

STC METROPOLITAN DISTRICT NO. 1

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

NOTICE OF REGULAR MEETING AND AGENDA

| <u>Board of Directors:</u> | <u>Office:</u> | <u>Term/Expires:</u> |
|----------------------------|----------------|----------------------|
| James A. Brzostowicz | President | 2020/May 2020 |
| Angie Hulsebus | Treasurer | 2020/May 2020 |
| <i>VACANT</i> | | 2022/May 2022 |
| <i>VACANT</i> | | 2022/May 2020 |
| <i>VACANT</i> | | 2020/May 2020 |
| Lisa A. Johnson | Secretary | |

DATE: November 7, 2018
TIME: 9:00 A. M.
PLACE: McGeady Becher P.C.
450 E. 17th Ave., Suite 400
Denver, CO 80203

I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

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

C. Acknowledge the resignation of Director Bob Revis effective October 24, 2018 (enclosure).

D. Review and approve Minutes of the September 5, 2018 Special Meeting (enclosure).

E. Consider Regular Meeting dates for 2019. Review and consider approval of Resolution No. 2018-11-01; Resolution Establishing Regular Meeting Dates, Time and Location, and Designating Locations for Posting of 72-Hour and 24-Hour Notices (enclosure).

F. Discuss §32-1-809, C.R.S. reporting requirements and mode of eligible elector notification (2018 SDA Website).

- G. Discuss insurance renewal, insurance schedules, and renewal of Special District Association membership.
-

II. FINANCIAL MATTERS

- A. Review and accept unaudited financial statements through the period ending September 30, 2018 and updated cash position statement dated September 30, 2018 (enclosure).
-
- B. Ratify approval of 2017 Audit.
-
- C. Consider engagement of Dazzio & Associates, P.C. for preparation of 2018 Audit in the amount not-to-exceed \$4,000 (enclosure).
-
- D. Conduct Public Hearing to consider Amendment to 2018 Budget and consider adoption of Resolution to Amend the 2018 Budget and Appropriate Expenditures (to be distributed).
-
- E. Conduct Public Hearing on the proposed 2019 Budget and consider adoption of Resolution to Adopt the 2019 Budget and Appropriate Sums of Money and Set Mill Levies for General Fund _____, Debt Service Fund _____, and Other Fund(s) _____ for a total mill levy of _____ (enclosures – Preliminary Assessed Valuation, Resolutions, and draft 2019 Budget).
-

III. LEGAL MATTERS

- A. Review current District Boundary Map (enclosure).
-

IV. ADJOURNMENT **THERE ARE NO MORE REGULAR MEETINGS SCHEDULED FOR 2018.**

Informational Enclosure:

- Memo regarding rates from Special District Management Services, Inc.

Robin Navant

From: Lisa Johnson
Sent: Wednesday, October 03, 2018 12:46 PM
To: SDMS Office
Subject: STC MD No. 2 - Director Resignation

Follow Up Flag: Follow up
Flag Status: Flagged

Categories: Red Category

All – Bob Revis gave notice today at the Board meeting that he will resign from the Board effective October 24, 2018. His notice also included his resignation from Districts 1 and 3.

Please update all resources on or after that date.

Robin - No need to publish a notice of vacancy at this time. Could you add acknowledgement of his resignation to the STC MD No. 1 and 3 agendas for November?

Thanks,
Lisa

Lisa A. Johnson
District Manager
Special District Management Services, Inc.
141 Union Blvd., Ste. 150
Lakewood, CO 80228
303-987-0835 (o)
303-987-2032 (f)

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE STC METROPOLITAN DISTRICT NO. 1 HELD SEPTEMBER 5, 2018

A Special Meeting of the Board of Directors (referred to hereafter as the "Board") of the STC Metropolitan District No. 1 (referred to hereafter as the "District") was convened on Wednesday, the 5th day of September, 2018, at 9:00 A.M., at the offices of McGeady Becher P.C., 450 E. 17th Ave., Suite 400, Denver, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

James A. Brzostowicz
Bob Revis

Also In Attendance Were:

Lisa A. Johnson and Peggy Ripko; Special District Management Services, Inc.

Megan Becher, Esq.; McGeady Becher P.C.

Mark Chambers; Simmons & Wheeler, P.C.

