

STC 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 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 |
| Bob Revis | Assistant Secretary | 2022/May 2022 |
| <i>VACANT</i> | | 2022/May 2020 |
| <i>VACANT</i> | | 2020/May 2020 |
| Lisa A. Johnson | Secretary | |

DATE: October 3, 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.

II. CONSENT AGENDA

- Approve Minutes of the September 5, 2018 Regular Meeting (enclosure).
 - Ratify approval of Vargas Property Services, Inc. for 2018/2019 snow removal services (enclosure).
 - Change Order No. 11, Superior Town Center - Phase 1 Final Plan Sidewalks/Parking/Landscaping under the Contract between the District and SAMORA Construction.
 - Change Order No. 2, Village Green Park under the Contract between the District and SAMORA Construction.
 - Change Order No. 3, Superior Town Center – FDP 2/FDP 3 Phase 1 South Courtyard under the Contract between the District and SAMORA Construction.
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III. FINANCIAL MATTERS

- A. Review and ratify approval of payment of claims for the following period (enclosure):

| Fund | Period Ending Sept. 24, 2018 |
|--------------|---------------------------------|
| General | \$ 20,831.21 |
| Debt | \$ -0- |
| Capital | \$ 10,457.11 |
| Total | \$ 31,288.32 |

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- B. Review and accept unaudited financial statements through the period ending August 31, 2018 and updated cash position statement dated August 31, 2018 (enclosure).

-
- C. Ratify approval of 2017 Audit.

-
- D.
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IV. LEGAL MATTERS

- A. Discuss status of First Amendment to Facilities Funding and Acquisition Agreement between the District and RC Superior, LLC.

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- B. Discuss status of parking garage conveyance.

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- C. Discuss information received from the Colorado Department of Public Health and Environment regarding Stormwater Management Plan. ADJOURN TO EXECUTIVE SESSION, IF NECESSARY.

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- D. Discussion regarding update to Rules and Regulations, including update related to stormwater management plan.
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E. Ratify approval of Engagement Letter for limited retention of legal counsel, Nathan Dumm & Mayer P.C. regarding third party subpoena between JD Enterprises and Hall-Irwin and The Guarantee Company of North America (enclosure).

F. Discuss receipt of and response to Third Party Subpoena to Produce. ADJOURN TO EXECUTIVE SESSION, IF NECESSARY.

V. OPERATIONS AND MAINTENANCE

A. Discuss status of approval from the Town of Superior of Resolution Regarding the Imposition of Fees. Discuss status of updated Operations and Maintenance Analysis.

B. Status of proposals for 2019 landscape maintenance services contracts.

C.

VI. CAPITAL PROJECTS

A. Review and accept improvement costs in the amount of \$790,429.34 under that certain Final Engineers Report and Certification No. 38 prepared by Manhard Consulting, Ltd. (enclosure).

B. Review and accept improvement costs in the amount of \$1,008,881.48 under that certain Final Engineers Report and Certification No. 39 prepared by Manhard Consulting, Ltd. (enclosure).

VII. DEVELOPER UPDATE

A. Status of lot and home sales.

VIII. OTHER MATTERS

A.

STC Metropolitan District No. 2
October 3, 2018 Agenda
Page 4

IX. ADJOURNMENT **THE NEXT MEETING IS SCHEDULED FOR NOVEMBER 7, 2018/BUDGET HEARING.**

Informational Enclosure:

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

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE STC METROPOLITAN DISTRICT NO. 2 HELD SEPTEMBER 5, 2018

A Regular Meeting of the Board of Directors (referred to hereafter as the "Board") of the STC Metropolitan District No. 2 (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 Avenue, Suite 400, Denver, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

James A. Brzostowicz
Bob Revis
Angie Hulsebus

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

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 Regular Meeting.

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

RECORD OF PROCEEDINGS

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, upon motion duly made by Director Hulsebus, 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, it was determined to conduct the meeting 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.

CONSENT AGENDA

The Board considered the following actions:

- Approve Minutes of the August 8, 2018 Special Meeting.
- Ratify award of contract for the Superior Town Center- FDP1 Phase 2B- Infrastructure Block 15 Superior Drive and Central Parkway Project to Hudick Excavating, Inc., d/b/a HEI Civil, in an amount not to exceed \$819,400.

Following discussion, upon motion duly made by Director Brzostowicz, seconded by Director Revis and, upon vote, unanimously carried, the Board approved and/or ratified approval of, as appropriate, the above actions.

FINANCIAL MATTERS

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

| Fund | Period Ending Aug. 17 2018 |
|--------------|-------------------------------|
| General | \$ 7,159.46 |
| Debt | \$ -0- |
| Capital | \$ 13,407.89 |
| Total | \$ 20,567.35 |

Following discussion, upon motion duly made by Director Hulsebus, seconded by Director Revis and, upon vote, unanimously carried, the Board ratified approval of the payment of claims, as presented.

Unaudited Financial Statements: Mr. Chambers presented the unaudited financial statements for the period ending July 31, 2018 and the updated schedule of cash position for the period ending July 31, 2018.

RECORD OF PROCEEDINGS

Following review, upon motion duly made by Director Revis, seconded by Director Hulsebus and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending July 31, 2018 and the updated schedule of cash position for the period ending July 31, 2018.

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.

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.

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

Following discussion, upon motion duly made by Director Revis, 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

Status of First Amendment to Facilities Funding and Acquisition Agreement between the District and RC Superior, LLC: Attorney Becher reported to the Board on the status of the First Amendment to Facilities Funding and Acquisition Agreement as a work in progress.

Parking Garage Conveyance: Attorney Becher reported that The Medical Office Building owner is working through some final tax issues with the seller.

Colorado Department of Public Health and Environment (“CDPHE”)– Stormwater Management Plan: Ms. Johnson reported to the Board that the Colorado Department of Public Health and Environment has preapproved the SEP Project. A meeting has been scheduled to discuss final approval and final fine amount.

Rules and Regulations: It was noted there was no new report.

OPERATIONS / MAINTENANCE

Resolution Regarding Imposition of Fees: No new information was provided on the status of approval from the Town of Superior of the Resolution Regarding Imposition of Fees, or the updated Operations and Maintenance Analysis. Work is still in progress.

RECORD OF PROCEEDINGS

Proposals for 2018-2019 Snow Removal Services Contract: Ms. Ripko received two proposals from Brightview Landscape Services, Inc. and Vargas Property Services, Inc. for 2018-2019 snow removal services.

Following discussion, upon motion duly made by Director Revis, seconded by Director Hulsebus and, upon vote, unanimously carried, the Board approved the proposal from Vargas Property Services, Inc. for 2018-2019 snow removal services.

Landscape Maintenance Proposals: Ms. Ripko will have proposals for landscape maintenance services available to discuss at the October meeting.

CAPITAL PROJECTS

Final Engineer's Report and Certification No. 37 prepared on July 31, 2018 Ms. Johnson reviewed with the Board the improvement costs under the Final Engineer's Report and Certification #37, dated July 31, 2018, prepared by Manhard Consulting, Ltd.

Following discussion, upon motion duly made by Director Revis, seconded by Director Brzostowicz and, upon vote, unanimously carried, the Board accepted the improvement costs in the approximate amount of \$1,019,716.46 under that certain Final Engineer's Report and Certification #37, dated July 31, 2018, prepared by Manhard Consulting, Ltd.

