

JEFFERSON CENTER 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>
Charles Church McKay	President/Chairman	2023/May 2023
Gregg Bradbury	Treasurer	2023/May 2023
Jeff Nading	Assistant Secretary	2022/May 2022
Diana K. Ten Eyck	Assistant Secretary	2023/May 2023
Steve Nading	Assistant Secretary	2022/May 2022
David Solin	Secretary	

DATE June 22, 2021 (Tuesday)

TIME: 9:30 A.M.

PLACE: **Zoom Meeting: Due to concerns regarding the spread of the Coronavirus (COVID-19) and the benefits to the control of the spread of the virus by limiting in-person contact, this meeting will be held via Zoom without any individuals (neither District representatives nor the general public) attending in person. The meeting can be joined through the directions below:**

Join Zoom Meeting

<https://zoom.us/j/91699609968?pwd=eXhlQVJEUWxZSnc1ZFJ3QXgyWlFCUT09>

Meeting ID: 916 9960 9968

Passcode: 652802

Dial-In: 1-253-215-8782

I. ADMINISTRATIVE MATTERS

- A. Present Disclosures of Potential Conflicts of Interest.
-

- B. Approve Agenda, confirm location/manner of the meeting and posting of meeting notices and designate 24-hour posting location.
-

- C. Review and approve Minutes of the November 17, 2020 Special Meeting (enclosure).
-

II. PUBLIC COMMENT

- A. _____

III. FINANCIAL MATTERS

- A. Review and consider approval of the payment of claims for the period beginning December 10, 2020 through and June 17, 2021, in the amount of \$83,291.53 (enclosure).

- B. Review and consider approval of 2020 audit, and authorize execution of Representations Letter (enclosure – draft audit).

- C. Discuss and consider authorizing use of bill.com for review, approval and payment of claims.

- D. Discuss status of any amounts due from Mountain Shadows Metropolitan District.

IV. MANAGEMENT MATTERS

- A. Review Water Tracking Report (enclosure).

V. LEGAL MATTERS

- A. Review and consider adoption of Resolution No. 2021-06-01, Resolution Adopting the Capital Improvement Program and Master Infrastructure Plan as Modified by Subsequent Construction Plans (for 2021) (enclosure).

- B. Review and consider adoption of Second Amendment to Resolution No. 2013-11-03, Regarding Colorado Open Records Act Requests (enclosure).

- C. Review and consider approval of a Bargain and Sale Deed between the District and the City of Arvada, conveying real property containing an underground storage tank, a water distribution pump station, and related appurtenances (enclosure).

- D. Review and consider ratifying acknowledgement of Purchase and Sale Agreement (Water Tank Site) by and between the City of Arvada, Jefferson Center Metropolitan District No. 1, and acknowledged by Jefferson Center Metropolitan District No. 2 (enclosure).

VI. OTHER BUSINESS

A. _____

VII. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR
JULY 27, 2021.**

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2 HELD NOVEMBER 17, 2020

A Special Meeting of the Board of Directors of the Jefferson Center Metropolitan District No. 2 (referred to hereafter as "Board") was convened on Tuesday, November 17, 2020, at 9:30 a.m. Due to concerns regarding the spread of the coronavirus (COVID-19) and the benefits to the control of the spread of the virus by limiting in-person contact, the District Board meeting was held by video/telephone conference with all participants attending via video/teleconference. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Jeff Nading
Charles Church McKay
Diana K. Ten Eyck
Steven Nading (for a portion)

Following discussion, upon motion duly made by Director Steven Nading, seconded by Director Ten Eyck and, upon vote, unanimously carried, the absence of absence of Director Gregg Bradbury was excused, and Director McKay was appointed as Acting President for the meeting

Also In Attendance Were:

David Solin; Special District Management Services, Inc.

Megan Becher, Esq. (for a portion of the meeting) and Emily Murphy, Esq.; McGeady Becher P.C.

Joy Tatton; Simmons & Wheeler, P.C.

Wes Back and Elesha Carbaugh-Gonzales; Independent District Engineering Services, LLC

Brandon Dooling; Golden Triangle Construction, Inc.

Terry Ten Eyck; Canyon Pines Metropolitan District

RECORD OF PROCEEDINGS

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosures 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 of Directors and to the Secretary of State. Mr. Solin noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. Attorney Murphy noted that all Directors' Disclosure Statements had been filed and that no additional conflicts were disclosed at the meeting.

ADMINISTRATIVE MATTERS

Agenda: Mr. Solin distributed for the Board's review and approval a proposed agenda for the District's Special Meeting.

Following discussion, upon motion duly made by Director Steven Nading, seconded by Director Ten Eyck and, upon vote, unanimously carried, the agenda was approved, as amended.

Location/Manner of Meeting / Posting of Notices: 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. The Board determined that, due to concerns regarding the spread of the coronavirus (COVID-19) and the benefits to the control of the spread of the virus by limiting in-person contact, the meeting would be held by video/telephonic means, and encouraged public participation via video or telephone. The Board further noted that notice of the time, date and location/manner of the meeting was duly posted and that the District had not received any objections to the video/telephonic manner of the meeting, or any requests that the video/telephonic manner of the meeting be changed by taxpaying electors within the District boundaries.

Minutes: The Board reviewed the Minutes from the July 27, 2020 Special Meeting.

Following discussion, upon motion duly made by Director Jeff Nading, seconded by Director Ten Eyck and, upon vote, unanimously carried, the Minutes from the July 27, 2020 Special Meeting were approved.

Resolution No. 2020-11-01, Resolution Establishing Regular Meeting Dates, Times and Location, and Designating Location for Posting of 24-Hour Notices: The Board reviewed Resolution No. 2020-11-01, Resolution Establishing Regular Meeting Dates, Times and Location, and Designating Location for Posting of 24-Hour Notices.

RECORD OF PROCEEDINGS

Mr. Solin reviewed the business to be conducted in 2021 to meet the statutory compliance requirements. Following discussion, the Board determined to meet on the fourth Tuesday of every month at 9:30 a.m. at Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood, Colorado, 80228.

Following review, upon motion duly made by Director Ten Eyck, seconded by Director Jeff Nading and, upon vote, unanimously carried, the Board adopted Resolution No. 2020-11-01, Resolution Establishing Regular Meeting Dates, Times and Location, and Designating Location for Posting of 24-Hour Notices.

§32-1-809, C.R.S. Reporting Requirements, Mode of Eligible Elector Notification for 2021: Attorney Becher discussed the special district transparency requirements of §32-1-809, C.R.S., with the Board.

Following discussion, upon motion duly made by Director McKay, seconded by Director Ten Eyck and, upon vote, unanimously carried the Board determined to post the required transparency notice information to the Special District Association's website and the District's website.

**PUBLIC
COMMENT**

There were no public comments.

**FINANCIAL
MATTERS**

Claims: The Board considered ratifying approval of the payment of as follows:

Fund	Period Ending Aug. 21, 2020	Period Ending Sept. 18, 2020	Period Ending Oct. 22, 2020	Period Ending Nov. 11, 2020
General	\$ 11,206.42	\$ 2,182.42	\$ 52,678.33	\$ 11,995.15
Debt	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Capital	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total	\$ 11,206.42	\$ 2,182.42	\$ 52,678.33	\$ 11,995.12

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

Cash Position Statement: The Cash Position Statement was unavailable for the meeting.

Amounts Due from Mountain Shadows Metropolitan District (“MSMD”): Ms. Tatton discussed with the Board the status of amounts due from MSMD. Ms. Tatton noted that MSMD is currently paid through September 2021.

RECORD OF PROCEEDINGS

Transfer of Funds from the Taxing Districts to the General Fund: Ms. Tatton recommended to the Board that no transfer was needed at this time.

2020 Audit: The Board reviewed the proposal from Fiscal Focus Partners LLC to perform the 2020 Audit.

Following discussion, upon motion duly made by Director Steven Nading, seconded by Director Ten Eyck and, upon vote, unanimously carried, the Board approved the engagement of Fiscal Focus Partners LLC to perform the 2020 Audit, for an amount not to exceed \$5,350.

2020 Budget Amendment Hearing: The Acting President opened the public hearing to consider a 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 discussion, it was determined that an amendment to the 2020 Budget was not necessary.

2021 Budget Hearing: The Acting President opened the public hearing to consider the proposed 2021 Budget and discuss related issues.

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

Ms. Tatton reviewed the estimated 2020 expenditures and the proposed 2021 expenditures. It was noted that no mill levy would be certified.

Following discussion, the Board considered the adoption of Resolution No. 2020-11-02 to Adopt the 2021 Budget and Appropriate Sums of Money. Upon motion duly made by Director Jeff Nading, seconded by Director Steven Nading and, upon vote, unanimously carried, the Resolution was adopted, as discussed, and execution of the Certification of Budget and Certification of Mill Levies was authorized, subject to receipt of final Certification of Assessed Valuation from the County on or before December 10, 2020. Mr. Solin was authorized to transmit the Certification

RECORD OF PROCEEDINGS

of Mill Levies to the Board of County Commissioners of Jefferson County not later than December 15, 2020. Mr. Solin was also authorized to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2021. A copy of the adopted Resolution is attached to these minutes and incorporated herein by this reference.

DLG-70 Mill Levy Certification Form: The Board considered 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.

Following discussion, upon motion duly made by Director Jeff Nading, seconded by Director Steven Nading and, upon vote, unanimously carried, the Board authorized 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.

Preparation of the 2022 Budget: The Board discussed the preparation of the 2022 Budget.

Following discussion, upon motion duly made by Director Jeff Nading, seconded by Director Steven Nading and, upon vote, unanimously carried, the Board appointed the District Accountant to prepare the 2022 Budget and set the date for the public hearing for the November 23, 2021 Board meeting.

MANAGEMENT MATTERS

Water Tracking Report: Mr. Solin discussed the Water Tracking Report with the Board.

LEGAL MATTERS

There were no legal matters to discuss at this time.

OTHER BUSINESS

Purchase and Sale Agreement (Water Tank Site) by and between the City of Arvada, Jefferson Center Metropolitan District No. 1, and acknowledged by Jefferson Center Metropolitan District No. 2: Attorney Murphy reported to the Board that counsel has received comments on the proposed agreement from the City of Arvada. There were no additional updates at this time.

ADJOURNMENT

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

RECORD OF PROCEEDINGS

Respectfully submitted,

By: _____
Secretary for the Meeting

Account	PO/Cont	Check #	Invoice	Date	Date Paid	Description	Amount
01-000-06750	0	10338	11-79B	11/30/2020	12/16/2020	November Legal	2,069.50
**** TOTAL ****						McGeady Becher P.C.	2,069.50
01-000-06100	0	10339	11. SDMS	11/30/2020	12/16/2020	November Management	836.30
**** TOTAL ****						Special District Management	836.30
01-000-01380	0	10340	POL5837	11/18/2020	12/16/2020	2021 Property & Liability	2,499.00
**** TOTAL ****						Colorado Spec Dist P&L	2,499.00
01-000-01380	0	10341	9309	11/19/2020	12/16/2020	2021 Agency Fee	775.00
**** TOTAL ****						T Charles Wilson	775.00
01-000-07105	0	10342	178038	07/14/2020	12/16/2020	2nd Qtr Ditch Water Auth	28,706.64
**** TOTAL ****						City of Arvada	28,706.64
*** GRAND TOTAL ***							34,886.44

Account	PO/Cont	Check #	Invoice	Date	Date Paid	Description	Amount
01-000-06750	0	10343	10 779 B	10/31/2020	01/24/2021	10 Legal	230.50
01-000-06750	0	10343	12 779B	12/31/2020	01/24/2021	12 Legal	175.83
**** TOTAL ****							406.33
McGeady Becher P.C.							
01-000-06100	0	10344	12.20 SDMS	12/31/2020	01/24/2021	12 Management	504.20
**** TOTAL ****							504.20
Special District Management							
*** GRAND TOTAL ***							910.53

Account	PO/Cont	Check #	Invoice	Date	Date Paid	Description	Amount
01-000-06750	0	10345	01 779B	01/31/2021	02/19/2021	January Legal	515.00
	**** TOTAL ****			McGeady Becher P.C.			515.00
01-000-06100	0	10346	01 JCMD2	01/31/2021	02/19/2021	January Management	820.40
	**** TOTAL ****			Special District Management			820.40
01-000-06170	0	10347	28184	01/31/2021	02/19/2021	January 2021 Accounting	5,307.59
	**** TOTAL ****			Simmons & Wheeler, PC			5,307.59
01-000-07105	0	10348	178542	12/31/2020	02/19/2021	2020 4 Qtr Storm Water	11,037.66
	**** TOTAL ****			City of Arvada			11,037.66
01-000-06750	0	10349	02 21 Leg	02/28/2021	03/21/2021	02 21 Legal Scvs	60.00
	**** TOTAL ****			McGeady Becher P.C.			60.00
01-000-06100	0	10350	02 21 mgmt	02/28/2021	03/21/2021	February Management	430.50
	**** TOTAL ****			Special District Management			430.50
01-000-06700	0	10351	2021 SDA	02/23/2021	03/21/2021	2021 SDA Dues	423.73
	**** TOTAL ****			Special Dist Association			423.73
01-000-06170	0	10352	30184	02/28/2021	03/21/2021	02 Accounting Svrs	3,580.40
	**** TOTAL ****			Simmons & Wheeler, PC			3,580.40
01-000-06100	0	10354	84527	03/31/2021	04/22/2021	March Management	341.00
	**** TOTAL ****			Special District Management			341.00
01-000-06170	0	10355	30409	03/31/2021	04/22/2021	March Accounting	3,968.65
	**** TOTAL ****			Simmons & Wheeler, PC			3,968.65
01-000-06750	0	10356	03 21 779B	03/31/2021	05/19/2021	03 21 Legal Services	484.50
01-000-06750	0	10356	4 21 779B	04/30/2021	05/19/2021	04 21 Legal Services	2,806.00
	**** TOTAL ****			McGeady Becher P.C.			3,290.50
01-000-06100	0	10357	04 21 Mgmt	04/30/2021	05/19/2021	04 21 Management Services	128.60
	**** TOTAL ****			Special District Management			128.60
01-000-06750	0	10358	5 21 779B	05/31/2021	06/17/2021	5 21 Legal	112.50
	**** TOTAL ****			McGeady Becher P.C.			112.50
01-000-06100	0	10359	5/21 MGMT	05/31/2021	06/17/2021	5 21 Management Fee	28.00
	**** TOTAL ****			Special District Management			28.00
01-000-06170	0	10360	30610	04/30/2021	06/17/2021	April Accounting Svcs	5,587.83
	**** TOTAL ****			Simmons & Wheeler, PC			5,587.83
01-000-07105	0	10361	178821	05/26/2021	06/17/2021	1st Q 2021 Stormwater IGA	11,862.20
	**** TOTAL ****			City of Arvada			11,862.20
*** GRAND TOTAL ***							47,494.56

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2
GASB 34 AJE's
12/31/2020

Water rights	572,813	
Construction in progress	480,099	
Tap allocation option rights	1,230,000	
Fair value of interest rate swap		-
Series 2007A Bonds		-
Mountain Shadows Pledge Agreement		7,000,000
MS Pledge Agreement Interest		5,673,090
Cimarron Pledge Agreement		-
Cimarron Pledge Agreement Interest		-
Sub 2010 Bonds		-
Sub 2010 Bonds Interest		-
Beginning fund balance	5,933,437	
Beginning net assets	4,456,741	