Sonia Chin, Bill Jencks, and Jessica Sergi (via speakerphone); Ranch Capital, LLC

Angie Hulsebus; Board Candidate

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board noted it was in receipt of disclosures of potential conflicts of interest statements for each of the Directors and that the statements had been filed with the Secretary of State at least seventy-two hours in advance of the meeting. Ms. Johnson requested that the Directors review the Agenda for the meeting and advised the Board to disclose any new conflicts of interest which had not been previously disclosed. No further disclosures were made by Directors present at the meeting.

ADMINISTRATIVE MATTERS

Agenda: Ms. Johnson distributed for the Board's review and approval a proposed Agenda for the District's Special Meeting.

RECORD OF PROCEEDINGS

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

Confirm Location of Meeting, Posting of Meeting Notices and Quorum: Ms. Johnson confirmed the presence of a quorum. The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting.

Following discussion, and upon motion duly made by Director Revis, seconded by Director Brzostowicz and, upon vote, unanimously carried, the Board determined that because there was not a suitable or convenient location within its boundaries or within 20 miles of its boundaries to conduct this meeting, the meeting would be conducted at the above-stated location. The Board further noted that the notice of the time, date and location was duly posted and that no objections to the location or any requests that the meeting place be changed were received from taxpaying electors within its boundaries.

May 2018 Election: Ms. Johnson noted for the Board that the May 8, 2018 election was cancelled, as allowed under Colorado law, by the Designated Election Official because there were not more candidates than positions available on the Board of Directors. Director Revis was deemed elected to a 4-year term ending in May, 2022.

Resignation of Director: The Board of Directors acknowledged the resignation of Director Lee Merritt, effective as of June 15, 2018.

Consideration of Appointment to the Board of Directors: The Board considered appointment of Angie Hulsebus to the Board of Directors to fill a vacancy on the Board of Directors after publication of Notice of Vacancy was published on May 11, 2018.

Following discussion, and upon motion duly made by Director Revis, seconded by Director Brzostowicz and, upon vote, unanimously carried, the Board appointed Angie Hulsebus to the Board of Directors to fill a vacancy on the Board of Directors after publication of Notice of Vacancy was published on May 11, 2018. The Oath was administered.

RECORD OF PROCEEDINGS

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

| | |
|---------------------|-------------------|
| President | James Brzostowicz |
| Treasurer | Angie Hulsebus |
| Secretary | Lisa A. Johnson |
| Assistant Secretary | Bob Revis |

Minutes: The Board reviewed the Minutes of the March 7, 2018 special meeting.

Following discussion, upon motion duly made by Director Brzostowicz seconded by Director Revis and, upon vote, unanimously carried, the Board approved the minutes of the March 7, 2018 special meeting.

FINANCIAL MATTERS

Unaudited Financial Statements: Mr. Chambers presented the unaudited financial statements for the period ending June 30, 2018 and the updated schedule of cash position for the period ending June 30, 2018.

Following review, upon motion duly made by Director Brzostowicz, seconded by Director Revis and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending June 30, 2018 and the updated schedule of cash position for the period ending June 30, 2018.

First Bank Account: The Board discussed closing the First Bank Account.

Following discussion, upon motion duly made by Director Brzostowicz, seconded by Director Revis and, upon vote, unanimously carried, the Board approved closing the First Bank Account.

2017 Audit Extension of Time: The Board considered approval of the 2017 Audit extension of time.

Following discussion, upon motion duly made by Director Revis, seconded by Director Brzostowicz and, upon vote, unanimously carried, the Board ratified approval of the 2017 Audit extension of time.

2017 Audit: It was noted that the Audit is still in process. The Board discussed who to appoint to review and approve 2017 Audit for filing.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Revis, seconded by Director Hulsebus and, upon vote, unanimously carried, the Board appointed Director Brzostowicz to review and approve the 2017 Audit for filing, subject to incorporating any final legal comments.

Preparation of 2019 Budget: The Board discussed the preparation of the 2019 Budget.

Following discussion, upon motion duly made by Director Hulsebus, seconded by Director Brzostowicz and, upon vote, unanimously carried, the Board appointed the District Accountant to prepare the 2019 Budget. The Board determined to hold the public hearing to consider adoption of the 2019 Budget on Wednesday, November 7, 2018 at 9:00 a.m. at the regular meeting location

LEGAL MATTERS

Intergovernmental Agreement Regarding Covenant Enforcement and Design

Review Services: Attorney Becher presented to the Board for consideration and approval, an Intergovernmental Agreement regarding Covenant Enforcement and Design Review Services by and between STC Metropolitan District No. 1, STC Metropolitan District No. 2, and STC Metropolitan District No. 3.