Final Engineer's Report and Certification No. 38 prepared on August 23, 2018 The Board deferred discussion regarding the improvement costs under the Final Engineer's Report and Certification #38, dated August 23, 2018, prepared by Manhard Consulting, Ltd. until the October meeting.

Change Order No. 11, Superior Town Center - Phase 1 Final Plan Sidewalks/Parking/Landscaping under the Contract between the District and SAMORA Construction.: Director Revis reviewed with the Board Change Order No. 11, Superior Town Center - Phase 1 Final Plan Sidewalks/Parking/Landscaping under the Contract between the District and SAMORA Construction in the amount of \$6,900.00.

Following discussion, upon motion duly made by Director Brzostowicz, seconded by Director Revis, and, upon vote, unanimously carried, the Board approved Change Order No. 11, Superior Town Center - Phase 1 Final Plan Sidewalks/Parking/Landscaping under the Contract between the District and SAMORA Construction in the amount of \$6,900.00.

RECORD OF PROCEEDINGS

Change Order No. 2, Village Green Park under the Contract between the District and SAMORA Construction: Director Revis reviewed with the Board Change Order No. 2, Village Green Park under the Contract between the District and SAMORA Construction in the amount of \$4,298.32.

Following discussion, upon motion duly made by Director Brzostowicz, seconded by Director Revis, and, upon vote, unanimously carried, the Board approved Change Order No. 2, Village Green Park under the Contract between the District and SAMORA Construction in the amount of \$4,298.32.

Change Order No. 3, Superior Town Center – FDP 2/FDP 3 Phase 1 South Courtyard under the Contract between the District and SAMORA Construction: Director Revis reviewed with the Board Change Order No. 3, Superior Town Center – FDP 2/FDP 3 Phase 1 South Courtyard under the Contract between the District and SAMORA Construction in the amount of \$59,370.12.

Following discussion, upon motion duly made by Director Brzostowicz, seconded by Director Revis, and, upon vote, unanimously carried, the Board approved Change Order No. 3 Superior Town Center – FDP 2/FDP 3 Phase 1 South Courtyard under the Contract between the District and SAMORA Construction in the amount of \$59,370.12.

**DEVELOPER
UPDATE**

Lot and Home Sales: Mr. Jencks provided an update on lot and home sales.

OTHER MATTERS

There are no other matters at this time.

ADJOURNMENT

There being no further business to come before the Board at this time, upon a 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. 2 BY THE BOARD
OF DIRECTORS SIGNING BELOW:

James A. Brzostowicz

Bob Revis

Angie Hulsebus

SERVICE AGREEMENT FOR SNOW REMOVAL

THIS SERVICE AGREEMENT FOR SNOW REMOVAL ("**Agreement**") is entered into and effective as of the [21st] day of September, 2018, by and between **STC METROPOLITAN DISTRICT NO. 2**, a quasi-municipal corporation and political subdivision of the State of Colorado (the "**District**"), and **VARGAS PROPERTY SERVICES, INC.**, a Colorado corporation (the "**Consultant**") (each a "**Party**" and, collectively, the "**Parties**").

RECITALS

- A. The District was organized pursuant to the laws of the State of Colorado in order to construct, operate and maintain certain public facilities and improvements in accordance with its service plan.
- B. Pursuant to Section 32-1-1001(1)(d)(I), C.R.S., the District is permitted to enter into contracts and agreements affecting the affairs of the District.
- C. The Consultant has experience in providing the services, as set forth in Exhibit A hereto, attached and incorporated herein (the "**Services**"), and is willing to provide such Services to the District for reasonable consideration.
- D. The Parties desire to enter into this Agreement to establish the terms by which the Consultant will provide the Services to the District.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

I. CONSULTANT DUTIES AND AUTHORITY

1.1 Duties of Consultant. The Consultant shall:

- (a) Perform the Services, safely and in accordance with the highest standard of care, skill, and diligence provided by a professional consultant in performance of work similar to the Services.
- (b) Be properly qualified to perform the Services. The Consultant does hereby warrant that the quality of the Services shall be as specified in this Agreement, shall conform in all respects to the requirements of this Agreement and shall be free of defects and deficiencies.
- (c) Take all precautions necessary for safely and prudently conducting the Services required by this Agreement, including maintaining insurance as required under Section 4.2 hereof.

(d) Advise the District of the status of the Services required by this Agreement on a regular basis and work in coordination with the District's consultants to assure that the District has the most complete information available for the exercise of the District's powers and discretionary authority.

(e) Refrain from entering into any contract, oral or written, in the name of the District, and from incurring any debt, liability or obligation for or on behalf of the District. All obligations incurred by the Consultant shall be obligations of the Consultant and the Consultant shall hold the District harmless therefrom.

1.2 Limitations on Authority.

(a) The Consultant shall have no right or authority, expressed or implied, to take any action, expend any sum, incur any obligation, or otherwise obligate the District in any manner whatsoever, except to the extent specifically provided in this Agreement or specifically authorized or ratified by the board of directors of the District as reflected in the minutes of the District board meetings. The Consultant shall at all times conform to the stated policies established and approved by the District.

(b) Independent Contractor Status. The Consultant is an independent contractor, as provided in Section 8-40-202(2)(b)(I)-(IV), C.R.S., as amended, and nothing herein contained shall constitute or designate the Consultant or any of its employees, agents, subcontractors or suppliers as employees of the District. The Services to be performed by the Consultant shall be at its sole cost, risk and expense, and no part of the cost thereof shall be charged to the District, except the payments to be made by the District to the Consultant for the Services performed as provided herein. The District shall not be responsible for the Consultant's means, methods, techniques, sequences or procedures of work or for safety precautions incident thereto. **The Consultant is not entitled to workers' compensation benefits and the Consultant is obligated to pay federal and state income taxes on moneys earned pursuant to this Agreement.**

1.3 Compliance with Applicable Law. The Consultant shall provide the Services set forth herein in full compliance with all applicable laws, rules, and regulations of any federal, state, county, or municipal body or agency thereof having jurisdiction over the activities of the District.

1.4 No Right or Interest in District Assets. The Consultant shall have no right or interest in any of the District's assets, nor any claim or lien with respect thereto, arising out of this Agreement or the performance of the Services contemplated herein.

1.5 Certification of Compliance with Illegal Alien Statute. By its execution hereof, the Consultant confirms and ratifies all of the certifications, statements, representations and warranties set forth in **Exhibit C** attached hereto and made a part hereof by this reference.

1.6 Work Product. "Work Product" shall consist of all written materials maintained by the Consultant in connection with performance of this Agreement, including, but not limited to, all test results, logs, surveys, maps, plans, drawings, specifications, reports, PDF formatted electronic files and other documents, in whatever form. The Consultant shall maintain

reproducible copies of any test results and logs which it obtains and shall make them available for the District's use, and shall provide such copies to the District upon request at reasonable commercial printing rates. Consultant agrees all right, title and interest in the Work Product is and shall remain the property of the District. If requested by the District, Consultant shall execute and deliver such documents as shall be necessary in the District's sole discretion, to assign, transfer and convey all rights in the Work Product to the District or its assignee. If Consultant fails to execute any documents required under this Section 1.6, then Consultant hereby irrevocably appoints the District its attorney-in-fact for the purpose of executing any required transfers of ownership or interests and any other documents necessary to effectuate this Section 1.6. Further, all Work Product, whether in paper or electronic form, reproductions thereof, or any information or instruments derived therefrom, shall be provided to the District immediately upon termination of this Agreement.