Record net assets as of 12/31/19

Construction in progress	-	
Drop structure repairs		-
Engineering		-
Engineering channelization Phase I		-
Engineering channelization Phase II		-
Engineering Highway widening		-

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To record current year asset additions

Amended Mountain Shadows Pledge Agreement - Inter	180,450	
Capital pledge agreement interest expense		180,450

To record accrued interest paid in 2020

Capital pledge agreement interest expense	617,608	
Amended Mountain Shadows Pledge Agreement - Interest		617,608

To record interest accrued in 2020

Non GASB34:

Engineering	-	
Legal - Capital	-	
Accounts Payable - Capital		-
Storwater IGA	11,038	
Accounting - General	-	
Legal- General	-	
Accounts Payable - General		11,038
To record additional ap @12/31/2020		
Due from JCMD#1 - Capital	3,866	
Due to other funds - General	3,866	
Due from other funds - Capital		3,866
Due from other districts	5,174	
Due from Mountain Shadows Metro District	1,998	
Transfer from JCMD #1 - General		3,866
Transfer from Canyon Pines		1
Transfer from Mountain Shadows Metro District		1,998
Transfer from Cimarron/Vauxmont		5,173
To adjust FFCO to actual		

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JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Financial Statements

Year Ended December 31, 2020

with

Independent Auditors' Report

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JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments - restricted	\$ -	\$ -	\$ 6,536,439	\$ 6,536,439	\$ -	\$ 6,536,439
Prepaid expenses	3,724	-	-	3,724	-	3,724
Due from AURA	-	-	7,178	7,178	-	7,178
Due from JCMD #1	-	-	5,973	5,973	-	5,973
Due from Mountain Shadows Metro District	10,049	-	-	10,049	-	10,049
Due from other districts	26,756	-	-	26,756	-	26,756
Construction deposits	-	-	5,000	5,000	-	5,000
Due from other funds	-	-	5,288	5,288	(5,288)	-
Water rights	-	-	-	-	572,813	572,813
Tap allocation option rights	-	-	-	-	1,230,000	1,230,000
Construction in progress	-	-	-	-	480,099	480,099
Total Assets	<u>\$ 40,529</u>	<u>\$ -</u>	<u>\$ 6,559,878</u>	<u>\$ 6,600,407</u>	<u>2,277,624</u>	<u>8,878,031</u>
LIABILITIES						
Accounts payable	\$ 11,949	\$ -	\$ -	\$ 11,949	-	11,949
Due to other funds	5,288	-	-	5,288	(5,288)	-
Long-term liabilities:						
Due in more than one year	-	-	-	-	13,110,248	13,110,248
Total Liabilities	<u>17,237</u>	<u>-</u>	<u>-</u>	<u>17,237</u>	<u>13,104,960</u>	<u>13,122,197</u>
FUND BALANCES						
Fund Balances:						
Nonspendable:						
Prepays	3,724	-	-	3,724	(3,724)	-
Restricted:						
Emergencies	4,622	-	-	4,622	(4,622)	-
Capital projects	-	-	181,556	181,556	(181,556)	-
Capital projects - AFD	-	-	6,378,322	6,378,322	(6,378,322)	-
Assigned:						
Subsequent year's expenditures	14,946	-	-	14,946	(14,946)	-
Total Fund Balances	<u>23,292</u>	<u>-</u>	<u>6,559,878</u>	<u>6,583,170</u>	<u>(6,583,170)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 40,529</u>	<u>\$ -</u>	<u>\$ 6,559,878</u>	<u>\$ 6,600,407</u>		
NET POSITION						
Net investment in capital assets					(11,307,435)	(11,307,435)
Restricted for:						
Emergencies					4,622	4,622
Capital projects					6,559,878	6,559,878
Unrestricted					<u>498,769</u>	<u>498,769</u>
Total Net Position					<u>\$ (4,244,166)</u>	<u>\$ (4,244,166)</u>

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

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

For the Year Ended December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting and audit	\$ 49,770	\$ -	\$ -	\$ 49,770	\$ -	\$ 49,770
Election expense	23	-	-	23	-	23
Insurance	4,126	-	-	4,126	-	4,126
Legal	19,340	-	-	19,340	-	19,340
Management fees	10,997	-	-	10,997	-	10,997
Miscellaneous expenses	110	-	-	110	-	110
Stormwater IGA	71,496	-	-	71,496	-	71,496
Transferred to Cimarron Metro District - Cimarron Pledge	-	6,026,360	-	6,026,360	-	6,026,360
Transfer to JCMD #1	-	953,505	-	953,505	-	953,505
Transfer to AURA Arvada Fire Dept	-	-	750,447	750,447	-	750,447
Capital pledge agreement interest expense	-	-	234,728	234,728	437,158	671,886
	<u>155,862</u>	<u>6,979,865</u>	<u>985,175</u>	<u>8,120,902</u>	<u>437,158</u>	<u>8,558,060</u>
Total Expenditures						
GENERAL REVENUES						
Transfer from JCMD #1	54,588	1,369,392	-	1,423,980	-	1,423,980
Transfer from Mountain Shadows Metro District	28,221	-	-	28,221	-	28,221
Transfer from Canyon Pines	11	-	-	11	-	11
Transfer from Cimarron/Vauxmont	73,043	-	-	73,043	-	73,043
Mt Shadows Northwest AURA Increment	-	255,562	234,728	490,290	-	490,290
Vauxmont Northwest AURA Increment	-	4,401,406	-	4,401,406	-	4,401,406
JCMD#1 Northwest AURA Increment	-	953,505	-	953,505	-	953,505
AURA Arvada Fire Department	-	-	1,383,394	1,383,394	-	1,383,394
Interest income	-	-	16,785	16,785	-	16,785
	<u>155,863</u>	<u>6,979,865</u>	<u>1,634,907</u>	<u>8,770,635</u>	<u>-</u>	<u>8,770,635</u>
Total General Revenues						
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1	-	649,732	649,733	(437,158)	212,575
NET CHANGES IN FUND BALANCES	1	-	649,732	649,733	(649,733)	-
CHANGE IN NET POSITION					212,575	212,575
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	23,291	-	5,910,146	5,933,437	(10,390,178)	(4,456,741)
END OF YEAR	<u>\$ 23,292</u>	<u>\$ -</u>	<u>\$ 6,559,878</u>	<u>\$ 6,583,170</u>	<u>\$ (10,827,336)</u>	<u>\$ (4,244,166)</u>

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

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

For the Year Ended December 31, 2020

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Transfer from JCMD #1	\$ 56,554	\$ 54,588	\$ (1,966)
Transfer from Mountain Shadows Metro District	29,238	28,221	(1,017)
Transfer from Canyon Pines	11	11	-
Transfer from Cimarron/Vauxmont	<u>75,674</u>	<u>73,043</u>	<u>(2,631)</u>
Total Revenues	<u>161,477</u>	<u>155,863</u>	<u>(5,614)</u>
EXPENDITURES			
Accounting and audit	20,500	49,770	(29,270)
Election expense	-	23	(23)
Insurance	4,250	4,126	124
Legal	30,000	19,340	10,660
Management fees	25,000	10,997	14,003
Miscellaneous expenses	2,000	110	1,890
Office supplies	1,500	-	1,500
Stormwater IGA	65,650	71,496	(5,846)
Paying agent fees	375	-	375
Contingency	23,291	-	23,291
Emergency reserve	<u>12,202</u>	<u>-</u>	<u>12,202</u>
Total Expenditures	<u>184,768</u>	<u>155,862</u>	<u>28,906</u>
NET CHANGE IN FUND BALANCE	(23,291)	1	23,292
FUND BALANCE:			
BEGINNING OF YEAR	<u>23,291</u>	<u>23,291</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 23,292</u>	<u>\$ 23,292</u>

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies

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

Definition of Reporting Entity

The District was organized on June 29, 2004, as a quasi-municipal corporation established under the State of Colorado Special District Act. The District along with Jefferson Center Metropolitan District No. 1 (“JCMD No. 1”), Vauxmont Metropolitan District, Cimarron Metropolitan District, Canyon Pines Metropolitan District, and Mountain Shadows Metropolitan District (collectively, the “Districts”), each of which was organized in 2004 (except JCMD No. 1, organized in 1989), serve a service area which is located primarily in the City of Arvada, with some portions outside the City in unincorporated Jefferson County. The Districts were established to finance and construct water, sanitary and storm sewer, streets, limited fire protection services, park and recreation, safety protection, mosquito control, television relay and transmission, and transportation facilities and services. Pursuant to a contractual arrangement described herein, the District (the “Service District”) is responsible for managing the financing, construction, operation, and maintenance of certain regional improvements to benefit the service area as well as providing certain administrative services for the Districts. The Jefferson Center Metropolitan District No. 1, Vauxmont Metropolitan District, Cimarron Metropolitan District, Canyon Pines Metropolitan District, and Mountain Shadows Metropolitan District (the “Financing Districts”) are responsible for providing certain funding needed to support the Service District’s provision for services. The District’s primary revenues are property taxes pledged from JCMD No. 1 and incremental property taxes collected from within the urban renewal area pursuant to an agreement with the City and Arvada Urban Renewal Authority, described herein. The District is governed by an elected Board of Directors.

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

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

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

Basis of Presentation

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

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

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

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

Budgetary Accounting

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

Assets, Liabilities, Deferred Inflow/Outflows of Resources and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

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

Interfund Balances

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

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting under this section at December 31, 2020.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any items that qualify for reporting under this section at December 31, 2020.

Long-Term Obligations

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

Capital Assets

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2020.

Fund Balance

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

Nonspendable Fund Balance

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

The nonspendable fund balance in the General Fund in the amount of \$3,724 represents prepaid expenditures.

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$4,622 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Capital Projects Fund in the amount of \$181,556 is reserved for capital improvements within the District.

The restricted fund balance in the Capital Projects Fund in the amount of \$6,378,322 is reserved for capital improvements to benefit the Arvada Fire Protection District.

Committed Fund Balance

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

Assigned Fund Balance

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

The assigned fund balance in the General Fund represents the amount appropriated for use in the budget for the year ending December 31, 2020.

Unassigned Fund Balance

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

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

Net Position

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

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

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

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

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

The District has a deficit in unrestricted net position as of December 31, 2020. This deficit amount is the result of the District being responsible for the payment of debt issued for public improvements that were conveyed to other governmental entities and which costs were removed from the District's financial records.

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2020

Note 2: Cash and Investments

As of December 31, 2020, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments – Restricted	\$ <u>6,536,439</u>
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Cash and investments as of December 31, 2020, consist of the following:

Deposits with financial institutions	\$ 66,638
Investments – COLOTRUST	92,004
Investments – MSILF	<u>6,377,797</u>
	\$ <u>6,536,439</u>

Deposits

Custodial Credit Risk

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

The District does not have a formal policy for deposits. None of the District’s deposits were exposed to custodial credit risk.

Investments

Investment Valuation

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

As of December 31, 2020, the District had the following investments:

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

Morgan Stanley Institutional Liquidity Fund

The Morgan Stanley Institutional Liquidity Fund (“MSILF”) is rated AAAM by Standard & Poor’s and the maturity is weighted average under 34 days. MSILF records its investments at fair value and the District records its investment in MSILF using the net asset value method. The fund is a money market fund with each share maintaining a value of \$1.00. The money market fund invests in high quality debt securities issued by the U.S. Government. At December 31, 2020, the District had \$6,377,797 invested in the MSILF held by a trustee.

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”) is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians’ internal records identify the investments owned by COLOTRUST. At December 31, 2020, the District had \$92,004 invested in COLOTRUST.

Credit Risk

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

Custodial and Concentration of Credit Risk

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

Interest Rate Risk

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

Note 3: Long Term Debt

As of December 31, 2020, the District had remaining voted debt authorization of approximately \$4,460,000,000. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area. The District has not budgeted to issue any additional debt in 2021.

A description of the long-term obligations as of December 31, 2020, is as follows:

Mountain Shadows Pledge Agreement

On November 1, 2010, as amended May 5, 2015, the District and Mountain Shadows Metropolitan District ("MSMD") entered into that certain Capital Pledge Agreement (JCMD No. 2/Mountain Shadows – 2010) ("MSMD Pledge Agreement") whereby, in order to facilitate the provision of certain public infrastructure for the benefit of property within the service area of the District and the boundaries of MSMD, the District determined to pledge to MSMD certain tax increment revenues received by the District pursuant to the Amended MRA (defined below). Pursuant to the MSMD Pledge Agreement, MSMD is obligated to finance and/or acquire certain facilities described therein and, in exchange for the provision of such facilities, the District agrees to reimburse MSMD for the costs associated with such facilities in an amount not to exceed \$7,000,000, plus interest and bond costs. Interest accrued under the MSMD Pledge Agreement at the rate of 8% per annum until February 20, 2017, computed on the basis of a 365-day year, actual days elapsed. Interest is payable each December 1 and June 1 to MSMD or its designee.

On March 10, 2017, the District and MSMD entered into that certain Amended and Restated Capital Pledge Agreement (the "Amended and Restated Pledge Agreement") which supersedes and replaced the MSMD Pledge Agreement in its entirety. The Amended and Restated Pledge Agreement acknowledges the District's current obligation to pledge to MSMD certain tax increment revenues received by the District pursuant to the Amended MRA. The Amended and Restated Pledge Agreement also releases certain property for which the Mis-Pledged Revenues (defined in the Reconciliation Agreement, below) were attributed to, from any future pledge obligation. Pursuant to the MSMD Pledge Agreement, MSMD was obligated to construct certain improvements, including the Indiana Improvements (defined therein) and if MSMD did not construct the Indiana Improvements by a certain date, the District would be obligated to construct the same. MSMD constructed all the improvements with the exception of certain Indiana Improvements. The Amended and Restated Pledge Agreement releases the District from any obligation to construct the remaining Indiana Improvements, as such obligation is assumed by JCMD No. 1 (as defined below) pursuant to the Reconciliation Agreement (defined below).

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

The reimbursement obligation of the District under the Amended and Restated Pledge Agreement is a limited obligation of the District payable solely from and to the extent of certain pledged revenues described therein, including 42% of the tax increment revenues received by the District pursuant to the Amended MRA from certain specifically identified properties within the Northwest Arvada Urban Renewal Area. The District is to transmit such pledged revenue to MSMD or its designee in advance of the MSMD Revenue Bonds due dates (currently June 1 and December 1). Interest accrues on the reimbursement obligation under the Amended and Restated Pledge Agreement at the rate of 5.71% per annum from March 10, 2017, computed on the basis of a 365-day year, actual days elapsed. The Amended and Restated Pledge Agreement terminates upon the earlier of: (1) the date on which reimbursement has been made in full thereunder and/or all Revenue Bonds permitted to be issued by MSMD have been paid or defeased; or (2) the Northwest Financing Termination Date (as defined in the Amended MRA). As of December 31, 2020, the principal amount of the reimbursement obligation under the Amended and Restated Pledge Agreement was \$7,000,000 along with accrued interest in the amount of \$6,110,248.