Following discussion, upon motion duly made by Director Brzostowicz, seconded by Director Revis and, upon vote, unanimously carried, the Board ratified approval of an Intergovernmental Agreement regarding Covenant Enforcement and Design Review Services by and between STC Metropolitan District No. 1, STC Metropolitan District No. 2, and STC Metropolitan District No. 3.

OTHER MATTERS

There were no other matters for discussion at this time.

ADJOURNMENT

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

Respectfully submitted,

By _____
Secretary for the Meeting

RECORD OF PROCEEDINGS

THESE MINUTES ARE APPROVED AS THE OFFICIAL SEPTEMBER 5, 2018
MINUTES OF THE STC METROPOLITAN DISTRICT NO. 1 BY THE BOARD
OF DIRECTORS SIGNING BELOW:

James A. Brzostowicz

Angie Hulsebus

Bob Revis

RESOLUTION NO. 2018-11-01

**RESOLUTION OF THE BOARD OF DIRECTORS OF
STC METROPOLITAN DISTRICT NO. 1
ESTABLISHING REGULAR MEETING DATES, TIME AND LOCATION, AND
DESIGNATING LOCATIONS FOR POSTING OF 72-HOUR AND 24-HOUR NOTICES**

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

B. Pursuant to Section 24-6-402(2)(c), C.R.S., special districts are required to designate annually at the board of directors of the district's first regular meeting of each calendar year, the place at which notice will be posted at least 24 hours prior to each meeting.

C. Pursuant to Section 32-1-903, C.R.S., special districts are required to post notices of regular and special meetings at three (3) public places within the district and at the office of the County Clerk and Recorder at least 72 hours prior to said meeting.

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

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

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the STC Metropolitan District No. 2 of the County of Boulder, Colorado:

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

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

3. That regular meetings of the District Board of the STC Metropolitan District No. 1 for the year 2019 shall be held on _____, 2019 and _____, 2019 at 9:00 a.m., at the offices of McGeady Becher P.C., 450 E 17th Avenue, Suite 400, Denver, Colorado in the City and County of Denver, Colorado.

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

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

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

7. Notice of Meetings of the District Board required pursuant to Section 24-6-402(2)(c), C.R.S., shall be posted within the boundaries of the District at least 24 hours prior to each meeting at the following location:

- (a) On the fence in the northwest corner of the 5' x 5' District parcel (said parcel located 91 feet north of the fence corner)

8. Notices of regular and special meetings required to be posted at three (3) public places within the District and at the office of the County Clerk and Recorder at least 72 hours prior to said meeting shall be made pursuant to Section 32-1-903, C.R.S., at the following locations:

- (a) Three locations on the fence in the northwest corner of the 5' x 5' District parcel (said parcel located 91 feet north of the fence corner)

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

RESOLUTION APPROVED AND ADOPTED on November 7, 2018.

STC METROPOLITAN DISTRICT NO. 1

By: _____
President

Attest:

Secretary

STC Metropolitan District #1
Financial Statements

September 30, 2018

ACCOUNTANT'S COMPILATION REPORT

Board of Directors
STC Metropolitan District #1

Management is responsible for the accompanying financial statements of each major fund of STC Metropolitan District #1, as of and for the period ended September 30, 2018, which are comprised of the Balance Sheet and the related Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Funds and account groups for the nine months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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

We are not independent with respect to STC Metropolitan District #1 because we performed certain accounting services that impaired our independence.

Simmons & Wheeler P.C.