II. COMPENSATION

2.1 Compensation. The Consultant shall be paid as set forth in **Exhibit B** attached hereto on a time and materials basis, unless otherwise approved in advance by the District through a written change order in form substantially as attached hereto as **Exhibit D** ("Change Order").

2.2 Monthly Invoices and Payments. The Consultant shall submit to the District a monthly invoice, in a form acceptable to the District. Invoices shall be submitted and paid no more frequently than once a month.

2.3 Expenses. The Consultant is responsible for all expenses it incurs in performance of this Agreement and shall not be entitled to any reimbursement or compensation except as set forth in **Exhibit B**, unless otherwise approved in advance by the District in writing.

2.4 Subject to Annual Budget and Appropriation; District Debt. The District does not intend hereby to create a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever. The performance of those obligations of the District hereunder requiring budgeting and appropriation of funds is subject to annual budgeting and appropriation. Nothing herein constitutes or creates an indebtedness or debt of the District within the meaning of any Colorado constitutional provision or statutory limitation.

III. TERM AND TERMINATION

3.1 Term. The term of this Agreement shall begin on the date set forth above, and shall expire on June 1, 2018. Extensions of this Agreement must be pursuant to a Change Order executed by both Parties.

3.2 Termination. The District may terminate this Agreement for convenience or for cause, in whole or in part, by written notice of termination given to the Consultant at least thirty (30) days prior to the effective date of such termination. The Consultant may terminate this Agreement for convenience or for cause, in whole or in part, by written notice of termination given to the District at least thirty (30) days prior to the effective date of such termination. Any termination notice provided pursuant to this Section 3.2 shall specify the extent of termination and the effective date of the same.

The District shall pay the Consultant for all Services satisfactorily performed through the termination date.

IV. INDEMNIFICATION AND INSURANCE

4.1 Indemnification. The Consultant hereby agrees to indemnify, defend and hold the District and its affiliated entities or other persons or entities designated by the District, and their respective directors, trustees, officers, members, managers, agents and employees (collectively, the “**Indemnitees**”), harmless from any and all liability for damage, including, but not limited to, the reimbursement of attorneys’ fees and costs, arising out of death or bodily injury to persons or damage to property, in such amount that is represented by the degree or percentage of negligence or fault attributable to the Consultant and/or its agents, representatives, subcontractors, or suppliers.

4.2 Insurance Requirements. The Consultant shall procure, at its sole cost and expense, the insurance coverages set forth below, which insurance shall be placed with insurance companies rated at least “A:XIII” by A.M. Best Company. The Consultant shall give notice to the District at least thirty (30) days prior to the cancellation or nonrenewal of such policies. The Consultant shall give notice to the District within five (5) business days, or as soon as practicable, of any modification of any such policies. Consultant’s cost of maintaining the insurances required hereunder shall not be considered a reimbursable expense of the Consultant. The Consultant shall, upon request, promptly furnish the District with copies of policies obtained pursuant to this Section 4.2. Prior to commencing the Services, the Consultant shall furnish the District with certificates evidencing such insurance and provided further, however, with respect to the Workers’ Compensation Insurance required below, the Consultant must furnish to the District, prior to the commencement of any Services, duly executed and validated forms as prescribed by the state authority having jurisdiction evidencing that such insurance is in full force and effect. The District shall not pay any invoices until Consultant provides the certificates evidencing such insurance and Workers’ Compensation coverage.

(a) Liability Insurance Coverage.

(i) Workers’ Compensation Insurance. A Workers’ Compensation Insurance Policy in form and substance reasonably acceptable to the District and in an amount not less than the statutory benefits, including Employer’s Liability Insurance with limits of liability of not less than (i) \$500,000 for bodily injury by accident, each accident; (ii) \$500,000 for bodily injury by disease, each employee; and (iii) \$500,000 aggregate liability for disease. The Workers’ Compensation Insurance Policy, or an endorsement to such policy, must include a waiver of subrogation in favor of the District.

(ii) Commercial General Liability Insurance. A Commercial General Liability Insurance Policy written on an occurrence basis, in form and substance reasonably acceptable to the District, which policy shall include, without limitation, the District as an additional insured, a waiver of subrogation endorsement in favor of the District, cross liability and severability of interest endorsements, endorsements providing that the coverage afforded by the

insurance policy or policies is primary and non-contributing with any other insurance maintained by or available to the District, and appropriate language providing the following coverages: Premises and Operations Liability; Personal Injury Liability; Broad Form Property Damage Liability; Contractual Liability supporting the Consultant's indemnification agreements in favor of the District; Completed Operations and Products Liability; and Independent Contractor's Protective Liability. The Commercial General Liability Insurance Policy must be written with a combined single limit of liability of not less than \$1,000,000 for each occurrence of bodily injury and/or property damage and an annual aggregate of liability of not less than \$2,000,000 for bodily injury and/or property damage, and an annual aggregate of liability of not less than \$2,000,000 for Completed Operations and Products Liability.

(iii) Automobile Liability Insurance. An Automobile Liability Insurance Policy written on a per accident basis, in form and substance reasonably acceptable to the District. The Automobile Liability Insurance Policy must provide coverage for all owned, hired, rented and nonowned automobiles, and must include uninsured motorist coverages. The Automobile Liability Insurance Policy must be written with a combined single limit of liability of not less than \$1,000,000 for each accident for bodily injury and/or property damage.

(iv) Excess Liability Insurance. An Excess Liability Insurance Policy written in excess of the coverages provided by the insurance policies described in the preceding Subsections 4.2(a)(i) - (iii), in form and substance reasonably acceptable to the District, which policy will include the District as additional insured. The Excess Liability Insurance Policy must be written with a combined single limit of not less than \$1,000,000 for each occurrence of bodily injury/or property damage and annual aggregate.

(b) Failure to Obtain and Obligation to Maintain Insurance. If the Consultant fails to furnish and maintain insurance as required by this Section 4.2, the District may purchase such insurance on behalf of the Consultant and deduct the cost of such insurance premium(s) from the compensation otherwise owed to the Consultant, and the Consultant shall furnish to the District any information needed to obtain such insurance. Except as otherwise expressly provided herein, all insurance policies required by the terms of this section shall be kept in full force and effect until the date of final payment to the Consultant for the Services specified in this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the foregoing insurance requirements are in no way intended to, and will not in any manner, limit or qualify the liabilities and/or indemnities assumed by the Consultant under or pursuant to this Agreement.

(c) Effect of Approval or Acceptance of Insurance. District acceptance and/or approval of any or all of the insurances required hereunder does not and shall not be construed to relieve Consultant from any obligations, responsibilities or liabilities under this Agreement.

V. MISCELLANEOUS

5.1 Assignment. The Consultant shall not assign any of its rights or delegate any of its duties hereunder to any person or entity. Any purported assignment or delegation in violation of the provisions hereof shall be void and of no effect.