Agreement Regarding Indiana Street Improvements and Interim Revenue Reconciliation

On March 2, 2017, the District, Jefferson Center Metropolitan District No. 1 (“JCMD No. 1”) and MSMD entered into that certain Agreement Regarding Indiana Improvements and Interim Revenue Reconciliation (the “Reconciliation Agreement”) whereby, the District agreed to release certain pledged revenues, in the amount of \$493,628.04, obligated to MSMD pursuant to the MSMD Pledge Agreement and MSMD agreed to pay the District \$85,207.00, as required under the FFCO (defined below). Pursuant to the Reconciliation Agreement, JCMD No. 1 also agreed to pay MSMD the present value of the Mis-Pledged Revenues in an amount of \$299,442.00, releasing the District from any further obligation thereof.

Assignment and Assumption of Agreements and Obligations from Jefferson Center Metropolitan JCMD No. 1

On April 4, 2005, the District entered into an agreement with JCMD No. 1 whereby the District assumed certain agreements and corresponding rights to revenues and obligations of JCMD No. 1; including the Intergovernmental Agreement (“Current IGA”) with the City of Arvada (“Arvada”), dated April 4, 2005 and amended January 11, 2010; the Master Redevelopment Agreement (the “MRA”) with the City of Arvada and the Arvada Urban Renewal Authority (“AURA”), dated April 4, 2005, and amended on January 11, 2010; the Operation and Capital Funding Reimbursement Agreement with Jefferson Center Associates, Ralston Development Corporation, Charles C. McKay, Cimarron Park, LLC, and Howard W. Lacy (“Lacy”), a developer of land in the District, dated September 30, 2002; the Deferred Reimbursement Agreement with the Consolidated Mutual Water Company, dated November 20, 1998; the PG&E reimbursement resolution, dated October 23, 2001; and the Memorandum of Understanding with Alkire Investments dated April 19, 2004.

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

Amended and Restated Capital Pledge Agreement and Assignment Agreement

On June 11, 2015, the District entered into an Amended and Restated Capital Pledge Agreement and Assignment Agreement with JCMD No. 1, Vauxmont Metropolitan District (“Vauxmont”), and U.S. Bank National Association in its capacity as trustee for the Bonds, as amended by the First Amendment to Amended and Restated Capital Pledge Agreement and Assignment Agreement dated December 19, 2019, (“Pledge and Assignment Agreement”). The Pledge and Assignment Agreement replaced and superseded the Capital Pledge Agreement dated July 1, 2007 between JCMD No. 1 and the District. Pursuant to the Pledge and Assignment Agreement, the parties recognize Vauxmont’s issuance of the Bonds and agree to pledge certain revenues to support the repayment thereof.

Specifically, pursuant to the Pledge and Assignment Agreement, the District pledges the “Vauxmont Revenue” to the repayment of the Series 2015A Bonds, the Series 2015C Bonds, the Series 2015D Bonds and the Series 2015E Note, or any debt issued to refund the same. The Vauxmont Revenue is defined in the Pledge and Assignment Agreement as the sum of the certain incremental property tax revenues received by the District from AURA pursuant to the MRA.

Also in accordance with the Pledge and Assignment Agreement, the District separately pledges the “Series 2015B TIF Revenues” to the repayment of the Series 2015B Bonds, or any debt issued to refund the same. The Series 2015B TIF Revenues are defined as certain incremental property tax revenues derived in accordance with the MRA from properties within both JCMD No. 1 and the Northwest Arvada Urban Renewal Area (“NWAURA”) less certain administrative fees and annual stormwater costs, as described in the agreement.

Finally, pursuant to the Pledge and Assignment Agreement, the District pledges certain “Impact Fees” received by the District pursuant to a Resolution of the District adopted on December 20, 2005 to the repayment of the Series 2015A Bonds.

Parkway Capital Pledge Agreement

On November 1, 2010, as amended on June 11, 2015, the District and JCMD No. 1 entered into that certain Capital Pledge Agreement (JCMD No. 1/JCMD No. 2 – Jefferson Parkway) (“Parkway Pledge Agreement”) whereby, in order to facilitate the acquisition of certain right-of-way for the provision of highway access for the benefit of the constituents of the District’s service area, the District determined to pledge certain tax increment revenues it receives pursuant to the Amended MRA to JCMD No. 1. Pursuant to the Parkway Pledge Agreement, JCMD No. 1 is obligated to finance and/or acquire the right-of-way property and, in exchange for the provision of such right-of-way property, the District agrees to reimburse JCMD No. 1 for the cost of the right-of-way in an amount not to exceed \$11,762,000, plus interest and bond costs. Interest accrues on the balance owed under the Parkway Pledge Agreement at the rate of 8% per annum, computed on the basis of a 365-day year, actual days elapsed, and is payable each December 1 and June 1. As of December 31, 2020, there are not amounts due under the Parkway Capital Pledge Agreement.

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2020

The reimbursement obligation of the District under the Parkway Pledge Agreement is a limited obligation of the District payable solely from and to the extent of the JCMD No. 1 Pledged Revenues (defined in the Parkway Pledge Agreement) which include: (1) certain Surplus Pledged Revenue, including Pledged Revenue available under the Series 2015B Indenture to pay “Subordinate Obligations” thereunder, and pursuant to the Series 2010 Subordinate Bond Resolution. The amount of reimbursement obligation under the Parkway Pledge Agreement is required to be reduced by amounts collected by JCMD No. 1 from a required mill levy of JCMD No. 1. The District’s reimbursement obligation to JCMD No. 1 under the Parkway Pledge Agreement is further subject to other reimbursement priorities set forth therein. The Parkway Pledge Agreement terminates upon the earlier of: (a) the date on which reimbursement has been made in full thereunder; or (b) the date on which the District will receive no further revenues under the Amended MRA and has transferred all revenues available and required to be paid under the Parkway Pledge Agreement.

The following is an analysis of changes in long-term debt for the period ending December 31, 2020:

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020	Current Portion
<i>Other</i>					
Amended Mountain Shadows Pledge Agreement	7,000,000	-	-	7,000,000	-
Amended Mountain Shadows Pledge Agreement - Interest	5,673,090	617,608	(180,450)	6,110,248	-
Total	12,673,090	617,608	(180,450)	13,110,248	-
	12,673,090	617,608	(180,450)	13,110,248	-

Note 4: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2020, follows:

Governmental Type Activities:	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
<u>Capital assets not being depreciated:</u>				
Water rights	\$ 572,813	\$ -	\$ -	\$ 572,813
Tap allocation option rights	1,230,000	-	-	1,230,000
Construction-in-progress	480,099	-	-	480,099
Total capital assets not being depreciated	2,282,912	-	-	2,282,912
Government type assets, net	\$ 2,282,912	\$ -	\$ -	\$ 2,282,912

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2020

Note 5: Intergovernmental Agreements

City of Arvada and Arvada Urban Renewal Authority

The City, JCMD No. 1, and AURA entered into a Master Redevelopment Agreement (“MRA”) on April 4, 2005, and on the same date, the District assumed the obligations and rights under the MRA for the construction of infrastructure and public improvements, including but not limited to water, sewer, drainage, park and recreation, transportation, and fire protection in accordance with the Jefferson Center Urban Renewal Plan (the “Plan”). The Plan authorizes AURA to receive and pledge certain incremental increases in property and sales tax revenues (“Pledged Revenues”) generated within the Jefferson Center Urban Renewal Area (the “Area”) and pursuant to the MRA, AURA pledges a portion of such incremental tax revenues authorized by the Plan to the District to provide funds to the District to meet its obligations with respect to the construction of public infrastructure improvements. The Pledged Revenues will consist of incremental property or sales taxes, except the City’s incremental property taxes.

On January 11, 2010, the Plan and Area were modified and a new Northwest Arvada Urban Renewal Area was created. As a result, also on January 11, 2010, the District entered into an Amended and Restated Master Redevelopment Agreement (the “Amended MRA”) with the City and AURA which replaces and supersedes the above MRA. Under the Amended MRA, the District is responsible for the construction of infrastructure and public improvements in accordance with both the Plan and the Northwest Arvada Urban Renewal Plan (collectively, the “Plans”). The Plans authorize AURA to receive and pledge certain incremental increases in property and sales tax revenues (“Pledged Revenues”) generated within the Modified Area and the Northwest Arvada Urban Renewal Area. Pursuant to the Amended MRA, AURA pledges a portion of such incremental tax revenues authorized by the Plans to the District to provide funds to the District to meet its obligations with respect to the construction of public infrastructure improvements. The Pledged Revenues will consist of incremental property or sales taxes, except the City’s incremental property taxes.

City of Arvada

JCMD No. 1 entered into an intergovernmental agreement with the City, dated December 7, 1989 and effective January 17, 1991 (the “Previous IGA”), for the construction and operation of certain public improvements and facilities. The agreement has been replaced in its entirety with the Current IGA described in the next paragraph.

Concurrent with the MRA on April 4, 2005, the City and the District entered into the Current IGA to address issues which did not require the agreement of AURA. The Current IGA rescinds and terminates the following agreements: the Previous IGA; the 1989 Jefferson Center Comprehensive Development Plan; the 1990 Subdivider’s Agreement; and the 1989 IGA among Jefferson County, the City, the District, and Jefferson Center Associates (“JCA”). The Current IGA also establishes the following: 1) certain rights and options of the District to purchase portions of water rights from

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

the City and defines the District's uses of the water purchased; 2) agreement on development in accordance with the City's preferred Metropolitan Beltway Alignment; 3) compliance by the District to the City's road standards; 4) compliance with the City's Park Master Plan in construction of parks and cooperation in obtaining the consent of Apex (formerly North Jeffco) Park and Recreation District to terminate a 1988 MOU with JCA; 5) the District's compliance with the Service Plan; 6) acknowledgement that the District will address issues related to the provision of fire protection services directly with Arvada Fire Protection District; 7) funding and escrow instructions for previous commitments of the City and the District to construct the Panorama Park (Yenter) Sewer Line (see details below); 8) conveyance of infrastructure; 9) the District's payment to the City of a promissory note dated July 7, 2003, in the amount of \$150,000 and a portion of the outstanding obligation to Westwoods in the amount of \$250,000; 10) reimbursement to the District for infrastructure improvements that benefit properties currently located outside the District's area; 11) good faith in land use processing; 12) provisions for individual development agreement; 13) consideration of possible future sales tax sharing by the City; and 14) compliance by the District with the City's regulations regarding storm drainage and erosion control.

On January 11, 2010, the District amended the above agreement to change the termination of the agreement to January 19, 2040, due to the Amended MRA (see above).

On April 7, 2014, the above agreement was further amended to allow for blended water rates.

On June 29, 2015, the above agreement was further amended to allow for an extended option to purchase water rights, allow for the possibility of economic incentives and possible reimbursement of District infrastructure.

On February 6, 2017, the above agreement was further amended to allow the City to allocate additional water supplies not otherwise identified in the Current IGA.

On December 2, 2019, the above agreement was further amended to: (i) acknowledge the District's intent to purchase additional water from the City; (ii) clarify the amount of water available to the District after the above-mentioned purchase ("the Allocated Water"); (iii) remove the water allocation restrictions previously imposed on the Allocated Water; and (iv) require the District to reserve 150 acre-feet of the Allocated Water for nonresidential uses unless otherwise approved by the City.

City of Arvada – Park Maintenance

On March 7, 2011, the District and the City of Arvada entered into an Intergovernmental Agreement for Park Maintenance. Per this agreement, the District will be responsible for the construction of those open space, park, recreation and trail improvements within the JCMD Area as authorized in its Service Plan. After the completion, dedication and acceptance of the Park

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

Improvements by the City, the District will be responsible for the operation and maintenance, including insurance and water usage costs, of the Park Improvements through the Financing Termination Date, as defined in the Amended MRA. After the Financing Termination Date, the City shall be responsible for expenses associated with the park improvements.

Arvada Fire Protection District – Escrow Agreement

The District and Arvada Fire Protection District (“AFPD”) entered into an Escrow Agreement on August 20, 2012. Pursuant to the Amended MRA, the District has collected, and will continue to collect, tax increment revenue generated as a result of AFPD’s property tax mill levy. Per the escrow agreement, the District will deposit AFPD increment funds in the amount of \$1,655,768 into an escrow account and any additional AFPD increment funds the District may in the future collect for the benefit of the AFPD. Any interest received by the escrow agent with respect to the escrowed funds shall become part of the escrowed funds. The escrow fund will terminate upon depletion of all escrowed funds, receipt of a joint instruction by AFPD and the District to disburse all escrowed funds or receipt of a final judgment requiring disbursement of all escrowed funds. As of December 31, 2020, the balance in the escrow fund is \$6,377,797.

City of Arvada – Stormwater IGA

On October 16, 2006, the District and the City entered into an Intergovernmental Agreement Concerning Storm Water Facilities Located within the Jefferson Center Metropolitan District No. 2 Service Area (“Stormwater IGA”). Pursuant to the Stormwater IGA, the District agreed to pay certain costs associated with construction, operation and maintenance of certain stormwater improvements within the District’s service area.

Facilities Funding, Construction and Operations Agreement

The Districts entered into a Facilities Funding, Construction and Operations Agreement (“FFCO”) on July 26, 2005, as amended on November 28, 2006, December 15, 2009, November 1, 2010 and June 11, 2015 to coordinate the financing, construction, operation and maintenance of the public improvements within the service area of the Districts and to establish the relationship between and respective responsibilities of the District and the Financing Districts. The FFCO provides a framework for the equitable allocation over time among the Districts of the costs of administration of the Districts and the costs of financing, constructing, operating and maintaining the public improvements contemplated therein. As the Service District, the District is generally responsible for providing the financing, construction, operations and maintenance of certain primary public infrastructure to serve the entire service area. The FFCO provides a limitation on the issuance of indebtedness by the Districts in the amount of \$450 million of total aggregate debt by all of the Districts. The FFCO is intended to constitute a multiple fiscal year financial obligation of the Districts, and as such, it was submitted to and approved by the electorates of each of the Districts prior to being executed. On March 24, 2009, each of the Jefferson Center Metropolitan District No. 1, Vauxmont Metropolitan District, Cimarron Metropolitan District, Canyon Pines Metropolitan District, and Mountain Shadows Metropolitan District elected to perform its own administrative services, effective January 1, 2008.