October 29, 2018
Englewood, Colorado

STC Metropolitan District No 1
Balance Sheet - Governmental Funds and Account Groups
September 30, 2018

See Accountant's Compilation Report

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Total All Funds</u> |
|--|-------------------------|----------------------------------|----------------------------|
| Assets | | | |
| Current assets | | | |
| Cash in checking | \$ 488 | \$ - | \$ 488 |
| UMB PIF Supp Interest | - | - | - |
| UMB Non-PIF Supp Interest | - | - | - |
| UMB Non-PIF Supp Principal | - | - | - |
| UMB PIF Supp Res Account | - | - | - |
| UMB Restricted Project Fund | - | - | - |
| UMB Unrestricted Project Fund | - | - | - |
| Prepaid Expenses | - | - | - |
| Developer Receivable | - | - | - |
| Taxes receivable | 100 | - | 100 |
| | <u>588</u> | <u>-</u> | <u>588</u> |
| Other assets | | | |
| Amount available in debt service fund | - | - | - |
| Amount to be provided for retirement of debt | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 588</u> | <u>\$ -</u> | <u>\$ 588</u> |
| Liabilities and Equity | | | |
| Current liabilities | | | |
| Accounts payable | - | - | - |
| Due to District 2 | 100 | - | 100 |
| | <u>100</u> | <u>-</u> | <u>100</u> |
| Total liabilities | <u>100</u> | <u>-</u> | <u>100</u> |
| Fund Equity | | | |
| Investment in capital improvements | - | - | - |
| Fund balance (deficit) | 488 | - | 488 |
| Emergency reserves | - | - | - |
| | <u>488</u> | <u>-</u> | <u>488</u> |
| | <u>\$ 588</u> | <u>\$ -</u> | <u>\$ 588</u> |

STC Metropolitan District No 1
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Nine Months Ended September 30, 2018
General Fund

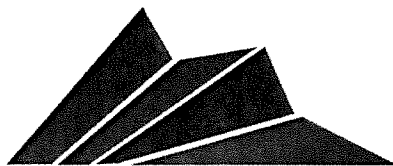
See Accountant's Compilation Report

| | <u>Annual Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|--------------------------|---------------|---|
| Revenues | | | |
| Property taxes | \$ 502 | \$ 221 | \$ (281) |
| Specific ownership taxes | 895 | 396 | (499) |
| Reimb from SURA-Operations | <u>25,689</u> | <u>1,887</u> | <u>(23,802)</u> |
| | <u>27,086</u> | <u>2,504</u> | <u>(24,582)</u> |
| Expenditures | | | |
| Miscellaneous | - | 120 | (120) |
| Treasurer's Fees | 444 | 114 | 330 |
| Transfer to District 2 | 26,629 | 2,426 | 24,203 |
| Emergency reserve | <u>13</u> | <u>-</u> | <u>13</u> |
| | <u>27,086</u> | <u>2,660</u> | <u>24,426</u> |
| Excess (deficiency) of revenues over expenditures | - | (156) | (156) |
| Fund balance - beginning | <u>-</u> | <u>644</u> | <u>644</u> |
| Fund balance - ending | <u>\$ -</u> | <u>\$ 488</u> | <u>\$ 488</u> |

STC Metropolitan District No 1
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Nine Months Ended September 30, 2018
Debt Service Fund

See Accountant's Compilation Report

| | <u>Annual Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--|--------------------------|---------------|--|
| Revenues | | | |
| Property Taxes | \$ 2,512 | \$ 2,415 | \$ (97) |
| SURA Property Tax Increment | 128,440 | 80,983 | (47,457) |
| Specific Ownership taxes | <u>4,577</u> | <u>1,388</u> | <u>(3,189)</u> |
| | <u>135,529</u> | <u>84,786</u> | <u>(50,743)</u> |
| Expenditures | | | |
| Treasurer's Fees | 2,218 | 814 | 1,404 |
| Transfer to District 2 | <u>133,311</u> | <u>83,972</u> | <u>49,339</u> |
| | <u>135,529</u> | <u>84,786</u> | <u>50,743</u> |
| Excess (deficiency) of revenues over expenditures | - | - | - |
| Fund balance - beginning | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |



Dazzo & Associates, PC

Certified Public Accountants

October 29, 2018

To the Board of Directors and Management
STC Metropolitan District No. 1
c/o Special District Management Services, Inc.
141 Union Blvd, Suite 150
Lakewood, Colorado 80228

We are pleased to confirm our understanding of the services we are to provide STC Metropolitan District No. 1 (the District) for the year ended December 31, 2018. We will audit the financial statements of the governmental activities, and each major fund including the related notes to the financial statements, which collectively comprise the basic financial statements of the District as of and for the year ended December 31, 2018.