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

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

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

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

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

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

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

To District: STC Metropolitan District No. 2
c/o Special District Management Services, Inc.
141 Union Blvd, Suite 150
Lakewood, CO 80228
Phone: 303-987-0835
Email: ljohnson@sdmsi.com
Attn: Lisa Johnson

With a Copy To: McGeady Becher P.C.
450 E. 17th Avenue, Suite 400
Denver, CO 80203
Phone: (303) 592-4380
Email: mbecher@specialdistrictlaw.com
Attn: Megan Becher

To Consultant: VARGAS PROPERTY SERVICES, INC.
270 Interlocken Boulevard
Broomfield, Colorado 80021
Phone: (303) 466-9196
Email: victor@vargasvps.com
Attn: Victor Vargas

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

5.9 Default/Remedies. If either Party fails to perform any of its responsibilities, obligations or agreements to be performed in accordance with the provisions of this Agreement, and if such failure of performance continues for a period of thirty (30) days following written notice of default from the other Party (or such additional period of time as may reasonably be required to cure such default; provided that the curative action is commenced within such thirty (30) day period and is diligently and continuously pursued to completion), then the non-defaulting Party, at its option, may elect (i) to treat this Agreement as remaining in full force and effect; or (ii) terminate this Agreement as of any specified date. The non-defaulting Party shall additionally be entitled to exercise all remedies available at law or in equity. In the event of any litigation or other proceeding to enforce the terms, covenants or conditions hereof, the non-defaulting Party in any such litigation or other proceeding shall obtain as part of its judgment or award its reasonable attorneys' fees.

5.10 Instruments of Further Assurance. Each Party covenants it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, such acts, instruments, and transfers as may reasonably be required for the performance of their obligations hereunder.

5.11 Compliance with Law. This Agreement is intended to be performed in accordance with and only to the extent permitted by all applicable laws, ordinances, rules, and regulations of the jurisdiction in which the Agreement is performed. The Consultant declares it has complied and will comply with all federal, state and local laws regarding business permits, certificates and licenses required to perform the Services.

5.12 Non-Waiver. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided herein, nor shall the waiver of any default hereunder be deemed to be a waiver of any subsequent default hereunder. Notwithstanding any provision to the contrary in this Agreement, no term or condition of this Agreement shall be construed or interpreted as a waiver, either expressed or implied, of any of the immunities, rights, benefits or protection provided to the District under the Colorado Governmental Immunity Act.

5.13 Inurement. This Agreement shall inure to and be binding on the heirs, executors, administrator, successors, and permitted assigns of the Parties hereto.

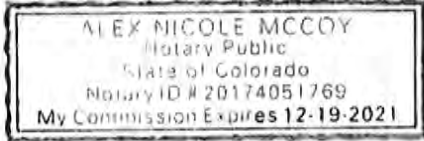
5.14 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

5.15 Conflicts. If any term or provision(s) in any Exhibit attached as part of this Agreement conflicts with any term or provision(s) in the body of this Agreement, the term or provision(s) contained in the body of this Agreement shall control.

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE TO SERVICE AGREEMENT]

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



Consultant:
VARGAS PROPERTY SERVICES, INC.
By: [Signature]
Its: Administrator

STATE OF COLORADO)
) ss.
COUNTY OF [Broomfield])

The foregoing instrument was acknowledged before me this [21st] day of September, 2018, by [Elena Neri], as [Administrator] of Vargas Property Services, Inc.

Witness my hand and official seal. Alex Nicole McCoy
My commission expires: 12-19-2021

Notary Public
District:
STC METROPOLITAN DISTRICT NO. 2
By: [Signature]
President

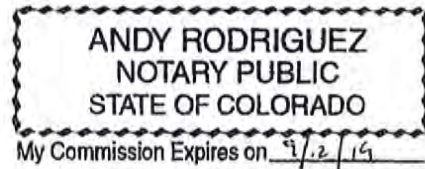
STATE OF COLORADO)
) ss.
COUNTY OF [Weld])

The foregoing instrument was acknowledged before me this [24] day of September, 2018, by [Jim Brzeski], as [President] of STC Metropolitan District No. 2.

Witness my hand and official seal.
My commission expires: 9/12/19

[Signature]

Notary Public



**EXHIBIT A
SCOPE OF SERVICES**

The Consultant will provide snow removal services for the District.

A. Minimum Accumulation Standards

Unless requested otherwise by the District, the Consultant will plow snow at a depth of two inches (2"). Unless requested otherwise by the District, the Consultant will shovel the snow at a depth of two inches (2").

B. Equipment Standards

Unless otherwise approved by the District, the Consultant will employ poly blades on all plows used for snow removal on streets and lanes.

C. Description of Services

1. Before the first snowflake, Consultant will send weather reports / forecasts, along with a brief description of our plans for servicing District property for each particular event. This will allow the Consultant and District to work together to have a plan in place for each storm so that Consultant is consistently meeting District expectations throughout the winter. There will be an experienced supervisor who keeps watch over the sites in anticipation of each event. He will set operations in motion as warranted by accumulation, or during those times when the District approves Consultant's suggestion to mitigate ice during unusually cold events. This supervisor will ensure that the plan is adhered to, or to make necessary adjustments when flexibility for a particular event is required.
2. During the event, Consultant will call to update you on its progress. If a particular event is planned, or our established service plan needs to be altered in some way, Consultant will be able to adjust "on the fly" based on staying in close contact with the District throughout the event. Consultant will ask whether we are meeting expectations or need to alter our service to do so.
3. After the event Consultant will visit the site to perform inspections to look for any thaw / refreeze areas and communicate back to the District with suggestions. Detailed accounts of the time Consultant spent on District property will be made available to ensure accuracy in invoicing.

**EXHIBIT B
COMPENSATION**

Consultant's unit rates are below:
See Attached.



2018 - 2019 Rates for Snow Removal

| | | | |
|---------------------|----|----------|------|
| Standard Plow Truck | \$ | 125.00 | /Hr. |
| 15' Scoop/Plow | \$ | 260.00 | /Hr. |
| 3 Yrd. Dump Truck | \$ | 150.00 | /Hr. |
| 5 Yrd. Dump Truck | \$ | 175.00 | /Hr. |
| RTV | | \$115.00 | /Hr. |
| ATV | \$ | 110.00 | /Hr. |
| Walker | \$ | 85.00 | /Hr. |
| Skidsteer | \$ | 125.00 | /Hr. |
| Tractor | \$ | 150.00 | /Hr. |
| Snow Blower | \$ | 75.00 | /Hr. |
| Hand Shovel | \$ | 60.00 | /Hr. |
| Ice Melt | \$ | 1.50 | /lb. |
| Ice Slicer | \$ | 225.00 | /Ton |

EXHIBIT C
CERTIFICATION OF CONSULTANT

1. Pursuant to the requirements of Section 8-17.5-102(1), C.R.S., the Consultant hereby certifies to the District that the Consultant does not knowingly employ or contract with an illegal alien who will perform work under the Agreement and that it will participate in the E-Verify Program or Department Program (as defined in Sections 8-17.5-101(3.3) and (3.7), C.R.S.) in order to confirm the employment eligibility of all employees of the Consultant who are newly hired to perform work under the Agreement.

2. In accordance with Section 8-17.5-102(2)(a), C.R.S., the Consultant shall not:

(a) Knowingly employ or contract with an illegal alien to perform work under the Agreement; or

(b) Enter into a contract with a subcontractor that fails to certify to the Consultant that the subcontractor shall not knowingly employ or contract with an illegal alien to perform work under the Agreement.

3. The Consultant represents and warrants it has confirmed the employment eligibility of all employees who are newly hired for employment to perform work under the Agreement through participation in either the E-Verify Program or the Department Program.

4. The Consultant is prohibited from using either the E-Verify Program or the Department Program procedures to undertake pre-employment screening of job applicants while the Agreement is in effect.