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

Canyon Pines Intergovernmental Cooperation Agreement

On November 1, 2010, the District and Canyon Pines Metropolitan District (“Canyon Pines MD”) entered into that certain Intergovernmental Cooperation Agreement (“Canyon Pines IGA”) which sets forth the obligations, rights and responsibilities of the District and Canyon Pines MD with respect to the financing, construction and acquisition of certain water tank improvements anticipated to facilitate the development of property within the District’s service area, including the development of property within Canyon Pines MD. Specifically, pursuant to the Canyon Pines IGA, the District agrees to set aside certain funds or to cause the construction or acquisition of the water tank improvements in an amount not to exceed \$5,250,000. In order to fund the construction and/or acquisition of the water tank improvements, the District agreed to deposit and hold in a segregated Water Tank Fund certain Capital Recovery Fees, Surplus Pledged Revenues, Tax Increment Revenue (all as defined in the Canyon Pines IGA), proceeds of third party bonds issued by the District, and/or funds advanced to the District specifically for construction or acquisition of the water tank. The availability of the Surplus Pledged Revenues under the Canyon Pines IGA is senior to the District’s obligations to utilize such funds for reimbursement under the Cimarron Pledge Agreement and the 2010 Subordinate Bonds. The availability of the Tax Increment Revenues under the Canyon Pines IGA is subordinate to the District’s obligations to use such funds for reimbursement under the MSMD Pledge Agreement, as amended by the Amended and Restated Pledge Agreement, but is senior to the District’s obligations under the Cimarron Pledge Agreement and the 2010 Subordinate Bonds. The Cimarron Pledge Agreement was terminated as of June 11, 2005 and the 2010 Subordinate Bonds were redeemed and no longer outstanding as of June 11, 2015. The Canyon Pines IGA is a multiple fiscal year obligation of the District.

Intergovernmental Restructuring Agreement

On June 11, 2015, District No. 1, the District, Vauxmont, and Cimarron Metropolitan District (“Cimarron”) entered into that certain Intergovernmental Restructuring Agreement (“Restructure IGA”) to acknowledge the issuance of the Bonds and the 2015E Note (by Vauxmont) and to make certain clarifications relative to the future financing, construction and provision of service and improvements within the service area of the Jefferson Center Districts (“Service Area”). The Restructure IGA acknowledges Vauxmont issued the Bonds and the 2015E Note in part to refinance and restructure certain outstanding debts of JCMD No. 1, the District, Vauxmont, and Cimarron, as is more particularly described in the Restructure IGA, in order to secure certain economic efficiencies and cost savings relative to past, present and future financing and construction of public improvements to benefit the constituents of the Service Area. The Restructure IGA recognizes the allocation of revenue, cash and certain expenses as to the parties to the Restructure IGA.

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

The Restructure IGA also addresses certain capital and operational matters and provides that each district that is a party to the Restructure IGA will be obligated to manage and cause the financing, construction, operation and maintenance of any public infrastructure necessary for the development of property within their respective boundaries, with certain specific exceptions listed therein. The Restructure IGA addresses the disposition of certain water rights, water options, water fees and water related agreements as between the parties.

Amended and Restated Intergovernmental Agreement for the Jefferson Parkway

On July 23, 2015, the District, the City of Arvada (the “City”), JCMD No. 1, Cimarron Commercial LLC (“CCLLC”) and the Jefferson Parkway Public Highway Authority (the “Authority”) entered into that certain Amended and Restated Intergovernmental Agreement for the Jefferson Parkway (the “Amended Parkway IGA”). The Amended Parkway IGA amends and restates entirely that certain Intergovernmental Agreement dated April 7, 2008 between the District and the City and adds JCMD No. 1, CCLLC and the Authority as parties. The Amended Parkway IGA sets forth the terms and conditions of the design of the Jefferson Parkway as the same is located within the boundaries of the District and JCMD No. 1, including, but not limited to, alignment and elevation, use of the property prior to construction of the Jefferson Parkway and utility crossings. It also sets forth the terms upon which certain land and easements will be transferred from CCLLC to the City to accommodate the Jefferson Parkway. The land and easements were transferred to the City in 2015.

City of Arvada/Jefferson County – Road Maintenance

On July 24, 2018, the District, the City of Arvada (the “City”) and Jefferson County (the “County”) entered into an Intergovernmental Agreement for Road Maintenance whereby the District agreed to construct and install a culvert beneath Indiana Street, which lies within County right-of-way, for the benefit of the City and in accordance with the terms of the Current IGA. Upon completion of the construction of the culvert, the City is responsible for the maintenance of the culvert and the adjacent roadway. Further, if the County elects in the future to expand Indiana Street, the District agrees to reimburse the County for any modifications or additions to the culvert required for such expansion.

Note 6: Other Agreements

Parkway Acquisition Agreement

On November 1, 2010, the District, JCMD No. 1 and CCLLC entered into that certain Acquisition Agreement (Jefferson Parkway Right of Way) (“Parkway Acquisition Agreement”) whereby the parties set forth their understanding with respect to the obligations related to the conveyance of and reimbursement for conveyance of certain ROW property necessary for a beltway loop serving the Denver, Colorado metropolitan area, a highway commonly known as Jefferson Parkway. The Parkway Acquisition Agreement was amended on December 23, 2011 to grant TCC1, LLC the right to receive reimbursement for a portion of the Appraised Value of the ROW. The Districts

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

have entered into that certain Capital Pledge Agreement (Jefferson Parkway), whereby the District agrees to transfer certain tax increment revenues to JCMD No. 1 in exchange for the promise of JCMD No. 1 to finance the acquisition of the ROW and payment on the Promissory Note (the “Pledge Agreement”). In addition, JCMD No. 1 adopted its Resolution Authorizing the Issuance of its Not to Exceed \$11,762,000 Subordinate Nonrevolving Line of Credit Note, Series 2010A for the benefit of CCLLC whereby JCMD No. 1 pledges certain tax increment revenues and revenues from its debt service mill levy to finance the acquisition of the ROW and payment on the Promissory Note. In December 2011, \$3,612,000 was included under this agreement.

Site Reservation Agreement – Artemis Properties, LLC

The District entered into a Site Reservation Agreement on March 28, 2006, and amended on September 30, 2008, with Artemis Properties, LLC (“Artemis”) whereby the District has agreed to construct certain improvements in accordance with its service plan on certain property owned by Artemis (the “Property”). In consideration for the District’s construction of the improvements, Artemis has agreed to waive its right to object to the District’s determination of need for a portion of the Property to be utilized for construction of a substantially underground water tank and related public improvements.

The District shall pay Artemis fair market value of all property required for the water tank, including any necessary easements, rights-of-way, and appraisal costs.

The District has agreed that the Capital Recovery Fee imposed by the District on the property shall remain at \$10,000 per single family equivalent regardless of any increase in the Capital Recovery Fee subsequent to the agreement. In 2018, the District received capital recovery fees and interest in the amount of \$978,411.

The District has allocated 36 acre feet of Arvada water to serve the Property.

The first amendment to the agreement refines the definitions of the improvements and establishes a priority for construction of certain improvements.

Note 7: Related Party

All of the Board of Directors are employees, owners or are otherwise associated with the developers of property within the District’s service area and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed by the Board.

Note 8: Tax, Spending and Debt Limitations

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

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

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

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

On November 2, 2004, the District's electors authorized the District to increase debt \$450,000,000 for the purpose of entering into intergovernmental agreements.

Note 9: Risk Management

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

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2020

Note 10: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds payable, are not due and payable in the current period and, therefore, are not in the funds.

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

- 1) Governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities; and
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities.

SUPPLEMENTAL INFORMATION
DRAFT

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

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

For the Year Ended December 31, 2020

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Transfer from JCMD #1	\$ 1,435,018	\$ 1,369,392	\$ (65,626)
Mt Shadows Northwest AURA Increment	259,303	255,562	(3,741)
Vauxmont Northwest AURA Increment	4,472,289	4,401,406	(70,883)
JCMD#1 Northwest AURA Increment	1,023,251	953,505	(69,746)
Reimbursed expenses - Canyon Pines	-	-	-
Total Revenues	<u>7,189,861</u>	<u>6,979,865</u>	<u>(209,996)</u>
EXPENDITURES			
Transferred to Cimarron Metro District - Cimarron Pledge	6,166,610	6,026,360	140,250
Transfer to JCMD #1	<u>1,023,251</u>	<u>953,505</u>	<u>69,746</u>
Total Expenditures	<u>7,189,861</u>	<u>6,979,865</u>	<u>209,996</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE:			
BEGINNING OF YEAR	-	-	-
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2

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

For the Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Mt Shadows Northwest AURA Increment	\$ 185,801	\$ 234,728	\$ 48,927
AURA Arvada Fire Department	1,415,336	1,383,394	(31,942)
Interest income	<u>-</u>	<u>16,785</u>	<u>16,785</u>
Total Revenues	<u>1,601,137</u>	<u>1,634,907</u>	<u>33,770</u>
EXPENDITURES			
Transfer to AURA Arvada Fire Dept	-	750,447	(750,447)
Arvada fire construction	7,187,855	-	7,187,855
Capital pledge agreement interest expense	<u>185,801</u>	<u>234,728</u>	<u>(48,927)</u>
Total Expenditures	<u>7,373,656</u>	<u>985,175</u>	<u>6,388,481</u>
NET CHANGE IN FUND BALANCE	(5,772,519)	649,732	6,422,251
FUND BALANCE:			
BEGINNING OF YEAR	<u>5,772,519</u>	<u>5,910,146</u>	<u>137,627</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 6,559,878</u>	<u>\$ 6,559,878</u>

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

CONDENSED SOURCES & USES
As of 6/3/21

Project Water	
Sources	Acre Feet
Pre - 12/2/19	1,869.24
2020 Exercised Options	92.47
Options to Exercise	-
Total Sources	1,961.71

Pre - December 2, 2019 Summary											
SOURCES		RESIDENTIAL USES					COMMERCIAL USES				BALANCE
Existing Agreements	Beginning Balance	MSMD	CPMD	ARP	Total Residential	Unallocated	Beginning	Allocations	CCLLC	Total Commercial	Unallocated
Totals	1869.24	200.00	36.00	1,039.01	1,275.01	-	594.23	54.50	363.05	417.55	176.68

Reconciliation to Post 12/2/19 - JCMD2

Reconciliation to Post 12/2/19 - CCLLC

Ending Balance 12/2/19	176.68
Less Restricted Beginning Commercial	<u>(150.00)</u>
Unrestricted Available	<u>26.68</u>
Plus Options Exercised	85.05
Plus Options to be Exercised	7.42
Net Unrestricted Available	<u>119.15</u>

CCLLC Held Balance 363.05

Post - 12/2/2019 Allocations																	
SOURCES		RESIDENTIAL USES					COMERCIAL USES								BALANCE		
Sources	Unrestricted Including CCLLC	Whisper Village	Taylor Morrison	Allocated	Unrestricted Available	IGA Restricted Balance	Kentro Retail 1	Kentro Retail 2	SCL - Candelas Medical	Whisper Village	Arvada Fire	Freedom Street Restaurant	Total Commercial	Not Allocated	Combined Allocations	CCLLC Available	Restricted Commercial Available
Allocations JCMD2	119.15	33.00	86.15	119.15	-	150.00	2.50	2.50	2.50	15.00	2.50	2.50	27.50	122.50	146.65	-	122.50
Allocations CCLLC	363.05	-	224.85	224.85	138.20	-	-	-	-	-			-	-	224.85	138.20	-

COMMERCIAL WATER ALLOCATION COMMITMENTS
As of 6/3/21

User	Final Tap Size	Final Allocation	Final Letter Date	Preliminary Tap Size	Preliminary Allocation	Preliminary Letter Date	Available Balance (AF)
Pre-12/2/19 Allocations							
Final Allocations							594.23
Yenter	1.00	1.25					592.98
Plains End	2.00	4.00					588.98
Candelas Parkway Irrigation	1.00	1.25					587.73
King Soopers	2.00	4.00	3/20/2019				583.73
King Soopers Gas Station	0.75	0.75	3/20/2019				582.98
King Soopers Retail Center	2.00	4.00	3/20/2019				578.98
Sautter Arvada School	1.00	1.25	3/20/2019				577.73
7-11	1.00	1.25	3/20/2019				576.48
Starbucks	1.00	1.25	3/20/2019				575.23
Three Creeks Elementary	3.00	7.50	3/20/2019				567.73
Whisper Creek Station - Arvada PD	1.00	1.25	3/20/2019				566.48
Candelas Point Retail (Block 1, Lot 3)	1.50	2.50	3/29/2019				563.98
Candelas Point Retail (Block 1, Lot 4)	1.50	2.50	3/29/2019				561.48
Chase Bank	1.00	1.25	4/5/2019				560.23
First Bank	1.00	1.25	7/30/2019				558.98
Wendy's	1.00	1.25	7/30/2019				557.73
Wild Grass Lot 3 (Bldg. A)				1.50	2.50	4/11/2019	555.23
Wild Grass Lot 3 (Bldg. B)				1.50	2.50	4/11/2019	552.73
Wild Grass Lot 3 (Bldg. C)				2.00	4.00	4/11/2019	548.73
Wild Grass Lot 3 (Bldg. D)				2.00	4.00	4/11/2019	544.73
Indiana Plaza				1.00	1.25	4/19/2019	543.48
Primrose School				1.50	2.50	4/25/2019	540.98
Les Schwab				1.00	1.25	8/16/2019	539.73
Total		<u>36.50</u>			<u>18.00</u>		
Initial Allocation Not Included							
Cimarron Commercial LLC					363.05		176.68
Post-12/2/19 Allocations							
Beginning Balance							150.00
Kentro Retail 1				1.50	2.50	10/7/2009	147.50
Kentro Retail 2				1.50	2.50	10/7/2019	145.00
Candelas Medical - SCL				1.50	2.50	10/7/2019	142.50
Whisper Village Commercial (TBD)					15.00		127.50
Arvada Fire				1.50	2.50	3/19/2021	125.00
Freedom Street Restaurant				1.50	2.50	6/3/2021	122.50
Total					<u>27.50</u>		
Total Acre Feet Remaining Unallocated							122.50

Tap Size	AF	Ratio
0.625	0.50	1.0
0.750	0.75	1.5
1.000	1.25	2.5
1.500	2.50	5.0
2.000	4.00	8.0
3.000	7.50	15.0
4.000	12.50	25.0
6.000	25.00	50.0

RESIDENTIAL WATER ALLOCATION COMMITMENTS
As of 6/3/21

User	Acre Feet	Available Balance (AF)
Pre-12/2/19		
		1275.01
Canyon Pines	36.00	1239.01
Mountain Shadows	200.00	1039.01
Arvada Residential Partners	<u>1039.01</u>	0.00
Total	<u><u>1275.01</u></u>	
Post-12/2/19		
		389.73
Whisper Village	33.00	356.73
Taylor Morrison	308.00	48.73
Taylor Morrison	<u>3.00</u>	45.73
Total	344.00	

RESOLUTION NO. 2021-06-01

**RESOLUTION OF THE JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2
ADOPTING THE CAPITAL IMPROVEMENT PROGRAM AND
MASTER INFRASTRUCTURE PLAN AS MODIFIED BY SUBSEQUENT
CONSTRUCTION PLANS (FOR 2021)**

A. Jefferson Center Metropolitan District No. 2, a quasi-municipal corporation and political subdivision of the State of Colorado (the “**District**”), is authorized, pursuant to its Service Plan, to provide, among other things, street and safety protection, water, sanitary sewer, park and recreation, transportation, television relay and translation and limited fire protection improvements and services to users within its service area (“**Public Improvements**”).

B. The District has entered into an Amended and Restated Master Redevelopment Agreement with the Arvada Urban Renewal Authority and the City of Arvada (“**MRA**”) which governs the manner in which the District may utilize certain pledged revenues to support the financing and construction of the Public Improvements.

C. Pursuant to the MRA, the District has adopted a Master Infrastructure Plan which generally describes the Public Improvements and related projects of the District (“**MIP**”).