We have also been engaged to report on supplementary information that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Schedule of Revenues, Expenditures and Changes in Fund Balance –Budget and Actual – Debt Service Fund

Audit Objective

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the Board of Directors of the District. We cannot provide assurance that unmodified opinions will be expressed.

8200 South Quebec Street, Suite A3259, Centennial, Colorado 80112

303-905-0809 • info@dazziocpa.com

• Member American Institute of Certified Public Accountants • Member Colorado Society of Certified Public Accountants •

Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

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

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with

governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also prepare the financial statements of the District in conformity with U.S. generally accepted accounting principles based on information provided by you. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

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

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

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

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

Engagement Administration, Fees and Other

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

Stephen Dazzio is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses will not exceed \$4,000. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

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

Very truly yours,

Dazzio & Associates, P.C.

RESPONSE:

This letter correctly sets forth the understanding of STC Metropolitan District No. 1.

Management signature: _____

Title: _____

Date: _____

Board signature: _____

Title: _____

Date: _____

**CERTIFICATION OF VALUATION BY
BOULDER COUNTY ASSESSOR**

New Tax Entity YES NO

Date: August 23, 2018

NAME OF TAX ENTITY: STC METROPOLITAN DISTRICT 1

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

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

| | | |
|---|--------|--------------------|
| 1. PREVIOUS YEAR'S NET TOTAL ASSESSED VALUATION: | 1. \$ | <u>\$45,437</u> |
| 2. CURRENT YEAR'S GROSS TOTAL ASSESSED VALUATION: ‡ | 2. \$ | <u>\$3,409,739</u> |
| 3. LESS TOTAL TIF AREA INCREMENTS, IF ANY: | 3. \$ | <u>\$3,351,436</u> |
| 4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION: | 4. \$ | <u>\$58,303</u> |
| 5. NEW CONSTRUCTION: * | 5. \$ | <u>\$1,049,285</u> |
| 6. INCREASED PRODUCTION OF PRODUCING MINE: ≈ | 6. \$ | <u>\$0</u> |
| 7. ANNEXATIONS/INCLUSIONS: | 7. \$ | <u>\$0</u> |
| 8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: ≈ | 8. \$ | <u>\$0</u> |
| 9. NEW PRIMARY OIL AND GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b), C.R.S.) ☐: | 9. \$ | <u>\$0</u> |
| 10. TAXES RECEIVED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(a), C.R.S.). Includes all revenue collected on valuation not previously certified: | 10. \$ | <u>\$0</u> |
| 11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a), C.R.S.) and (39-10-114(1)(a)(I)(B), C.R.S.): | 11. \$ | <u>\$0</u> |

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

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

≈ Jurisdiction must submit to the Division of Local Government respective Certifications of Impact in order for the values to be treated as growth in the limit calculation; use forms DLG52 & 52A.

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

USE FOR TABOR "LOCAL GROWTH" CALCULATION ONLY

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

| | | |
|--|--------|---------------------|
| 1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶ | 1. \$ | <u>\$25,811,953</u> |
| ADDITIONS TO TAXABLE REAL PROPERTY | | |
| 2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: * | 2. \$ | <u>\$14,573,400</u> |
| 3. ANNEXATIONS/INCLUSIONS: | 3. \$ | <u>\$0</u> |
| 4. INCREASED MINING PRODUCTION: § | 4. \$ | <u>\$0</u> |
| 5. PREVIOUSLY EXEMPT PROPERTY: | 5. \$ | <u>\$0</u> |
| 6. OIL OR GAS PRODUCTION FROM A NEW WELL: | 6. \$ | <u>\$0</u> |
| 7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT: 7. \$ | 7. \$ | <u>\$0</u> |
| (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.): | | |
| DELETIONS FROM TAXABLE REAL PROPERTY | | |
| 8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: | 8. \$ | <u>-\$1</u> |
| 9. DISCONNECTIONS/EXCLUSIONS: | 9. \$ | <u>\$0</u> |
| 10. PREVIOUSLY TAXABLE PROPERTY: | 10. \$ | <u>\$0</u> |

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

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

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

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

| | | |
|---|-------|------------|
| 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY | 1. \$ | <u>\$0</u> |
|---|-------|------------|

NOTE: ALL LEVIES MUST BE CERTIFIED to the COUNTY COMMISSIONERS NO LATER THAN DECEMBER 15.