5. If the Consultant obtains actual knowledge that a subcontractor performing work under the Agreement knowingly employs or contracts with an illegal alien, the Consultant shall:

(a) Notify the subcontractor and the District within three (3) days that the Consultant has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and

(b) Terminate the subcontract with the subcontractor if within three (3) days of receiving the notice the subcontractor does not stop employing or contracting with the illegal alien; except that the Consultant shall not terminate the contract with the subcontractor if during such three days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

6. The Consultant shall comply with any reasonable request by the Colorado Department of Labor and Employment ("**Department**") made in the course of an investigation that the Department is undertaking, pursuant to the law.

7. If the Consultant violates any provision of Section 8-17.5-102(1), C.R.S., the District may terminate the Agreement immediately and the Consultant shall be liable to the District for actual and consequential damages of the District resulting from such termination, and the District shall report such violation by the Consultant to the Colorado Secretary of State, as required by law.

EXHIBIT D
FORM OF CHANGE ORDER

| | |
|--|--|
| Change Order No: | Date Issued: |
| Name of Agreement: SERVICE AGREEMENT FOR SNOW REMOVAL | |
| Date of Agreement: | District(s): STC METROPOLITAN DISTRICT NO. 2 |
| Other Party/Parties: VARGAS PROPERTY SERVICES, INC. | |

| |
|--|
| CHANGE IN SCOPE OF SERVICES (describe): |
|--|

| CHANGE IN AGREEMENT PRICE: | CHANGE IN TERM OF AGREEMENT: |
|--|--|
| Original Price: \$ _____ | Original Term: Expires _____, 20 |
| Increase of this Change Order: \$ _____ | New Term: Expires _____, 20 |
| Price with all Approved Change Orders: \$ _____ | Agreement Time with all Approved Change Orders: _____ |

| | |
|------------------|-------|
| APPROVED: | |
| By: | _____ |
| District | _____ |

| | |
|-------------------|-------|
| APPROVED: | |
| By: | _____ |
| Consultant | _____ |

| Check No and Date | Payee | Invoice No | GL Account Title | GL Acct | Amount | Total |
|-------------------|--------------------------------|-----------------|------------------|---------|----------|-----------|
| 1290 | | | | | | |
| 09/24/2018 | Manhard Consulting | 36620 | Engineering | 3-784 | 3,120.00 | 3,120.00 |
| 09/24/2018 | Manhard Consulting | 37184 | Contingency | 1-795 | 997.50 | 997.50 |
| 09/24/2018 | Manhard Consulting | 38077 | Engineering | 3-784 | 1,720.00 | 1,720.00 |
| 09/24/2018 | Manhard Consulting | 38080 | Engineering | 3-784 | 2,120.00 | 2,120.00 |
| Total 1290: | | | | | | 7,957.50 |
| 1291 | | | | | | |
| 09/24/2018 | McGeady Becher P.C. | 1190B AUGUST 20 | Legal | 3-675 | 2,961.85 | 2,961.85 |
| 09/24/2018 | McGeady Becher P.C. | 1190B AUGUST 20 | Legal | 1-675 | 1,153.25 | 1,153.25 |
| Total 1291: | | | | | | 4,115.10 |
| 1292 | | | | | | |
| 09/24/2018 | Simmons & Wheeler, P.C. | 23050 | Accounting | 3-612 | 535.26 | 535.26 |
| 09/24/2018 | Simmons & Wheeler, P.C. | 23050 | Accounting | 1-612 | 535.27 | 535.27 |
| Total 1292: | | | | | | 1,070.53 |
| 1293 | | | | | | |
| 09/24/2018 | Special Dist Management Svcs | #1 AUGUST 2018 | Management | 1-680 | 636.70 | 636.70 |
| 09/24/2018 | Special Dist Management Svcs | #2 AUGUST 2018 | Management | 1-680 | 3,189.79 | 3,189.79 |
| 09/24/2018 | Special Dist Management Svcs | #2 AUGUST 2018 | Accounting | 1-612 | 726.10 | 726.10 |
| 09/24/2018 | Special Dist Management Svcs | #2 AUGUST 2018 | Covenant Control | 1-682 | 351.50 | 351.50 |
| 09/24/2018 | Special Dist Management Svcs | #3 AUGUST 2018 | Management | 1-680 | 68.50 | 68.50 |
| Total 1293: | | | | | | 4,972.59 |
| 1294 | | | | | | |
| 09/24/2018 | Town of Superior | 290 9/18 | Utilities | 1-704 | 156.17 | 156.17 |
| 09/24/2018 | Town of Superior | 411 9/18 | Utilities | 1-704 | 1,432.97 | 1,432.97 |
| 09/24/2018 | Town of Superior | 438 9/18 | Utilities | 1-704 | 13.37 | 13.37 |
| Total 1294: | | | | | | 1,602.51 |
| 1295 | | | | | | |
| 09/24/2018 | Vargas Property Services, Inc. | 27393 | Utilities | 1-704 | 1,507.14 | 1,507.14 |
| 09/24/2018 | Vargas Property Services, Inc. | 27394 | Utilities | 1-704 | 1,200.00 | 1,200.00 |
| 09/24/2018 | Vargas Property Services, Inc. | 27402 | Utilities | 1-704 | 7,920.00 | 7,920.00 |
| Total 1295: | | | | | | 10,627.14 |
| 1296 | | | | | | |
| 09/24/2018 | Xcel Energy | 605238342 | Utilities | 1-704 | 153.35 | 153.35 |
| 09/24/2018 | Xcel Energy | 605242068 | Utilities | 1-704 | 131.04 | 131.04 |
| 09/24/2018 | Xcel Energy | 605243010 | Utilities | 1-704 | 172.18 | 172.18 |
| 09/24/2018 | Xcel Energy | 605249558 | Utilities | 1-704 | 163.43 | 163.43 |
| Total 1296: | | | | | | 620.00 |
| Grand Totals: | | | | | | 30,965.37 |

| <u>Check Issue Date</u> | <u>Check Number</u> | <u>Payee</u> | <u>Amount</u> |
|-----------------------------|-------------------------|--------------------|---------------|
| 09/24/2018 | 9105 | Brzostowicz, James | |
| 09/24/2018 | 9106 | Revis, Robert | 92.35 |
| 09/24/2018 | 9107 | Hulsebus, Angie | 92.35 |
| Grand Totals: | | | |
| | <u>3</u> | | <u>184.70</u> |

**STC Metropolitan District No.2
September-18**

| | General | Debt | Capital | Totals |
|---|--------------------|---------------|--------------------|--------------------|
| Disbursements | \$ 20,508.26 | \$ - | \$ 10,457.11 | \$ 30,965.37 |
| Qtr Payroll Tax | \$ - | \$ - | \$ - | \$ - |
| Payroll | \$ 300.00 | \$ - | \$ - | \$ 300.00 |
| Payroll Taxes District Portion | \$ 22.95 | \$ - | \$ - | \$ 22.95 |
| Total Disbursements from Checking Acct | \$20,831.21 | \$0.00 | \$10,457.11 | \$31,288.32 |

STC Metropolitan District #2
Financial Statements

August 31, 2018

ACCOUNTANT'S COMPILATION REPORT

Board of Directors
STC Metropolitan District #2

Management is responsible for the accompanying financial statements of each major fund of STC Metropolitan District #2, as of and for the period ended August 31, 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 eight 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 #2 because we performed certain accounting services that impaired our independence.

Simmons & Wheeler P.C.