D. Also pursuant to the MRA, the District has adopted a three-year Capital Improvement Program (“**CIP**”) which evidences the District’s plan for construction of Public Improvements necessary to support development within the three-year period addressed by the CIP.

E. The MRA requires that the CIP be amended no less frequently than annually by the District which amendments, upon delivery to the City, will be deemed to amend the MIP.

F. In accordance with the MRA and the CIP, the Board of Directors has determined that it is in the best interests of the District and its users and constituents to recognize the modifications to the CIP and MIP and adopt the CIP and MIP as modified by the construction plans approved by the City of Arvada.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Jefferson Center Metropolitan District No. 2 as follows:

1. The District has previously adopted the “Infrastructure Master Plan for Jefferson Center Metropolitan District No. 1 North Area” prepared by TST, Inc. Consulting Engineers and dated September 13, 2004, as the MIP of the District.

2. The District has previously adopted all Phase 1 Improvements identified in the MIP and all projects associated with any project funding obligations of the District as the CIP of the District.

3. The District hereby adopts the CIP and MIP as modified by: (a) the construction plans previously approved by the City of Arvada; and (b) any additional construction plans anticipated to be submitted to the City of Arvada, which construction will (upon approval by the

City of Arvada) be performed in accordance with such approved plans; all as more particularly set forth on **Exhibit A**, attached hereto and incorporated herein by this reference.

4. The District recognizes that the CIP and MIP may be further modified from time to time as necessary to comply with the requirements of the City of Arvada and/or other governing jurisdictions.

5. Judicial invalidation of any of the provisions of this Resolution or of any paragraph, clause or portion hereof, or the application thereof in any given circumstances, shall not affect the validity of the remainder of this Resolution.

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE TO RESOLUTION NO. 2021-06-01]

APPROVED AND ADOPTED this 22nd day of June 2021.

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

By: _____
President

Attest:

Secretary

EXHIBIT A

**Cimarron Metropolitan District
Construction Project List
April 19, 2021**

Project	Status
Candelas Community	
Candelas Filing 1 Roadway, Grading, and Drainage Construction Plans	Complete and turned over to Arvada
Candelas Filing 1 Utility Construction Plans	Complete and turned over to Arvada
Candelas Filing 1 Channel Improvements	Complete and turned over to Arvada
Candelas Filing 1 Box Culvert Construction Plans	Complete and turned over to Arvada
Candelas Filing 1 Landscape Construction Plans	Complete and turned over to Arvada
Candelas Filing 2 Pre-Work	Complete, except any warranty items
Candelas Filing 2 Roadway, Grading and Drainage Construction Documents	Complete, except any warranty items
Candelas Filing 2 Utility Construction Plans	Complete, except any warranty items
Candelas Filing 2 Channel Improvements	Complete, except any warranty items
Candelas Filing 2 Landscape Construction Plans	Complete, except any warranty items
Candelas Filing 3 Roadway, Grading, and Drainage Construction Plans	Complete, except any warranty items
Candelas Filing 3 Utility Construction Plans	Complete, except any warranty items
Candelas Filing 3 Landscape Construction Plans	Complete, except any warranty items
Candelas Filing 4 Roadway, Grading, and Drainage Construction Plans	Complete, except any warranty items
Candelas Filing 4 Utility Construction Plans	Complete, except any warranty items
Candelas Filing 4 Landscape Construction Plans	Filing 4A complete, except any warranty items; Filing 4B and 4C complete, except any warranty items
Candelas Filing 4 Channel Improvements	Complete, except any warranty items
Off Site	
Candelas Parkway	Complete
JCMD Phase 1 Infrastructure Water Storage Tanks & Pump Stations	Complete
JCMD Phase 1 Infrastructure Water Transmission Construction Plans	Complete

EXHIBIT A
(continued)

Jefferson Center Metropolitan District No. 1
Construction Projects

Project	Status
<p>King Soopers Area / Kings North (Northwest Corner of Indiana and Candelas Parkway)</p> <p>Including Indiana and 91st Improvements, Roadways, Grading, Drainage, Dry Creek Box Culvert, Utilities (Water/Sewer), Landscape, Retaining Walls and Traffic Signalization</p>	<p>Kings North - Complete, except any warranty items</p> <p>Indiana and 91st Improvements Construction - Complete, except any warranty items</p>
<p>SCL Area (West of King Soopers, West of Candelas Parkway, South of Jefferson Parkway Right of Way)</p> <p>Including Roadway, Grading, Drainage, Utilities (Water/Sewer), Landscape</p>	<p>Construction to be completed in 2021</p>
<p>Candelas Point Area (Candelas Parkway and Highway 72)</p> <p>Including Roadway, Grading, Drainage, Utilities (Water/Sewer), Landscape</p>	<p>Complete, except any warranty items</p>
<p>72/93 Area (State Highway 93 and State Highway 72 Intersection, NE and SE Quadrant)</p> <p>Including Roadway, Grading, Drainage, Utilities (Water/Sewer), Landscape</p>	<p>Construction of improvements to start in 2021</p>

**SECOND AMENDMENT TO RESOLUTION NO. 2013-11-03
JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2
REGARDING COLORADO OPEN RECORDS ACT REQUESTS**

A. On November 19, 2013 Jefferson Center Metropolitan District No. 2 (the “**District**”) adopted Resolution No. 2013-11-03 Regarding Colorado Open Records Act Requests (the “**Resolution**”).

B. The District desires to amend the Resolution due to a change in the District’s Official Custodian.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Jefferson Center Metropolitan District No. 2 of the City of Arvada, Jefferson County, Colorado:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Resolution.

2. Amendment to Section 1 of Resolution. Section 1 of the Resolution is hereby deleted in its entirety, and substituted in lieu thereof shall be the following:

“1. Special District Management Service, Inc., the Manager for the District, is hereby designated as the “**Official Custodian**” of the public records of the District, as such term is defined in Section 24-72-202(2), C.R.S. Contact information for the Official Custodian is: Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood, Colorado 80228; (303) 987-0835.”

3. Except as expressly set forth herein, the Resolution continues to be effective without modification.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO SECOND AMENDMENT TO RESOLUTION REGARDING
COLORADO OPEN RECORDS ACT REQUESTS]**

RESOLUTION APPROVED AND ADOPTED ON June 22, 2021.

**JEFFERSON CENTER METROPOLITAN
DISTRICT NO. 2**

By: _____
President

Attest:

Secretary

After recording return to:

Attn: _____

**No Documentary Fee – Exempt
BARGAIN AND SALE DEED**

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado, whose address is 141 Union Boulevard, Suite 150, Lakewood, Colorado 80228 (“**Grantor**”), for the consideration of Ten Dollars and other good and valuable consideration, in hand paid, hereby sells and conveys to the **CITY OF ARVADA**, a Colorado municipal corporation, whose address is 8101 Ralston Road, Arvada, Colorado 80001 (“**Grantee**”), that certain real property that is described on **Exhibit A** attached hereto and made a part hereof (the “**Property**”), with all its appurtenances, subject to the use limitation in the Rule and Order issued by the District Court for Jefferson County, Colorado on December 19, 2008, and recorded in the real property records of Jefferson County, Colorado on December 19, 2008 at Reception Number 2008113883 restricting the use of the Property to an underground water storage tank and a water distribution pump station and related aboveground and underground appurtenances and facilities and for no other purpose for a period of forty (40) years commencing on the date of said Rule and Order. This limitation and restriction on the use shall be an enforceable covenant running with the land for the benefit of Allen D. Ranson and Tina M. Ranson and their successors and assigns. By the recordation of this deed, the Grantee expressly accepts and acknowledges this covenant.

Signed effective as of the ____ day of _____, 20 ____.

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

By: _____
Charles Church McKay, President

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by Charles Church McKay, as President of Jefferson Center Metropolitan District No. 2.

Witness my hand and official seal.

My commission expires: _____

Notary Public

EXHIBIT A

Property



EXHIBIT A
WATER TANK SITE 3, PARCEL NO. 1

A TRACT OF LAND SITUATE IN THE NORTHEAST QUARTER OF SECTION 18, TOWNSHIP 2 SOUTH, RANGE 70 WEST, OF THE 6TH P.M.; COUNTY OF JEFFERSON, STATE OF COLORADO; BEING A PORTION OF THE PARCEL DESCRIBED AT RECEPTION NUMBER F1174419 AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SECTION 18, AND CONSIDERING THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 18 TO HAVE AN ASSUMED BEARING OF S88°30'06"W, WITH ALL OTHER BEARINGS RELATIVE THERETO;

THENCE ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 18, S88°30'06"W, 634.54 FEET TO A POINT ON THE WESTERLY RIGHT OF WAY LINE OF PLAINVIEW ROAD AS DEEDED IN BOOK 374, AT PAGE 140, JEFFERSON COUNTY RECORDS;

THENCE ALONG SAID RIGHT OF WAY LINE, S19°19'02"W, 229.05 FEET TO THE NORTHEAST CORNER OF THE AFOREMENTIONED PARCEL RECORDED AT RECEPTION NUMBER F1174419;

THENCE ALONG THE NORTHERLY BOUNDARY OF SAID PARCEL, S88°30'06"W, 1,036.71 FEET TO THE POINT OF BEGINNING;

THENCE S01°29'54"E, 220.63 FEET;

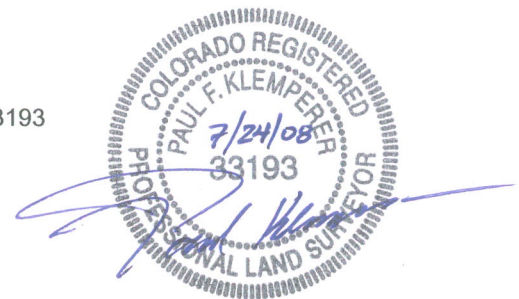
THENCE S88°30'06"W, 296.07 FEET;

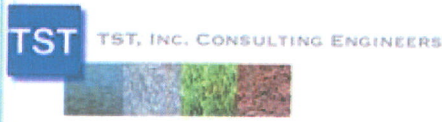
THENCE N01°29'54"W, 220.63 FEET TO A POINT ON THE NORTHERLY BOUNDARY LINE OF SAID PARCEL DESCRIBED AT RECEPTION NUMBER F1174419;

THENCE ALONG SAID NORTHERLY BOUNDARY LINE, N88°30'06"E, 296.07 FEET TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINS 1.50 ACRES (65,321 SQUARE FEET) MORE OR LESS AND IS SUBJECT TO ALL RIGHTS-OF-WAY, EASEMENTS AND RESTRICTIONS OF RECORD, OR THAT NOW EXIST ON THE GROUND.

PAUL F. KLEMPERER
COLORADO PROFESSIONAL LAND SURVEYOR REGISTRATION NO. 33193
FOR AND ON BEHALF OF TST CONSULTING ENGINEERS





**EXHIBIT A
WATER TANK SITE 3, PARCEL NO. 2**

A TRACT OF LAND SITUATE IN THE NORTHEAST QUARTER OF SECTION 18, TOWNSHIP 2 SOUTH, RANGE 70 WEST, OF THE 6TH P.M.; COUNTY OF JEFFERSON, STATE OF COLORADO; BEING A PORTION OF THE PARCEL DESCRIBED AT RECEPTION NUMBER F1174419 AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SECTION 18, AND CONSIDERING THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 18 TO HAVE AN ASSUMED BEARING OF S88°30'06"W, WITH ALL OTHER BEARINGS RELATIVE THERETO;

THENCE ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 18, S88°30'06"W, 634.54 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF PLAINVIEW ROAD AS DEEDED IN BOOK 374, AT PAGE 140, JEFFERSON COUNTY RECORDS;

THENCE ALONG SAID WESTERLY RIGHT-OF-WAY LINE, S19°19'02"W, 229.05 FEET TO THE NORTHEAST CORNER OF THE AFOREMENTIONED PARCEL RECORDED AT RECEPTION NUMBER F1174419, SAID POINT ALSO BEING THE POINT OF BEGINNING;

THENCE CONTINUING ALONG SAID WESTERLY RIGHT-OF-WAY, S19°19'02"W, 150.67 FEET;

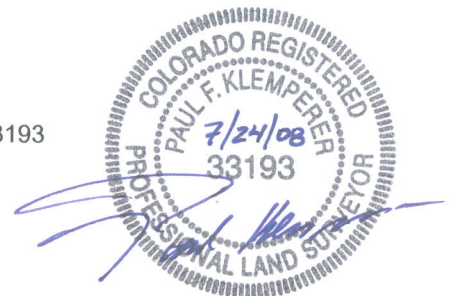
THENCE S88°30'06"W, 127.85 FEET;

THENCE N01°29'54"W, 140.83 FEET TO A POINT ON THE NORTHERLY BOUNDARY LINE OF SAID PARCEL DESCRIBED AT RECEPTION NUMBER F1174419;

THENCE ALONG SAID NORTHERLY BOUNDARY LINE, N88°30'06"E, 181.40 FEET TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINS 0.50 ACRES (21,776 SQUARE FEET) MORE OR LESS AND IS SUBJECT TO ALL RIGHTS-OF-WAY, EASEMENTS AND RESTRICTIONS OF RECORD, OR THAT NOW EXIST ON THE GROUND.

PAUL F. KLEMPERER
COLORADO PROFESSIONAL LAND SURVEYOR REGISTRATION NO. 33193
FOR AND ON BEHALF OF TST CONSULTING ENGINEERS



PURCHASE AND SALE AGREEMENT
(Water Tank Site)

This Purchase and Sale Agreement (Water Tank Site) (this "Agreement") is entered into as of this 12th day of April, 2021 ("Execution Date") by and between the CITY OF ARVADA, a Colorado municipal corporation ("Arvada"), and JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1, a quasi-municipal corporation and political subdivision of the State of Colorado ("JCMD No. 1"); each a "Party" and collectively, the "Parties," with Section 2.2 acknowledged by JEFFERSON CENTER METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado ("JCMD No. 2"), as indicated by its execution of this Agreement below.

RECITALS

This Agreement is made with reference to the following facts:

A. Cimarron Commercial, LLC ("CCLLC") is the owner of certain real property within the Candelas project, including a parcel comprised of approximately two (2) acres of land, which is located in the vicinity of the northeast corner of the intersection of Colorado State Highways 72 and 93, as legally described in Exhibit A attached hereto and incorporated herein by this reference, excluding however, all mineral and water rights and interests as set forth in the Deed, defined below (the "Tank Site").

B. CCLLC has conveyed or shall convey the Tank Site to JCMD No. 1 pursuant to a Purchase and Sale Agreement dated on or about even date herewith between JCMD No. 1 and CCLLC.

C. Arvada, CCLLC, and JCMD No. 1 entered into a Memorandum of Understanding dated April 9, 2018 (the "Tank Site MOU"), pursuant which, among other matters, the parties thereto:

(1) identified a proposed site for a 1.5 million gallon water storage tank and related facilities (collectively, the "Water Tank Improvements");

(2) contemplated that Arvada would expand its original plan from building a 1 million gallon water tank to building the Water Tank Improvements;

(3) contemplated that the Tank Site would be conveyed to Arvada, and set forth the terms and conditions whereby this transaction would occur;

(4) contemplated that in consideration of the conveyance of the Tank Site to Arvada, Arvada would credit 500,000 gallons of water storage capacity in the Water Tank Improvements to JCMD No. 1; and

(5) contemplated that, upon acquiring the Tank Site, Arvada is to obtain applicable permits and approvals for, and is to construct, own and operate, the Water Tank Improvements at Arvada's cost.