RESOLUTION NO. 2018 - 11 - ____
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE STC METROPOLITAN DISTRICT NO. 1
TO ADOPT THE 2019 BUDGET AND APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the STC Metropolitan District No. 1 ("District") has appointed the District Accountant to prepare and submit a proposed 2019 budget to the Board at the proper time; and

WHEREAS, the District Accountant has submitted a proposed budget to this Board on or before October 15, 2018, for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on November 7, 2018, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the STC Metropolitan District No. 1:

1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the STC Metropolitan District No. 1 for the 2019 fiscal year.
2. That the budget, as hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

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

ADOPTED this 7th day of November, 2018.

Secretary

(SEAL)

EXHIBIT A
(Budget)

I, Lisa A. Johnson, hereby certify that I am the duly appointed Secretary of the STC Metropolitan District No. 1, and that the foregoing is a true and correct copy of the budget for the budget year 2019, duly adopted at a meeting of the Board of Directors of the STC Metropolitan District No. 1 held on November 7, 2018.

By: _____
Secretary

RESOLUTION NO. 2018 - 11 - ____
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE STC METROPOLITAN DISTRICT NO. 1
TO SET MILL LEVIES

WHEREAS, the Board of Directors of the STC Metropolitan District No. 1 (“District”) has adopted the 2019 annual budget in accordance with the Local Government Budget Law on November 7, 2018; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2019 Budget and Appropriate Sums of Money, and such budget is incorporated herein by this reference; and

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

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

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of STC Metropolitan District No. 1:

1. That for the purposes of meeting all general fund expenses of the District during the 2019 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.
2. That for the purposes of meeting all debt service fund expenses of the District during the 2019 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.
3. That the District Accountant of the District is hereby authorized and directed to immediately certify to the County Commissioners of Boulder County, Colorado, the mill levies for the District as set forth in the District’s Certification of Tax Levies (attached hereto as **EXHIBIT A** and incorporated herein by reference), recalculated as needed upon receipt of the final certification of valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits.

ADOPTED this 7th day of November, 2018.

Secretary

(SEAL)

EXHIBIT A
(Certification of Tax Levies)

STC Metropolitan District No. 1
Proposed Budget
General Fund
For the Year Ended December 31, 2019