September 24, 2018
Englewood, Colorado

STC Metropolitan District No 2
Balance Sheet - Governmental Funds and Account Groups
August 31, 2018

See Accountant's Compilation Report

| | General Fund | Debt Service Fund | Capital Projects Fund | Account Groups | Total All Funds |
|---|-------------------|-------------------------|-----------------------------|----------------------|----------------------|
| Assets | | | | | |
| Current assets | | | | | |
| Cash in checking | \$ 63,130 | \$ - | \$ 111,571 | \$ - | \$ 174,701 |
| UMB PIF Supp Interest | - | 21,884 | - | - | 21,884 |
| UMB Non-PIF Supp Interest | - | 149 | - | - | 149 |
| UMB Non-PIF Surplus | - | - | 881,343 | - | 881,343 |
| UMB Non-PIF Supp Principal | - | 1,190,123 | 2,685 | - | 1,192,808 |
| UMB PIF Supp Res Account | - | 1,603,442 | - | - | 1,603,442 |
| UMB Restricted Project Fund | - | - | - | - | - |
| UMB Unrestricted Project Fund | - | - | - | - | - |
| Prepaid Expenses | - | - | - | - | - |
| Developer Receivable | 20,000 | - | 10,000 | - | 30,000 |
| SURA Taxes Receivable | - | - | - | - | - |
| Taxes receivable | - | - | - | - | - |
| Due to/from Other funds | <u>65,162</u> | <u>(65,162)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>148,292</u> | <u>2,750,436</u> | <u>1,005,599</u> | <u>-</u> | <u>3,904,327</u> |
| Other assets | | | | | |
| Amount available in debt service fun | - | - | - | 2,750,436 | 2,750,436 |
| Amount to be provided for retirement of debt | <u>-</u> | <u>-</u> | <u>-</u> | <u>40,533,015</u> | <u>40,533,015</u> |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>43,283,451</u> | <u>43,283,451</u> |
| | <u>\$ 148,292</u> | <u>\$ 2,750,436</u> | <u>\$ 1,005,599</u> | <u>\$ 43,283,451</u> | <u>\$ 47,187,778</u> |
| Liabilities and Equity | | | | | |
| Current liabilities | | | | | |
| Accounts payable | 31,115 | - | - | - | 31,115 |
| Retainage Payable | - | - | 388,141 | - | 388,141 |
| Payroll Taxes Payable | <u>\$ 154</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 154</u> |
| | <u>31,269</u> | <u>-</u> | <u>388,141</u> | <u>-</u> | <u>419,410</u> |
| Bonds Payable - Series 2015A | - | - | - | 17,055,000 | 17,055,000 |
| Bonds Payable - Series 2015B | - | - | - | 7,000,000 | 7,000,000 |
| Unpaid interest Series 2015B | - | - | - | 1,013,553 | 1,013,553 |
| Developer Note - O&M | - | - | - | 659,196 | 659,196 |
| Accrued Int Dev Note - O&M | - | - | - | 191,910 | 191,910 |
| Developer Note - Capital | - | - | - | 14,826,757 | 14,826,757 |
| Accrued Int Dev Note - Capital | - | - | - | 3,011,898 | 3,011,898 |
| Bond Discount | - | - | - | (474,863) | (474,863) |
| Total liabilities | <u>31,269</u> | <u>-</u> | <u>388,141</u> | <u>43,283,451</u> | <u>43,702,861</u> |
| Fund Equity | | | | | |
| Investment in capital improvements | - | - | - | - | - |
| Fund balance (deficit) | 109,219 | 2,750,436 | 617,458 | - | 3,477,113 |
| Emergency reserves | <u>7,804</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,804</u> |
| | <u>117,023</u> | <u>2,750,436</u> | <u>617,458</u> | <u>-</u> | <u>3,484,917</u> |
| | <u>\$ 148,292</u> | <u>\$ 2,750,436</u> | <u>\$ 1,005,599</u> | <u>\$ 43,283,451</u> | <u>\$ 47,187,778</u> |

STC Metropolitan District No 2
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Eight Months Ended August 31, 2018
General Fund

See Accountant's Compilation Report

| | Annual <u>Budget</u> | <u>Actual</u> | Variance Favorable <u>(Unfavorable)</u> |
|--|-------------------------|-------------------|---|
| Revenues | | | |
| Property taxes | \$ 197 | \$ 8 | \$ (189) |
| Specific ownership taxes | 724 | 226 | (498) |
| SURA Property Tax Increment | 47,951 | - | (47,951) |
| O&M Fees | 27,600 | - | (27,600) |
| Developer Advance | 98,321 | 194,713 | 96,392 |
| Miscellaneous/Interest Income | 2,000 | - | (2,000) |
| Transfer from District 1 | 26,629 | 2,426 | (24,203) |
| Transfer from District 3 | 5,053 | 19 | (5,034) |
| | <u>208,475</u> | <u>197,392</u> | <u>(11,083)</u> |
| Expenditures | | | |
| Accounting | 35,000 | 9,413 | 25,587 |
| Audit | 10,000 | - | 10,000 |
| Directors' Fees | 4,800 | 1,700 | 3,100 |
| Insurance/SDA Dues | 15,000 | 12,844 | 2,156 |
| Election | 15,000 | 2,009 | 12,991 |
| Legal | 40,000 | 11,336 | 28,664 |
| Management | 40,000 | 32,301 | 7,699 |
| Miscellaneous | 4,000 | 733 | 3,267 |
| Aweida Inclusion Expense | - | 1,810 | (1,810) |
| O&M - Covenant Control | 17,720 | 4,266 | 13,454 |
| O&M - Field Services | 1,500 | 2,531 | (1,031) |
| O&M - Landscaping | 21,060 | 40,094 | (19,034) |
| O&M - Equipment | 1,420 | - | 1,420 |
| O&M - Utilities | 3,000 | 6,509 | (3,509) |
| O&M - Monumentation | 2,000 | - | 2,000 |
| O&M - Roads & Sidewalks | 38,840 | 22,025 | 16,815 |
| O&M - Mailboxes | 750 | - | 750 |
| O&M - Reserve | 5,900 | - | 5,900 |
| Treasurer's Fees | 819 | - | 819 |
| Payroll Taxes | 300 | 130 | 170 |
| Utilities | 3,000 | 2,762 | 238 |
| Emergency reserve | 7,804 | - | 7,804 |
| | <u>267,913</u> | <u>150,463</u> | <u>117,450</u> |
| Excess (deficiency) of revenues over expenditures | (59,438) | 46,929 | 106,367 |
| Fund balance - beginning | <u>59,438</u> | <u>70,094</u> | <u>10,656</u> |
| Fund balance - ending | <u>\$ -</u> | <u>\$ 117,023</u> | <u>\$ 117,023</u> |

STC Metropolitan District No 2
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Eight Months Ended August 31, 2018
Debt Service Fund

See Accountant's Compilation Report

| | <u>Annual Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--|--------------------------|---------------------|--|
| Revenues | | | |
| Property Taxes | \$ 689 | \$ 211,107 | \$ 210,418 |
| SURA Property Tax Increment | 1,527,446 | 1,005,978 | (521,468) |
| Specific Ownership taxes | 4,577 | 4,290 | (287) |
| PIF-Property Tax | - | - | - |
| Interest income | 18,000 | 23,619 | 5,619 |
| Transfer from STCMD No. 1 | 133,244 | 83,972 | (49,272) |
| Transfer from STCMD No. 3 | 10,107 | 3,337 | (6,770) |
| | <u>1,694,063</u> | <u>1,332,303</u> | <u>(361,760)</u> |
| Expenditures | | | |
| Bond interest - 2015A | 1,023,300 | 511,650 | 511,650 |
| Bond principal - 2015A | 280,000 | 980,000 | (700,000) |
| Miscellaneous Expense | 500 | - | 500 |
| Treasurer's Fees | 28,610 | 12,095 | 16,515 |
| Trustee / paying agent fees | 4,000 | 4,000 | - |
| | <u>1,336,410</u> | <u>1,507,745</u> | <u>(171,335)</u> |
| Excess (deficiency) of revenues over expenditures | 357,653 | (175,442) | (533,095) |
| Fund balance - beginning | <u>2,909,609</u> | <u>2,925,878</u> | <u>16,269</u> |
| Fund balance - ending | <u>\$ 3,267,262</u> | <u>\$ 2,750,436</u> | <u>\$ (516,826)</u> |

