any required payments beginning not later than 30 days after the end of the fifth Bond Year of the Tax-Exempt Bonds, regardless of whether there are any remaining proceeds or other funds attributable to the Tax-Exempt Bonds that are available for the purpose. The District will not permit the amount of gross proceeds invested in any Bond Year at a yield materially higher than the Tax-Exempt Bond yield to exceed the limits of Section 148 of the Code.

The District shall not use or direct the use of the proceeds of the Tax-Exempt Bonds in any way, or take or omit to take any other action, which would cause the interest on any Bonds to become subject to federal income tax under the Code, and shall use projects financed with proceeds of the Tax-Exempt Bonds exclusively for general public use, so that such Bonds will not be classified as "private activity bonds" and the interest thereon will not be included in gross income under the Code.

Section 5.13. Surety Bonds. Each official of the District or other person having custody of any Pledged Revenue or amounts available to pay any Project Costs financed with proceeds of the Bonds, or responsible for their handling, shall be bonded at all times in accordance with applicable law, which bond shall be conditioned upon the proper application of said moneys; provided that the requirement of this Section shall be deemed satisfied by a blanket employee dishonesty insurance policy.

EXHIBIT B

COMPLIANCE PROCEDURE

CitySet Metropolitan District No. 2, Arapahoe County, Colorado
 \$17,000,000 Limited Tax General Obligation and Special Revenue Refunding and Improvements Bonds,
 Series 2020

Subject to SEC Rule 15c2-12: NO

FINANCIAL DISCLOSURES	
Document to MSRB (Due Date)	Required Documentation Prepared/Submitted By:
Audited Financial Statements <i>Due September 30</i>	Simmons & Wheeler, P.C. (“ Accountant ”) will submit to <i>MSRB</i> the annual audited financial statements by September 30 of each year.
Annual Budget <i>Due January 31</i>	<i>Accountant</i> will prepare and file the annual Budget by January 31 of each year in the manner provided by state law.
Quarterly Internal Financial Statements <i>Due 30 days after each calendar quarter</i> <ul style="list-style-type: none"> • <i>April 30</i> • <i>July 30</i> • <i>October 30</i> • <i>January 30</i> 	<i>Accountant</i> to prepare and file with the MSRB within 30 days after each calendar quarter March 31, June 30, September 30, and December 31: <ul style="list-style-type: none"> i) a certificate setting forth the Debt Service Coverage Ratio for the immediately preceding 12-month period, j) ii) unaudited financial statements for the immediately prior calendar quarter prepared by the Accountant comprised of the balance sheet and the related statement of revenue, expenditures and changes in fund balance – budget and actual – governmental funds and account groups k) iii) a statement regarding the occupancy levels of the hotels within the boundaries of the District for the immediately prior calendar quarter, which statement is to be provided to the District by the Developer. <p style="text-align: center;"><i>[Commencing for the calendar quarter ending on December 30, 2020]</i></p>