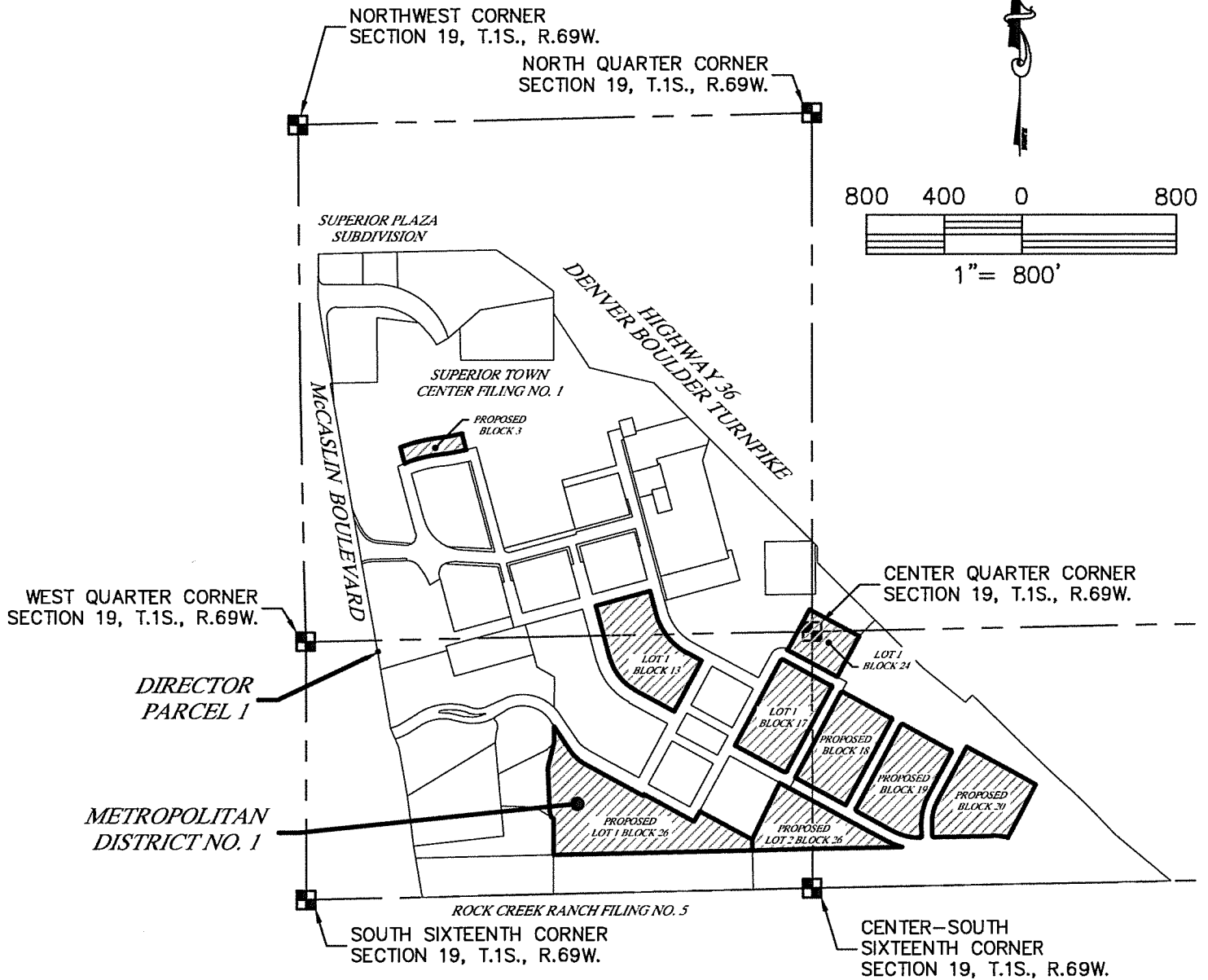
| | Actual <u>2017</u> | Adopted Budget <u>2018</u> | Actual <u>6/30/2018</u> | Estimate <u>2018</u> | Proposed Budget <u>2019</u> |
|-------------------------------------|-----------------------|----------------------------------|----------------------------|-------------------------|-----------------------------------|
| Beginning balance | \$ 884 | \$ (43) | \$ (43) | \$ (43) | \$ - |
| Revenues: | | | | | |
| Property taxes | (1,091) | 502 | 24 | 502 | 645 |
| SURA Property Tax Increment | 7,988 | 25,689 | 1,209 | 21,471 | 36,408 |
| Specific ownership taxes | 489 | 895 | 42 | 1,758 | 2,964 |
| Reimbursement from SURA | - | - | - | - | - |
| Miscellaneous Income | - | - | - | - | - |
| Total Revenue | <u>7,386</u> | <u>27,086</u> | <u>1,275</u> | <u>23,731</u> | <u>40,017</u> |
| Total Funds Available | <u>8,270</u> | <u>27,043</u> | <u>1,232</u> | <u>23,688</u> | <u>40,017</u> |
| Expenditures: | | | | | |
| Miscellaneous | 179 | - | 120 | 180 | - |
| Treasurer's Fees | - | 444 | - | 8 | 10 |
| Total expenditures | <u>179</u> | <u>444</u> | <u>120</u> | <u>188</u> | <u>10</u> |
| Transfers and Reserves | | | | | |
| Transfer to STCMD No. 2 | 8,134 | 26,629 | 1,155 | 23,500 | 40,007 |
| Emergency Reserve | - | 13 | - | - | - |
| Total Transfers and Reserves | <u>8,134</u> | <u>26,642</u> | <u>1,155</u> | <u>23,500</u> | <u>40,007</u> |
| Ending balance | <u>\$ (43)</u> | <u>\$ (43)</u> | <u>\$ (43)</u> | <u>\$ -</u> | <u>\$ -</u> |
| Assessed Valuation | | <u>\$ 45,437</u> | | | <u>\$ 58,303</u> |
| Mill Levy | | <u>11.056</u> | | | <u>11.056</u> |