STC Metropolitan District No 2
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Eight Months Ended August 31, 2018
Capital Projects Fund

See Accountant's Compilation Report

| | Annual <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--|-------------------------|-------------------|--|
| Revenues | | | |
| Developer Advance | 3,000,000 | 6,556,997 | 3,556,997 |
| Interest | <u>20,000</u> | <u>4,519</u> | <u>(15,481)</u> |
| | <u>3,020,000</u> | <u>6,561,516</u> | <u>3,541,516</u> |
| Expenditures | | | |
| Accounting | 5,000 | 3,863 | 1,137 |
| Legal | 55,000 | 35,797 | 19,203 |
| Management | 3,500 | 96 | 3,404 |
| Construction Expenses | 4,027,849 | 5,973,610 | (1,945,761) |
| Engineering | 271,088 | 573,726 | (302,638) |
| Miscellaneous | <u>1,000</u> | <u>-</u> | <u>1,000</u> |
| | <u>4,363,437</u> | <u>6,587,092</u> | <u>(2,223,655)</u> |
| Excess (deficiency) of revenues over expenditures | (1,343,437) | (25,576) | 1,317,861 |
| Fund balance - beginning | <u>1,343,437</u> | <u>643,034</u> | <u>(700,403)</u> |
| Fund balance (deficit) - ending | <u>\$ -</u> | <u>\$ 617,458</u> | <u>\$ 617,458</u> |

NATHAN DUMM & MAYER P.C.
ATTORNEYS AT LAW

EST 1973

PROVIDING OVER 45 YEARS OF LEGAL SERVICES

J. ANDREW NATHAN
ELLIS J. MAYER
MICHAEL R. LANCTO
BERNARD WOESSNER
MARNI NATHAN KLOSTER
TIMOTHY R. FIENE
ASHLEY HERNANDEZ-SCHLAGEL
NICHOLAS C. POPPE
KAITLIN M. AKERS
BRENDEN W. DESMOND
TIMOTHY P. BERRIER

DENVER CORPORATE CENTER III
7900 EAST UNION AVENUE
SUITE 600
DENVER, COLORADO 80237-2776
PHONE: (303) 691-3737
FAX: (303) 757-5106

PETER WATSON 1923 - 2004
ANDREW J. FISHER 1965-2009
HOWARD W. BREMER Retired
MARK H. DUMM Retired

OF COUNSEL
ANNE SMITH MYERS
MARK E MACY

September 20, 2018

Board Members of STC MD #2

c/o

Lisa Johnson

141 Union Boulevard, Suite 150

Lakewood, CO 80228-1837

ljohnson@sdmsi.com

**Re: Retention Agreement for Response to Third Party Subpoena to Produce
JD Enterprises v. Hall-Irwin Corp. and The Guarantee C. of N.A.
Case No. 2018CV3031
Our file: TTFJDENT**

Dear Board Members:

This letter will confirm the limited retention of Nathan Dumm & Mayer P.C. ("firm") as counsel for STC Metropolitan District #2 (the "District") regarding the subpoena to produce, served by Plaintiff's counsel in the Arapahoe County District Court Case No. 2018CV30031 between JD Enterprises (Plaintiff) and Hall-Irwin and The Guarantee Company of North America (Defendants) concerning a dispute arising from certain infrastructure improvements at or near the intersection of US Highway 36 and McCaslin Blvd. This correspondence is intended to formalize that relationship and shall form our Retention Agreement.

Our charges will be based on hourly time rates and disbursements. We reserve the right to assign more than one lawyer to any matter. We will use paralegals and associates to otherwise lower the District's potential bill. Our hourly billing rates will be as follows:

Senior Named Shareholder - \$250.00

Shareholders - \$200.00

Associates - \$180.00

Paralegals - \$110.00

September 20, 2018

Page 2 of 4

Tim Fiene will be primarily responsible for handling this matter. Tim charges at the rate of \$200.00 per hour and it is not anticipated that other attorneys will be needed to assist in the limited

This firm customarily charges for non-court costs and expenses, including those associated with large photocopying, large postage and electronic research, as well as travel and other out-of-pocket expenses. We will use our discretion in determining which costs are reasonably necessary to provide legal services on your behalf. These types of costs may also include duplication of documents, filing fees, service of process, depositions and the like. Unusual expenses, such as those over \$1,500, will only be incurred after prior approval by the District.

We will provide you periodic statements. Typically, we bill monthly or quarterly, but, depending on the nature and magnitude of the services, we may bill more or less frequently. If the District does not comply with the terms of this agreement, it is agreed that we shall have the right to withdraw as counsel for the District. In that case, the District will not object to our withdrawal and will execute such documents as may be necessary to facilitate that.

Pursuant to § 8-17.5-101, C.R.S., *et seq.*, the firm represents and agrees that:

1. As of the date of this Agreement:

A. The firm does not knowingly employ or contract with an illegal alien; and

B. The firm has participated or attempted to participate in the basic pilot employment verification program [now known as E-Verify] created in Public Law 208, 104th Congress, as amended, and expanded in Public Law 156, 108th Congress, as amended, administered by the United States Department of Homeland Security (the "Basic Pilot Program") in order to verify that the firm does not employ any illegal aliens.

2. The firm shall not knowingly employ or contract with an illegal alien to perform works under this Agreement or enter into a contract with a subcontractor that fails to certify to the firm that the subcontractor shall not knowingly employ or contract with an illegal alien to perform work under this Agreement.

3. If the firm has not been accepted into the Basic Pilot Program prior to entering into this Agreement, the firm shall apply to participate in the Basic Pilot Program and shall verify in writing such application within seven (7) days of the date of this Agreement. The firm shall continue to apply to participate in the Basic Pilot Program and shall in writing verify same every three (3) calendar months thereafter, until the firm is accepted or the public contract for services has been completed, whichever is earlier. The requirements

of this section shall not be required or effective if the Basic Pilot Program is discontinued.

4. The firm is prohibited from using Basic Pilot Program procedures to undertake pre-employment screening of job applicants while this Agreement is being performed.

5. If the firm obtains actual knowledge that a subcontractor performing work under this Agreement knowingly employs or contracts with an illegal alien, the firm shall:

A. Notify such subcontractor and the District within three days that the firm has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and

B. Terminate the subcontract with the subcontractor if within three days of receiving the notice required pursuant to this section the subcontractor does not cease employing or contracting with the illegal alien; except that the firm shall not terminate the contract with the subcontractor if during such three days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

6. The firm shall comply with any reasonable request by the Colorado Department of Labor and Employment (the "Department") made in the course of an investigation that the Department undertakes or is undertaking pursuant to the authority established in Subsection 8-17.5-102 (5), C.R.S.