D. In order to implement the Tank Site MOU as it relates to execution of a purchase and sale agreement for the Tank Site and matters related thereto, the Parties desire to enter into this Agreement whereby JCMD No. 1 desires to convey the Tank Site to Arvada and Arvada desires to acquire the Tank Site from JCMD No. 1, construct Tank No. 1 (defined below) on the Tank Site, and credit to JCMD No. 1 the Allocated Capacity (defined below) pursuant to the terms herein.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing Recitals, the Parties' performance of their respective covenants and obligations hereunder, and other good and valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, the Parties agree as follows:

1. General.

1.1 Ownership. CCLLC owned or owns the Tank Site and conveyed or will convey the Tank Site to JCMD No. 1 pursuant to a purchase and sale agreement dated on or about even date herewith between JCMD No. 1 and CCLLC.

1.2 Acquisition. Arvada wishes to acquire the Tank Site free and clear of all liens, encumbrances, liabilities, duties and obligations except those specifically assumed or consented to by Arvada (the "Permitted Exceptions"), or as otherwise provided herein, which Permitted Exceptions shall consist of:

(a) any state of facts which would be revealed in an ALTA/NSPS Land Title Survey or by an inspection of the Tank Site;

(b) taxes and assessments for the year of Closing and subsequent years, a lien not yet due and payable; and

(c) the exceptions disclosed in Schedule B, Part II of the Commitment (defined below) as of the Closing (defined below), excluding, however:

(i) any delinquent taxes or assessments;

(ii) any monetary liens or encumbrances created by, through or under JCMD No. 1 or CCLLC;

(iii) any standard printed exceptions concerning mechanics' liens or claims therefor to the extent arising by, through or under JCMD No. 1 or CCLLC, and matters first appearing in the public records after the date of the final Commitment but before Closing (defined below); and

(iv) any other matters that Arvada causes to be deleted or removed prior to the Closing.

1.3 Agreement. Subject to and in accordance with the terms and conditions contained in this Agreement, and in consideration of the mutual agreements contained herein, JCMD No. 1 agrees to sell to Arvada and Arvada agrees to purchase from JCMD No. 1 the Tank Site. JCMD No. 1 shall convey to Arvada a fee simple absolute estate in the Tank Site.

2. Water Storage Tank.

2.1 Allocated Capacity. In consideration of the conveyance of the Tank Site to Arvada, Arvada shall credit to JCMD No. 1 500,000 gallons of water storage capacity (the "Allocated Capacity") in the first constructed water tank ("Tank No. 1"), pursuant to the Updated Approval of Drinking Water Final Plans and Specifications for Construction issued by the Colorado Department of Public Health and Environment, dated September 30, 2020, for ES Project No. WS.19.DWDR.04806 (the "Plans"), to be reserved for the benefit of JCMD No. 1 and development within JCMD No. 1 as part of the public water system infrastructure within JCMD No. 1's boundaries. Arvada hereby agrees to credit to JCMD No. 1 the Allocated Capacity, for so long as Arvada or its successors and assigns operate and maintain Tank No. 1 on the Tank Site. Arvada agrees not to sell, convey, transfer, assign, lease or hypothecate any or all of the Allocated Capacity to any third-party. This Section 2.1 shall survive Closing.

2.2 Future Assessments. The Allocated Capacity shall be included in any future assessments determining what additional water system assets are needed pursuant to that certain Intergovernmental Agreement dated April 4, 2005, entered into by JCMD No. 2 and Arvada (as has been and may be amended from time to time, the "2005 IGA"), which governs the provision of certain public improvements, services and procedures within the service area of JCMD No. 2, including the provision of public improvements, services and procedures within the boundaries of JCMD No. 1.

2.3 Construction. Arvada agrees to construct Tank No. 1 on the Tank Site in accordance with the terms of this Agreement. Following Arvada's acquisition of the Tank Site, Arvada shall commence construction of Tank No. 1 on or before April 30, 2022 (the "Outside Commencement Date"), and shall complete construction on or before December 31, 2023 (the "Outside Completion Date"). In the event Arvada does not commence construction of Tank No. 1 prior to the Outside Commencement Date, or fails to complete construction of Tank No. 1 on or prior to the Outside Completion Date, JCMD No. 1 shall have the right, but not the obligation, to undertake construction and completion of Tank No. 1 pursuant to the Plans. In such event, JCMD No. 1, together with its employees, contractors, subcontractors, and consultants, shall be granted a license substantially in the form attached hereto as Exhibit E to access and enter upon the Tank Site for the purpose of constructing and completing Tank No. 1 as JCMD No. 1 and Arvada may deem necessary or appropriate. Arvada shall cooperate reasonably with any such construction of Tank No. 1 and entry onto the Tank Site by JCMD No. 1, and shall have the right to be present during any such entry upon the Tank Site. Any work undertaken by JCMD No. 1 pursuant to this Section 2.3 shall be in compliance with all applicable laws, and shall be at no cost or expense to JCMD No. 1, provided such costs do not exceed Four Million Dollars (\$4,000,000.00) (the "Maximum Cost"). As such, upon delivery of written documentation to Arvada reasonably evidencing JCMD No. 1's costs incurred in connection with the construction of Tank No. 1, Arvada shall reimburse JCMD No. 1 for such costs (excluding duplicative or incorrect costs) up to and including the Maximum Cost within thirty (30) days of receipt of the same. Any and all

costs beyond the Maximum Cost shall be at JCMD's sole cost and expense. This Section 2.3 shall survive Closing.

3. Purchase Price and Closing.

3.1 Purchase Price. The purchase price for the Tank Site shall be Zero Dollars (\$0.00) (the "Purchase Price").

3.2 Closing Time and Place. The closing ("Closing") under this Agreement shall occur in escrow with the Title Company (defined below) or at such other time and place as the parties may mutually agree, on the date that is: (i) 10 days after the expiration of the Due Diligence Period, (ii) if such date is a Saturday, Sunday or holiday for which Arvada's municipal offices are closed, the next business day after such date, or (iii) such earlier date as mutually agreed upon in writing by the Parties.

3.3 Deliveries. The following shall occur at Closing, each requirement being a condition precedent to the others and all being considered simultaneously:

(a) JCMD No. 1 shall execute, have acknowledged and deliver to Arvada a special warranty deed (the "Deed") substantially in the form of Exhibit B attached hereto and incorporated herein by this reference, conveying title to the Tank Site to Arvada subject only to the Permitted Exceptions;

(b) JCMD No. 1 shall execute, have acknowledged and deliver to Arvada a non-foreign affidavit in the form of Exhibit C attached hereto and incorporated herein by this reference, to assure compliance with §1445 of the Internal Revenue Code of 1986, as amended;

(c) JCMD No. 1 shall deliver to Arvada copies of JCMD No. 1's governing documents, certified by an officer or partner of JCMD No. 1, and evidence of JCMD No. 1's consent to the execution and delivery of this Agreement and the performance of JCMD No. 1's obligations hereunder; and

(d) Arvada shall be entitled to possession of the Tank Site immediately after the Closing.

3.4 Adjustments to Purchase Price and Costs. The amount of the Purchase Price due at Closing shall be subject to the following adjustments and prorations:

(a) On or promptly after Closing, to the extent applicable, JCMD No. 1 shall file the proper returns and pay the appropriate governmental authorities, all sales, use, transfer or other similar tax due upon the transfer of the Tank Site;

(b) Arvada shall pay the Title Company's fees for acting as escrow agent and participating in Closing and the recording costs for the Deed;

(c) JCMD No. 1 shall pay all transfer, recording, filing, excise, documentary, mortgage, revenue stamp and similar fees and taxes payable in connection with the transactions contemplated by this Agreement;

(d) JCMD No. 1 shall pay, or otherwise cause to be paid, all real Tank Site taxes and special assessments (including penalties and interest) allocable to the Tank Site for tax years prior to Closing;

(e) Real property taxes and assessments for the year of Closing shall be apportioned between JCMD No. 1 and Arvada as of the date of Closing, with the amount of such taxes to be based upon the most recent available levy applied to the most recent available assessment;

(f) All water, gas, electrical and other public utility charges relating to the Tank Site shall be apportioned between JCMD No. 1 and Arvada as of the date of Closing, based upon the most recent applicable statements and meter readings; and

(g) Except as otherwise set forth in this Agreement, each Party shall pay any other costs and expenses incurred by such party in connection with the transactions contemplated by this Agreement.

4. Title.

4.1 Owner's Title Evidence. Except as otherwise set forth below, within thirty (30) days after the Execution Date:

(a) As of the Execution Date, JCMD No. 1 has delivered to Arvada, via CCLLC's electronic "Dropbox," all pertinent materials available to JCMD No. 1 relative to the Tank Site in order to facilitate Arvada's due diligence of the Tank Site, including, but not limited to, all reports, assessments or other documents that describe or relate to the environmental condition of the Tank Site, as well as copies of all plans and specifications, if any, available to JCMD No. 1 relating to the Tank Site.

(b) As of the Execution Date, Arvada has obtained a preliminary title insurance commitment (the "Commitment") issued by H.C. Peck Associates, 3401 Quebec Street, Suite 8100, Denver, CO 80207 (the "Title Company"), showing the status of record title to the Tank Site, together with legible copies of all documents evidencing exceptions to title shown therein or otherwise affecting the Tank Site.

4.2 Title Defects. If Arvada objects to any matter contained in the Commitment, or if Arvada asserts the existence of any encumbrance, encroachment or defect in or objection to title which renders title to any portion of the Tank Site unmarketable (any of which is called a "Defect of Title"), Arvada shall give to JCMD No. 1 written notice of all Defects of Title within sixty (60) days after delivery of the Commitment, or within thirty (30) days after any updates to the Commitment disclosing a Defect of Title, but in no event later than Closing. After receipt of such notice, JCMD No. 1 may, but without obligation or liability under this Agreement to do so, and without any obligation to incur any costs relating thereto, cure all Defects of Title specified in the notice from Arvada. If all such Defects of Title are not removed or cured prior to or within sixty (60) days after the receipt of such notice or Closing, whichever is earlier, Arvada may elect: (i) to accept title to the Tank Site subject to the uncured Defects of Title; or (ii) to terminate this Agreement.

5. Pre-Closing Conditions.

5.1 Arvada's Conditions. Arvada's obligation to purchase the Tank Site is expressly conditioned upon the following matters:

(a) Arvada shall have sixty (60) days after the execution of this Agreement (the "Due Diligence Period") in which to inspect the Tank Site, and to review all matters affecting or relating to the Tank Site. If, as a result of such inspection and review, Arvada finds the Tank Site unsatisfactory to it, in its sole and absolute discretion, Arvada shall have the right to terminate this Agreement by giving written notice of the termination to JCMD No. 1 on or before the end of the Due Diligence Period. Upon the giving of such notice, this Agreement shall become null and void and of no further force and effect. If Arvada fails to give such notice on or before the end of the Due Diligence Period, Arvada shall be deemed to have waived the provisions of this Section 5.1(a).

(b) JCMD No. 1 shall have delivered to Arvada evidence of consent of any person or entity whose consent is required to the purchase of the Tank Site by Arvada from JCMD No. 1;

(c) There shall be no material and adverse change in the physical condition of the Tank Site between the date hereof and Closing;

(d) JCMD No. 1 shall have performed and observed all of its covenants, agreements and obligations contained in this Agreement; and

(e) All the representations and warranties of JCMD No. 1 contained in this Agreement shall have been true and correct when made and shall be true and correct on and as of Closing as if then made or given.

Notwithstanding anything to the contrary contained herein, if any condition set forth in this Section 5.1 cannot be satisfied on or before Closing, Closing may be extended by Arvada in its sole and absolute discretion until satisfaction thereof on the condition that performance of the condition has commenced, is diligently being pursued by the appropriate party and is capable of being satisfied. In no event shall Closing be extended for more than sixty (60) days.

5.2 JCMD No. 1's Conditions. JCMD No. 1's obligations hereunder are expressly conditioned upon the following matters:

(a) All the representations and warranties of Arvada contained in this Agreement shall have been true and correct when made and shall be true and correct on and as of Closing as if then made or given; and

(b) Arvada shall have performed and observed all of its covenants, agreements and obligations contained in this Agreement.

5.3 Effect of Default. Notwithstanding anything to the contrary contained in this Section 5, if the failure of a condition also constitutes a default under this Agreement, the non-defaulting party shall have the remedies set forth in Section 11.

6. Representations and Warranties of JCMD No. 1.

JCMD No. 1 represents and warrants to Arvada as follows:

6.1 Authority. JCMD No. 1 has full power and authority to enter into this Agreement and consummate the transaction contemplated hereunder and such transaction has been duly authorized by all necessary action by the Board of Directors of JCMD No. 1.

6.2 Absence of Contractual or Other Restrictions. The entering into and consummation of the transaction contemplated hereunder shall not conflict with, or with or without notice or the passage of time or both, result in the breach of, or constitute a default under or violation of any of the terms and provisions of any contract, lease or other agreement to which JCMD No. 1 is a party or by which JCMD No. 1 may be bound or of any law, rule, license, regulation, judgment, order or decree governing or affecting JCMD No. 1 or the Tank Site.

6.3 No Undisclosed Litigation. Except as set forth on Exhibit D attached hereto and incorporated herein by this reference, there are no actions, suits or proceedings (including employee civil rights grievances and workers, compensation claims) pending, or to the best knowledge and belief of JCMD No. 1, threatened against JCMD No. 1 or the Tank Site or which might adversely affect JCMD No. 1 or the Tank Site.

6.4 Compliance with Law. JCMD No. 1 has not received any written notice of and has no knowledge of the assertion of any violation of any law, rule, regulation or order with respect to the Tank Site.

6.5 Mechanics, Liens. All work which has been performed in, on or about the Tank Site or materials furnished thereto for or on behalf of JCMD No. 1 which might in any circumstances give rise to a mechanics' or materialmen's lien has been paid for or shall be paid prior to delinquency.

6.6 Tax Returns. JCMD No. 1 has filed all federal, state and local tax returns required to be filed in connection with its ownership and operation of the Tank Site, such returns were true, accurate and complete in all material respects, and JCMD No. 1 has paid any and all taxes required to be paid in connection with its ownership and operation of the Tank Site.

6.7 Districts; Commitments with Governmental Agencies. To JCMD No. 1's knowledge, the Tank Site is not situated within any special assessment district other than the districts revealed by the most recent statement for real Tank Site taxes for the Tank Site, nor is the Tank Site subject to any special assessments except for those relating to such districts and JCMD No. 1 has no knowledge of any proposal under which the Tank Site is to be placed in any other special assessment district. There are no commitments or agreements with any federal, state or local government authority or agency affecting the Tank Site.

