

RESOLUTION NO. 2021-03-01

**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 March 11, 2021.

**CITYSET METROPOLITAN DISTRICT
NO. 2**

By: Jason Gaede
President

Attest:

By: 
Secretary

EXHIBIT A

Continuing Disclosures / Covenants of the District

Indenture of Trust

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) [as amended by the First Amendment to Indenture] Within 60 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

| <u>FINANCIAL DISCLOSURES</u> | |
|--|--|
| Document to MSRB (<i>Due Date</i>) | 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 filed the annual Budget by January 31 of each year in the manner provided by state law. |
| Quarterly Internal Financial Statements <i>Due 60 days after each calendar quarter</i> | <p><i>Accountant</i> to prepare and file with the MSRB within 60 days after each calendar quarter March 31, June 30, September 30, and December 31:</p> <ul style="list-style-type: none"> i. a certificate setting forth the Debt Service Coverage Ratio for the immediately preceding 12-month period, 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 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><i>[Commencing for the calendar quarter ending on December 31, 2020]</i></p> |

Procedure:

1. Accountant will prepare the report due.
2. Accountant to submit report to MSRB on applicable submittal date and shall simultaneously forward a copy of the submittal to McGeady Becher P.C. at continuingdisclosure@specialdistrictlaw.com.