STC Metropolitan District No. 1
Proposed Budget
Debt Service Fund
For the Year Ended December 31, 2019

| | Actual <u>2017</u> | Adopted Budget <u>2018</u> | Actual <u>6/30/2018</u> | Estimate <u>2018</u> | Proposed Budget <u>2019</u> |
|-------------------------------------|-----------------------|----------------------------------|----------------------------|-------------------------|-----------------------------------|
| Beginning balance | \$ - | \$ (6,225) | \$ (6,225) | \$ (6,225) | \$ - |
| Revenues: | | | | | |
| Property taxes | (9,093) | 2,512 | 12 | 2,512 | 3,223 |
| SURA Property Tax Increment | 64,494 | 128,440 | 27,942 | 109,863 | 128,440 |
| Specific Ownership Taxes | - | 4,577 | 1,508 | 8,789 | 4,577 |
| Reimbursement from SURA | - | - | 8,437 | - | - |
| Interest income | - | - | - | - | - |
| Total Revenue | <u>55,401</u> | <u>135,529</u> | <u>37,899</u> | <u>121,164</u> | <u>136,240</u> |
| Total Funds Available | <u>55,401</u> | <u>129,304</u> | <u>31,674</u> | <u>114,939</u> | <u>136,240</u> |
| Expenditures: | | | | | |
| Treasurer's Fees | 3 | 2,218 | - | 38 | 48 |
| Paying agent fees | - | - | - | - | - |
| Total expenditures | <u>3</u> | <u>2,218</u> | <u>-</u> | <u>38</u> | <u>48</u> |
| Transfers and Reserves | | | | | |
| Transfer to STCMD No. 2 | 61,623 | 133,244 | 37,899 | 114,901 | 136,192 |
| Emergency Reserve | - | 67 | - | - | - |
| Total Transfers and Reserves | <u>61,623</u> | <u>133,311</u> | <u>37,899</u> | <u>114,901</u> | <u>136,192</u> |
| Ending balance | <u>\$ (6,225)</u> | <u>\$ (6,225)</u> | <u>\$ (6,225)</u> | <u>\$ -</u> | <u>\$ -</u> |
| Assessed Valuation | | <u>\$ 45,437</u> | | | <u>\$ 58,303</u> |
| Mill Levy | | <u>55.278</u> | | | <u>55.278</u> |
| Total Mill Levy | | <u>66.334</u> | | | <u>66.334</u> |

66441

Sht 1 of 2



NOTE: This exhibit drawing is not intended to be a monumented land survey. It's sole purpose is as a graphic representation to aid in the visualization of the written property description which it accompanies. The written property description supersedes the exhibit drawing.



KING SURVEYORS

650 E. Garden Drive | Windsor, Colorado 80550

phone: (970) 686-5011 | fax: (970) 686-5821

www.kingsurveyors.com

PROJECT NO: 2012219

DATE: 2/4/2016

CLIENT: CIVIL RESOURCES

DWG: 2012219EXH-METRO-3

DRAWN: CSK CHECKED: SAL

Sht 2 of 2

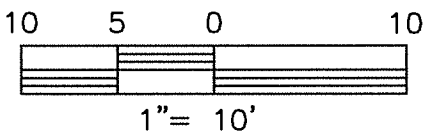
MCCASLIN BOULEVARD

SUPERLOT 2
DISCOVERY / SUPERIOR TOWN
CENTER FILING NO. 1B



DIRECTOR PARCEL 1

NOTE: This exhibit drawing is not intended to be a monumented land survey. It's sole purpose is as a graphic representation to aid in the visualization of the written property description which it accompanies. The written property description supersedes the exhibit drawing.



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PROJECT NO: 2012219

DATE: 2/4/2016

CLIENT: CIVIL RESOURCES

DWG: 2012219EXH-METRO-3

DRAWN: CSK CHECKED: SAL



Special District
Management
Services, Inc.

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

MEMORANDUM

TO: Board of Directors

FROM: Deborah D. McCoy
President

DATE: September 1, 2018

RE: Notice of 2019 Rate Increase

In accordance with the Management Agreement (“Agreement”) between the District and Special District Management Services, Inc. (“SDMS”), at the time of the annual renewal of the Agreement, the hourly rate described in Article III for management services shall increase. Our current rates are \$137.00 per hour for management, administration and accounting, field services are \$70 per hour and utility billing is \$65.00 per hour. The new rates will be \$140.00/hr. for management administration and accounting. Field services and utility locates will be \$75.00/hr. At this time, no change will be made to the utility billing rate of \$65.00 per hour.

We hope you will understand that it is necessary to increase our rates so that we may continue to provide the best and most efficient management services you expect from SDMS.