6.8 Bankruptcy. JCMD NO. 1 has not: (a) made a general assignment for the benefit of creditors; (b) filed any voluntary petition for bankruptcy or suffered the filing of a voluntary petition by JCMD NO. 1's creditors; (c) suffered the appointment of a receiver to take possession of all or substantially all of JCMD NO. 1's assets; (d) suffered the attachment or other judicial

seizure of all or substantially all, of JCMD NO. 1's assets; or (e) made an offer of settlement, extension or composition to its creditors generally.

6.9 Condemnation. No portion of the Tank Site has been condemned and there are no presently pending or, to JCMD No. 1's knowledge, threatened special assessments or condemnation actions with respect to any part of the Tank Site, nor has JCMD No. 1 received any notice of any special assessments or condemnation actions being contemplated. There is no pending or, to JCMD No. 1's knowledge, threatened action by any governmental or quasi-governmental agency to acquire or condemn any part of the Tank Site.

6.10 JCMD No. 1's Knowledge. Whenever phrases such as "to JCMD No. 1's knowledge" or "JCMD No. 1 has no knowledge" are used in the foregoing representations and warranties, they will be deemed to refer exclusively to matters within the current actual (as opposed to constructive) knowledge of Gregg A. Bradbury, President of JCMD No. 1 ("JCMD No. 1's Representative"). No duty of inquiry or investigation on the part of JCMD No. 1 or JCMD No. 1's Representative will be implied by the making of any representation or warranty which is so limited to matters within JCMD No. 1's knowledge.

7. Representations and Warranties of Arvada.

Arvada represents and warrants to JCMD No. 1 as follows:

7.1 Authority. Arvada has full power and authority to enter into and consummate the transaction contemplated hereunder and such transaction has been duly authorized by all necessary action by the City Council of Arvada.

7.2 Absence of Contractual or Other Restrictions. The entering into and consummation of the transaction contemplated hereunder shall not conflict with, or with or without notice or the passage of time or both, result in the breach of, or constitute a default under or violation of any of the terms and provisions of any contract, lease or any agreement to which Arvada is a party or by which Arvada may be bound or of any law, rule, license, regulation, judgment, order or decree governing or affecting Arvada.

8. Covenants.

CCLLC and JCMD No. 1 hereby covenant and agree that, between the date of this Agreement and Closing, CCLLC and JCMD No. 1: (a) shall not dispose of any interest in the Tank Site, except for the conveyance of the Tank Site from CCLLC to JCMD No. 1, and shall not, without Arvada's consent, mortgage, pledge or subject to lien or other encumbrance any interest in the Tank Site; (b) shall not, without the consent of Arvada, agree to or consent to any restrictions, covenants, conditions, easements, encroachments, leases or any similar matters affecting the Tank Site or any part thereof; (c) shall keep the Tank Site insured at the current level of insurance maintained thereon; (d) shall not, without the consent of Arvada, seek or consent to any zoning, platting, replatting, subdivision or other change affecting the use of the Tank Site or any administrative classification of the Tank Site; and (e) shall not extend or add to any existing improvements or construct additional improvements on the Tank Site. CCLLC will pay, prior to delinquency, all amounts arising under CCLLC that may give rise to a mechanic's or materialman's lien on the Tank Site.

9. Damage, Destruction or Condemnation.

9.1 Condemnation. If prior to Closing, CCLLC or JCMD No. 1 receive knowledge that all or any significant portion of the Tank Site is to be taken under any power of eminent domain or similar action, other than such power or action exercised by Arvada, JCMD No. 1 shall advise Arvada in writing and Arvada shall have ten (10) days after its receipt of such knowledge, by written notice to JCMD No. 1, to either: (a) take title to the Tank Site at Closing, or (b) terminate this Agreement and, in that event, this Agreement shall be null and void and neither party thereafter shall have any right or remedy against the other. The term "significant," as used in this Section 9.1, shall mean the taking of any portion of the Tank Site, which would materially and adversely affect the Tank Site and construction of the Water Tank Improvements thereon.

9.2 Damage by Casualty. It is the intention of the parties that at Closing, JCMD No. 1 shall transfer to Arvada the Tank Site in its present state and condition, subject only to reasonable wear and tear. Therefore, risk of loss to such assets from fire or other casualty shall be borne by JCMD No. 1 until Closing. JCMD No. 1 shall promptly notify Arvada of any such casualty. If the Tank Site is damaged by fire or other casualty prior to Closing such that the Tank Site is no longer suitable for the construction of the Water Tank Improvements thereon, then Arvada may terminate this Agreement and neither Party shall have any right or remedy against the other.

10. Access Prior to Closing.

(a) At any time prior to Closing, if this Agreement shall not have first been terminated, Arvada and Arvada's agents, contractors and engineers shall have the right to enter the Tank Site for purposes of conducting inspections or making surveys, soil tests, engineering tests and for other similar work provided that such operations are conducted in such a manner as not to interfere with JCMD No. 1's business or to damage the Tank Site.

(b) Arvada will promptly repair any damages resulting to the Tank Site due to Arvada's investigations and other activities conducted pursuant to this Agreement, and will reimburse JCMD No. 1, within thirty (30) days after receipt of invoices therefor, for all reasonable out-of-pocket expenses JCMD No. 1 incurs in repairing such damages if Arvada does not promptly do the same.

(c) At any time on or before Closing and after twenty-four (24) hours prior written notice of such entry to JCMD No. 1, Arvada shall have the right to inspect the Tank Site.

11. Defaults and Remedies.

11.1 Default by JCMD No. 1. "Default by JCMD No. 1" shall mean a failure by JCMD No. 1 to comply with or satisfy any covenant or agreement of JCMD No. 1 contained in this Agreement, or a breach by JCMD No. 1 of any representation or warranty of JCMD No. 1 contained in this Agreement. If any Default by JCMD No. 1 is known or discovered by Arvada at or prior to Closing: (a) Arvada may, at any time at or prior to Closing, by giving to JCMD No. 1 written notice, elect to terminate this Agreement; or (b) Arvada may elect to treat this Agreement as being in full force and effect and Arvada shall have the sole remedy of specific performance. Upon termination of this Agreement by Arvada pursuant to clause (a) above, neither party shall

have any further obligations to the other except those obligations which expressly survive termination hereof.

11.2 Default by Arvada. "Default by Arvada" shall mean a failure of Arvada to comply with or satisfy any covenant or agreement contained in this Agreement, or a breach of any representation or warranty of Arvada contained in this Agreement. If any Default by Arvada is known or discovered by JCMD No. 1 at or prior to Closing: (a) JCMD No. 1 may, at any time at or prior to Closing, by giving written notice to Arvada, terminate this Agreement; or (b) if the Default of Arvada is a default other than a failure of Arvada to perform at Closing, JCMD No. 1 may elect to treat this Agreement as being in full force and effect and JCMD No. 1 shall have the sole remedy of specific performance. Upon termination of this Agreement by JCMD No. 1 pursuant to clause (a) above, neither party shall have any further obligations to the other except for those obligations which expressly survive termination hereof.

12. "AS-IS".

12.1 "As-Is". Arvada (for itself and its successors and assigns) acknowledges that, at Closing, it shall accept that the Tank Site shall be conveyed in its "AS IS, WHERE IS, AND WITH ALL FAULTS" condition as of Closing, and Arvada accepts and shall bear all risks regarding all attributes and conditions of the Tank Site. Arvada shall conduct and rely on its own inspection and investigation of the Tank Site as to all conditions and requirements pertinent to the Tank Site, including the presence thereon, or the condition thereof with respect to, any Hazardous Materials (defined below). Arvada acknowledges that any information provided or to be provided by or on behalf of JCMD No. 1 with respect to the Tank Site was or may be obtained from a variety of sources and that JCMD No. 1 has not made any independent investigation or verification of such information and makes no representations as to the accuracy or completeness of such information.

12.2 No Implied Representations. EXCEPT FOR JCMD NO. 1'S EXPRESS REPRESENTATIONS IN SECTION 6 OF THIS AGREEMENT OR IN ANY INSTRUMENT OF CONVEYANCE SIGNED BY JCMD NO. 1 AND DELIVERED TO ARVADA AT CLOSING (COLLECTIVELY, "JCMD NO. 1'S EXPRESS REPRESENTATIONS"), NEITHER JCMD NO. 1 NOR ANY AGENT, EMPLOYEE, OFFICER, DIRECTOR, BROKER, CONTRACTOR OR REPRESENTATIVE OF JCMD NO. 1 HAS MADE, AND JCMD NO. 1 SPECIFICALLY DISCLAIMS, ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE WHATSOEVER, AS TO, CONCERNING OR WITH RESPECT TO THE TANK SITE, INCLUDING, WITHOUT LIMITATION, THE PRESENCE THEREON, OR THE CONDITION THEREOF WITH RESPECT TO, ANY HAZARDOUS MATERIALS.

12.3 Definitions. As used in this Agreement, "Hazardous Materials" means any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Law, including, without limitation, asbestos, gasoline and any other petroleum products (including crude oil or any fraction thereof), polychlorinated biphenyls and ureaformaldehyde insulation. As used in this Agreement, "Environmental Law" means any and all federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees or requirements of any governmental authority or requirements of law (including common law) relating to or imposing liability or standards of conduct concerning the protection of human health, the environment or natural resources, or to releases or threatened releases of Hazardous

Materials into the environment, including, without limitation, ambient air, surface water, groundwater or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, as now or may hereafter be in effect.

12.4 Survival. The provisions of this Section 12 shall survive Closing or any termination of this Agreement.

13. Miscellaneous.

13.1 Notices. Any notices under this Agreement shall be in writing, signed by the Party giving the same and shall be deemed properly given and received when actually given and received, if hand-delivered in person, or three (3) business days after mailed, if sent by registered or certified United States mail, postage prepaid, addressed to the Party to receive the notice at the address set forth below or such other address as any Party may specify by notice to the other Party.

If to Arvada: City of Arvada
8101 Ralston Road
Arvada, CO 80001
Attn: Sharon Israel
Director of Utilities

With a copy to: Rachel Morris
City Attorney
City of Arvada
8101 Ralston Road
Arvada, CO 80001

If to JCMD No. 1: Jefferson Center Metropolitan District No. 1
c/o Special District Management Services, Inc.
141 Union Boulevard, Suite 150
Lakewood, Colorado 80228
Attn: David Solin

With a copy to: McGeady Becher P.C.
450 E. 17th Avenue, Suite 400
Denver, CO 80203
Attn: Megan Becher

13.2 Brokerage Commissions. JCMD No. 1 hereby represents and warrants to Arvada that JCMD No. 1 has not engaged or utilized the services of any broker or finder in connection with this transaction and that no commissions are payable with respect to this transaction. JCMD No. 1 hereby agrees to indemnify and hold Arvada harmless from and against any liability for any claims of any broker or finder claiming by, through or under JCMD No. 1.

13.3 Governmental Immunity. Arvada and JCMD No. 1, their officers, and their employees, are relying on, and do not intend to waive, by any provision of this Agreement, any

rights, protections, or privileges provided by the Colorado Governmental Immunity Act, as it is amended from time to time.

13.4 Entire Agreement. This Agreement represents the entire agreement between the parties hereto with respect to the subject matter hereof and all prior agreements, understandings or negotiations shall be deemed merged herein. No representations, warranties, promises or agreements, express or implied, shall exist between the parties, except as stated herein.

13.5 No Oral Modifications. No amendments or modifications to this Agreement shall be made or deemed to have been made unless in writing executed and delivered by the party to be bound thereby.

13.6 Time of the Essence. All of the provisions of this Agreement regarding time for performance are of the essence.

13.7 Governing Law. This Agreement shall be interpreted and enforced according to the laws of the State of Colorado.

13.8 Headings and Captions for Convenience. The headings and captions contained in this Agreement are for convenience only and shall not be considered in interpreting the provisions hereof.

13.9 Exhibits Incorporated. All exhibits referred to in this Agreement shall be deemed incorporated in this Agreement by reference.

13.10 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, all of which together shall constitute one and the same instrument. This Agreement may be executed and delivered by one Party to the other by facsimile or e-mail (PDF) transmission, and counterparts executed and delivered in such manner will be fully binding and enforceable to the same effect as if an original had been executed and delivered instead.

13.11 Survival. The provisions set forth in Section 2.1, Section 2.3, Section 6, Section 7, Section 12 and Section 13.2 hereof shall not merge into any document associated herewith and shall survive Closing and delivery of the Deed and any termination of this Agreement and shall be enforceable at law or in equity.

(signature page follows)

IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective as of the Execution Date.

JCMD NO. 1

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1,
a quasi-municipal corporation and political subdivision of the State of Colorado

By: Gregg A. Bradbury
Gregg A. Bradbury, President

ATTEST:

David Solin
David Solin, Secretary

ARVADA

CITY OF ARVADA,
a Colorado municipal corporation

By: Dot Miller
Name: DOT MILLER
Title: MAYOR PRO TEM

ATTEST:

Kristen Rush
Kristen Rush, City Clerk

APPROVED AS TO FORM:

Rachel Morris
Rachel Morris, City Attorney

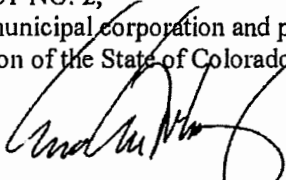


**ACKNOWLEDGEMENT OF JCMD NO. 2
TO PURCHASE AND SALE AGREEMENT
(WATER TANK SITE)**

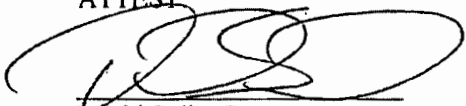
The undersigned, as a party to that certain Intergovernmental Agreement dated April 4, 2005, entered into by JCMD No. 2 and Arvada, hereby acknowledges Section 2.2 of the foregoing Purchase and Sale Agreement (Water Tank Site) and the rights and obligations of Arvada and JCMD No. 1 contained therein.

JCMD NO. 2

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

By: 
Charles Church McKay, Resident

ATTEST:


David Solin, Secretary

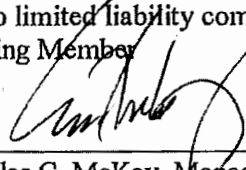
**JOINDER AND ACKNOWLEDGEMENT OF CCLLC
TO PURCHASE AND SALE AGREEMENT
(WATER TANK SITE)**

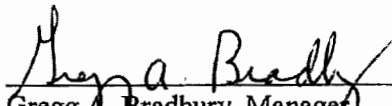
The undersigned, by its signature below, does hereby acknowledge and agree to covenants and obligations described in Sections 8 and 9.1, above. The undersigned additionally acknowledges and agrees that adequate consideration has been received for such covenants and obligations.

CCLLC:

CIMARRON COMMERCIAL, LLC,
a Colorado limited liability company

By: CIMARRON HOLDING COMPANY, LLC,
a Colorado limited liability company,
its Managing Member

By: 
Charles C. McKay, Manager

By: 
Gregg A. Bradbury, Manager

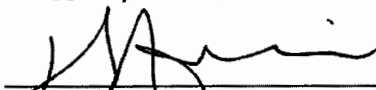
By: 
Jeffrey L. Nading, Manager

Exhibit A

Legal Description of the Tank Site

Lot 2, Sleeping Indian Tank Site Minor Subdivision Plat, County of Jefferson, State of Colorado.

Exhibit B

Form of Deed

SPECIAL WARRANTY DEED

[STATUTORY FORM – C.R.S. § 38-30-113(1)(b)]

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1, a quasi-municipal corporation and political subdivision of the State of Colorado (“**Grantor**”), whose address is 141 Union Boulevard, Suite 150, Lakewood, Colorado 80228, for the consideration of Ten and 00/100 Dollars (\$10.00) and other good and valuable consideration, in hand paid, hereby sells and conveys to the CITY OF ARVADA, a Colorado municipal corporation (“**Grantee**”), whose address is 8101 Ralston Road, Arvada, Colorado 80001, Attn: City Manager, the real property that is described on Schedule 1 attached hereto and made a part hereof, with all its appurtenances (the “**Land**”), and warrants the title to the same against all persons claiming under Grantor, subject to the matters set forth on Schedule 2 attached hereto and made a part hereof.

Signed on the ____ day of _____, 20____, to be made effective as of the ____ day of _____, 20____.

GRANTOR

JEFFERSON CENTER METROPOLITAN
DISTRICT NO. 1,
a quasi-municipal corporation and political subdivision
of the State of Colorado

By: _____
Gregg A. Bradbury, President

ATTEST:

David Solin, Secretary

**Schedule 1
to Special Warranty Deed**

Legal Description

Lot 2, Sleeping Indian Tank Site Minor Subdivision Plat, County of Jefferson, State of Colorado.

**Schedule 2
to Special Warranty Deed**

Reservations and Exceptions

Reservations: Conveyance of the Land is subject to the express exclusion of the following rights with respect to the Land:

1. Any and all of Grantor's right, title and interest in subsurface estates and mineral rights located in, upon and/or under the Land, including, without limitation, any rights to explore for and/or extract, or to be paid royalties in connection therewith, oil, natural gas, hydrocarbon products, gravel, sand, coal, and/or hard rock minerals; provided, however, that Grantor, on behalf of itself, its successor and assigns, and any party acting by, through or on behalf of Grantor, irrevocably waives and relinquishes any and all right to enter upon or utilize the surface of the Land to a depth one hundred (100) feet below the finished grade of the surface of the Land in any manner for the purpose of exploring for, extracting or developing the foregoing reserved mineral rights, and will not undermine lateral and subjacent support of the surface of the Land or any improvement located therein.

2. To the extent appurtenant to or historically used in connection with the Land, any and all tributary, nontributary and not nontributary water rights that Grantor owns or may own, whether decreed or undecreed, including, without limitation, all groundwater underlying the Land, all wells, well rights and permits, all surface water located within or used in connection with or appurtenant to the Land, and/or ditch shares or ditch rights used in connection with the Land; provided, however, that Grantor, on behalf of itself, its successor and assigns, and any party acting by, through or on behalf of Grantor, irrevocably waives and relinquishes any and all rights to enter upon or utilize the surface of the Land to a depth one hundred (100) feet below the finished grade of the surface of the Land in any manner for the purpose of exercising the foregoing reserved water rights, and will not undermine lateral and subjacent support of the surface of the Land or any improvement located therein.

Exceptions: Conveyance of the Land is subject to the following exceptions:

[exceptions to be inserted based on Schedule B, Part II of the Title Commitment]

Exhibit C

Form of FIRPTA

CERTIFICATE OF NON-FOREIGN STATUS – ENTITY SELLER

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including Section 1445), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform the City of Arvada, a Colorado municipal corporation, as purchaser (herein, “**Transferee**”), that withholding of tax is not required upon the disposition of a U.S. real property interest by Jefferson Center Metropolitan District No. 1, quasi-municipal corporation and political subdivision of the State of Colorado, as seller (herein, “**Transferor**”), the undersigned hereby certifies the following:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
2. Transferor is not a disregarded entity as defined in Treasury Regulations Section 1.1445-2(b)(2)(iii);
3. Transferor’s U.S. employer identification number is 84-1129176; and
4. Transferor’s office address is: c/o Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood, Colorado 80228, Attn: David Solin.

The undersigned, on behalf of Transferor, understands that Transferee may disclose this Certification to the Internal Revenue Service, and that any false statement contained herein may be punishable by fine, imprisonment, or both.

Under penalties of perjury, the undersigned, on behalf of Transferor, declares that this certification have been examined and to the best of undersigned’s knowledge and belief it is true, correct, and complete, and the undersigned further declares that he/she has authority to sign this document on behalf of Transferor.

[signature page follows]

Dated as of: _____, 2021.

TRANSFEROR

JEFFERSON CENTER METROPOLITAN
DISTRICT NO. 1,
a quasi-municipal corporation and political
subdivision of the State of Colorado

By: _____
Gregg A. Bradbury, President

ATTEST:

David Solin, Secretary

Exhibit D

Description of Litigation

None.

Exhibit E

Form of License Agreement

**TEMPORARY CONSTRUCTION EASEMENT AGREEMENT
(City of Arvada to Jefferson Center Metropolitan District No. 1)**

This **TEMPORARY CONSTRUCTION EASEMENT AGREEMENT** (this "Agreement") is made this ____ day of _____, 20__ (the "Effective Date"), by and between the **CITY OF ARVADA**, a Colorado municipal corporation ("Grantor") whose legal address is 8101 Ralston Road, Arvada, CO 80001-8101 and **JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1**, a quasi-municipal corporation and political subdivision of the State of Colorado ("Grantee"), whose legal address is 141 Union Boulevard, Suite 150, Lakewood, CO 80228 (individually a "Party" and collectively, the "Parties").

Subject to and in accordance with the terms, covenants and conditions contained in this Agreement, and in consideration of the mutual agreements contained herein, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

I. EASEMENT AREA. Grantor owns a parcel of land in Jefferson County, Colorado, (the "Property") and Grantee desires to enter upon a portion of the Property (the "Easement Area") for the purposes indicated herein. The Property and the Easement Area are indicated on Exhibit A, attached hereto.

II. GRANT. Grantor hereby grants a nonexclusive, temporary construction easement to Grantee, its contractors, subcontractors, and consultants to enter upon the Easement Area subject to and in accordance with the terms, covenants and conditions of this Agreement. Grantor shall retain all other rights in and usage of the Easement Area not inconsistent with the reasonable use of the foregoing grant.

III. EXHIBITS. The following exhibits are attached hereto and incorporated herein by this reference:

- A. Exhibit A the Property and the Easement Area;
- B. Exhibit B plans and specifications for the Improvements (defined below);
- C. Exhibit C General Terms and Conditions; and
- D. Exhibit D Insurance Requirements.

IV. TERM AND TERMINATION. The term of this Agreement shall commence on the Effective Date and expire on _____, 20__, unless sooner terminated (the "Term"). This Agreement may be terminated for breach by Grantee as indicated in Section XI, and shall automatically terminate for nonuse by Grantee for a continuous period of ninety (90) calendar days.

V. IMPROVEMENTS. Grantor hereby grants permission to Grantee, its contractors, subcontractors, and consultants to use the Easement Area, on a temporary basis for the Term of this Agreement, to construct the improvements in accordance with and as indicated on the plans and specifications accepted by Grantor and attached hereto as Exhibit B (the "Improvement(s)"). Grantee shall provide invoices to Grantor for all costs related to construction of the Improvement(s), and Grantor shall pay undisputed on invoices within thirty (30) days of receipt. Installation of the Improvement(s) shall not interfere with existing utilities or other facilities installed on or adjacent to the Property, and Grantee shall be responsible for locating and protecting such utilities or other facilities. Grantee shall maintain the Easement Area in a clean, neat and sanitary condition, and to properly and promptly dispose of all litter and debris. Grantee shall contractually require its contractors, subcontractors, and consultants, as applicable, to comply with the provisions of this Agreement, including the General Terms and Conditions attached hereto as Exhibit C.

VI. ENCUMBRANCES. Grantee shall not suffer or permit anything to be done that will cause the Property or the Easement Area to become encumbered by any mechanic's lien or similar lien, security interest or other charge or encumbrance of any kind, including without limitation, any lien imposed pursuant to section 107(f) of the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. Section 9607(1) or any similar state statute, charge or claim in connection with the construction of the Improvement(s). If any such encumbrance is filed against the Property and/or the Easement Area in connection with Grantee's use of the Easement Area, Grantee shall cause the release of such encumbrances through payment, endorsement, bonding or other means available to Grantee within thirty (30) days after the filing of any notice of such lien, claim or other charge, such obligation to survive expiration or earlier termination of this Agreement.

VII. SURRENDER AND, RESTORATION. Upon the expiration or earlier termination of this Agreement, Grantee shall (i) promptly quit and surrender the Easement Area and remove all tools, equipment and materials from the Easement Area and restore the Easement Area to substantially the same state and condition (including any irrigation or landscaping improvements disturbed by Grantee) as existed immediately prior to Grantee's and/or its contractor's and subcontractor's activities within the Easement Area, except the Improvement(s). If all or any portion of the Easement Area is not vacated at the end of the Term, Grantor shall be and is hereby authorized to remove from the Easement Area and store, at the expense of the Grantee, all goods, wares, merchandise and property of any kind or description which may be then occupying all or any portion of the Easement Area (collectively, the "Goods"). All such removal and/or storage charges must be paid to Grantor by Grantee before the Goods will be released by Grantor. In any event, Grantor may dispose of any of the Goods as it sees fit after the expiration of thirty (30) calendar days from the end of the Term. Grantor shall not be liable for any damage to or loss of the Goods sustained either during the removal, storage and/or disposal of same and Grantor is expressly released from any and all claims for such loss or damage. In addition, Grantee shall, at no cost to Grantor, remove all excess dirt, equipment and/or materials and restore the Easement Area and any disturbed adjacent property and facilities of Grantor and any improvements thereon after any disturbance, to the satisfaction of Grantor. If Grantee fails to restore the Easement Area as set forth herein, Grantor shall have all rights and remedies available to it at law or in equity for such default, including, but not limited to, a suit for damages and/or specific performance. Grantor also

shall have the right to complete such work and charge the cost to Grantee. If Grantee fails to pay the same within thirty (30) days following an invoice therefor, Grantor shall have all rights and remedies available to it at law or in equity to collect the same. This Section shall survive expiration or earlier termination of this Agreement.

VIII. AS-BUILT DRAWINGS. Upon completion of the Improvement(s), Grantee shall provide Grantor with a full-sized set of as-built drawings, stamped by a Colorado professional engineer, as an accurate record of the Improvement(s) with "As-Built" clearly printed on each sheet. This Section shall survive expiration or earlier termination of this Agreement.

IX. DIGGING OR BORING. Prior to performing any digging or boring activities on the Property, the Grantee shall determine if a telecommunications system or other utility is buried anywhere on or about the Property in the location where Grantee will perform such digging or boring activities. If there is a telecommunications system or other utility, Grantee will inform the owner of such telecommunications system or other utility, and take such measures in concert with the owner(s) as are necessary so as not to damage such system or utility.

X. SAMPLES/REMOVAL. As between Grantor and Grantee only, Grantee shall be solely responsible for the lawful removal, manifesting, transport, testing and disposal of any samples or other materials removed from the Property or generated as a result of the Improvement(s) and activities done pursuant to this Agreement, and shall duly and properly perform or cause to be performed any such activities that it undertakes or is required to undertake pursuant to law. The Grantee releases Grantor from liability or legal obligation for, and covenants not to sue Grantor concerning, any and all materials removed from the Property or generated as a result of Grantee's sampling and/or testing activities pursuant hereto. The Grantee states and agrees that as between the Grantee and Grantor, it is the sole Generator of any materials removed from the Property or generated as a result of its activities pursuant hereto, as the term "Generator" is used in applicable statutes and regulations concerning the removal, transport and/or disposal of hazardous materials, substances, waste or other contaminants. If requested by Grantor, the Grantee shall promptly provide to Grantor a copy of any and all reports that incorporate, or are based upon, in full or in part, data obtained from the sampling and/or testing conducted pursuant to this Agreement. This Section shall survive expiration or earlier termination of this Agreement.

XI. BREACH/STOP WORK. Any failure of Grantee, its employees or contractors to fulfill any of Grantee's obligations hereunder shall constitute a breach of this Agreement and subject Grantee to (i) issuance of a stop work notice by Grantor to Grantee, and Grantee shall direct its employees and contractors to immediately stop work until the breach is resolved to Grantor's reasonable satisfaction and/or (ii) immediate termination of this Agreement, as well as damages and costs, including attorneys' fees.

XII. APPLICABLE LAWS; VIOLATION. Grantee shall use and occupy the Easement Area in a safe and careful manner and shall comply with all applicable ordinances and regulations of the city and county in which the Easement Area is situated, the laws of the State of Colorado and of the United States of America, and all other rules of governmental authorities as may be in force and effect during the Term. If at any time the use of the Easement Area by Grantee violates said

applicable ordinances or laws, Grantee shall cease and desist from continuing such use and shall surrender the Easement Area upon demand by Grantor.

XIII. ADDITIONAL USES. Grantee understands and agrees that during the Term, facilities on the Property may be used by the public or otherwise, and Grantee shall conduct its work so as not to unreasonably interfere with such other uses.

XIV. NOTICES. All notices provided for herein shall be in writing and shall be personally delivered or mailed by registered or certified United States mail, postage prepaid, return receipt requested, to the Parties at the addresses given below or at such other address that may be specified by written notice in accordance with this Section:

Grantor: The City of Arvada
8101 Ralston Road
Arvada, CO 80001

Grantee:
Jefferson Center Metropolitan District No. 1
c/o Special District Management Services, Inc.
141 Union Boulevard, Suite 150
Lakewood, CO 80228

with a copy to:

Rachel Morris
City Attorney
City of Arvada
8101 Ralston Road
Arvada, CO 80001

McGeady Becher P.C.
450 E. 17th Avenue, Suite 400
Denver, CO 80203
Attn: Megan Becher

XV. ENTIRE AGREEMENT. This Agreement represents the entire agreement between the Parties regarding the Easement Area.

XVI. AMENDMENT. No change, alteration or modification to any of the provisions hereof shall be effective unless contained in a written agreement signed by the Parties.

XVII. SEVERABILITY. If any provision of this Agreement is held to be unenforceable for any reason, its unenforceability shall not affect the remainder of this Agreement, which shall remain in full force and effect and enforceable in accordance with its terms.

XVIII. AUTHORITY OF THE PARTIES. The Parties represent that each has taken all actions that are necessary or that are required by its procedures, bylaws, or applicable law to legally authorize the undersigned signatories to execute this Agreement on behalf of the Parties and to bind the Parties to its terms.

XIX. COUNTERPARTS. This Agreement may be executed in counterparts. Signatures on separate originals shall constitute and be of the same effect as signatures on the same original. Electronic and faxed signatures shall constitute original signatures.

[signature pages follow]

IN WITNESS WHEREOF, the Parties have executed this Agreement:

GRANTOR:

CITY OF ARVADA
a Colorado municipal corporation

By: _____

ATTEST:

Kristen Rush, City Clerk

APPROVED AS TO FORM:

Rachel Morris, City Attorney

GRANTEE:

JEFFERSON CENTER METROPOLITAN
DISTRICT NO. 1, a quasi-municipal
corporation and political subdivision of the
State of Colorado

By: _____

ATTEST