7. If the firm violates any provision of this Agreement pertaining to the duties imposed by Subsection 8-17.5-102, C.R.S. the District may terminate this Agreement. If this Agreement is so terminated, the firm shall be liable for actual and consequential damages to the District arising out of the firm's violation of Subsection 8-17.5-102, C.R.S.

8. The District will notify the Office of the Secretary of State if the firm violates this provision of this Agreement and the District terminates the Agreement for such breach.

If you are in agreement with the terms set forth above, please execute one original of this agreement, sign it, forward it to us by email, and return the original to us by mail. Signatures in counterparts may suffice to create one integrated agreement. Scanned copies shall be as effective as originals. We very much look forward to working with you on this matter.


September 20, 2018
Page 4 of 4

Sincerely,

s/Tim Fiene

Timothy R. Fiene

AGREED by STC MD #2

By  _____

Title President



Civil Engineering
Surveying & Geospatial Services
Water Resources Management
GIS Services
Construction Management

ENGINEER'S REPORT and CERTIFICATION #38

PREPARED FOR:

Superior Town Center Metropolitan District
141 Union Blvd
Lakewood, CO 80228

PREPARED BY:

Manhard Consulting, Ltd.
8840 W. Colfax Avenue
Lakewood, CO 80215

DATE PREPARED:

August 23, 2018



TABLE OF CONTENTS

Engineer's Report

| | |
|--|---|
| Introduction | 3 |
| Public Improvements as Authorized by the Service Plan | 4 |
| Scope of Certification..... | 4 |
| General Methodology..... | 5 |
| Phase I – Authorization to Proceed and Document Gathering..... | 5 |
| Phase II – Site Visits and Meetings..... | 5 |
| Phase III – Review of Documentation | 5 |
| Phase IV – Verification of Construction Quantities..... | 5 |
| Phase V – Verification of Construction Unit Costs and Indirect Costs | 5 |
| Phase VI – Verification of Payment for Public Costs | 5 |
| Phase VII – Determination of Costs Eligible for Reimbursement..... | 6 |

Engineer's Certification

| | |
|-------------------------------|---|
| Engineer's Certification..... | 7 |
|-------------------------------|---|

Appendices

| | |
|--------------------------------------|---|
| Appendix A – Documents Reviewed..... | 8 |
|--------------------------------------|---|

Tables

| | |
|--|----|
| Table I Costs Certified to Date | 3 |
| Table II Cost Summary | 10 |
| Table III Construction Costs Summary by Category..... | 11 |
| Table IV Soft and Indirect Costs Summary by Category | 12 |
| Table V District Funded Costs Summary by Category..... | 13 |
| Table VI Construction Costs Detail..... | 14 |
| Table VII Soft and Indirect Costs Detail..... | 18 |
| Table VIII District Funded Costs Detail..... | 19 |



ENGINEER'S REPORT

Introduction

Manhard Consulting, Ltd. ("Manhard") was retained by Superior Town Center Metropolitan District #2 ("District") as an Independent Consulting Engineer to certify costs associated with constructed Public Improvements associated with the District. Per the Cost Sharing Agreement between the Superior Urban Renewal Authority ("SURA") representing the Town of Superior ("Town"), RC Superior LLC ("Developer"), and the District, a portion of the costs are eligible to be reimbursed by the Town of Superior.

The District is located within the Town of Superior, Colorado. The development area is approximately 91 acres. This certification considers soft & indirect and construction costs.

The attached Engineer's Certification states that the Independent Consulting Engineer finds and determines that the constructed value of the Public Improvements considered in this Engineer's Report, including both soft and hard costs from approximately May 2018 to June 2018, are valued at \$790,429.34 for the District, and \$757,296.58 for the Town. Table I summarizes costs certified to date.

| Table I – Cost Certified to Date | | | | |
|----------------------------------|-----------|------------------|-------------------------------|---------------------------|
| Cert No. | Date | Total Costs Paid | Total District Eligible Costs | Total Town Eligible Costs |
| 1 | 17-Feb-15 | \$4,643,001.98 | \$3,207,467.82 | \$3,207,467.82 |
| 2 | 16-Jul-15 | \$701,094.68 | \$322,489.80 | \$322,489.80 |
| 3 | 14-Aug-15 | \$959,075.78 | \$489,247.48 | \$489,247.48 |
| 4 | 17-Sep-15 | \$1,219,271.89 | \$683,402.69 | \$683,402.69 |
| 5 | 19-Oct-15 | \$2,119,386.67 | \$1,446,709.01 | \$1,446,709.01 |
| 6 | 17-Nov-15 | \$1,231,778.40 | \$984,437.64 | \$984,437.64 |
| 7 | 21-Dec-15 | \$1,017,615.94 | \$910,069.14 | \$910,069.14 |
| 8 | 19-Jan-16 | \$739,528.78 | \$563,708.01 | \$563,708.01 |
| 9 | 25-Feb-16 | \$495,715.12 | \$461,463.79 | \$461,463.79 |
| 10 | 17-Mar-16 | \$332,878.20 | \$300,162.73 | \$300,162.73 |
| 11 | 18-Apr-16 | \$198,444.34 | \$173,549.33 | \$173,549.33 |
| 12 | 20-May-16 | \$398,396.63 | \$334,538.75 | \$334,538.75 |
| 13 | 20-Jun-16 | \$772,592.31 | \$627,210.02 | \$627,210.02 |
| 14 | 27-Jul-16 | \$647,191.62 | \$622,677.30 | \$622,677.30 |
| 15 | 15-Aug-16 | \$414,015.43 | \$374,344.41 | \$374,344.41 |
| 16 | 23-Sep-16 | \$674,802.27 | \$652,819.56 | \$652,819.56 |
| 17 | 20-Oct-16 | \$1,127,902.22 | \$991,366.52 | \$991,366.52 |
| 18 | 23-Nov-16 | \$1,358,809.86 | \$1,176,715.72 | \$1,176,715.72 |
| 19 | 19-Dec-16 | \$813,631.42 | \$661,258.25 | \$661,258.25 |
| 20 | 25-Jan-17 | \$834,276.57 | \$757,405.36 | \$757,405.36 |
| 21 | 23-Feb-17 | \$784,846.38 | \$694,206.67 | \$694,206.67 |
| 22 | 17-Mar-17 | \$663,385.40 | \$571,156.39 | \$571,156.39 |
| 23 | 20-Apr-17 | \$912,437.74 | \$894,668.66 | \$894,668.66 |



| | | | | |
|---------------|-----------|------------------------|------------------------|------------------------|
| 24 | 17-May-17 | \$488,722.33 | \$477,391.96 | \$477,391.96 |
| 25 | 29-Jun-17 | \$2,648,255.90 | \$842,092.22 | \$842,092.22 |
| 26 | 3-Aug-17 | \$476,010.18 | \$425,687.34 | \$425,687.34 |
| 27 | 17-Aug-17 | \$995,465.07 | \$781,719.74 | \$781,719.74 |
| 28 | 21-Sep-17 | \$2,202,490.66 | \$1,813,800.55 | \$1,813,800.55 |
| 29 | 11-Nov-17 | \$2,372,127.66 | \$2,363,679.49 | \$2,363,679.49 |
| 30 | 22-Nov-17 | \$1,914,639.28 | \$1,929,475.33 | \$1,711,298.63 |
| 31 | 19-Dec-17 | \$1,731,761.49 | \$1,561,854.08 | \$1,440,391.55 |
| 32 | 16-Feb-18 | \$582,701.05 | \$559,378.98 | \$461,363.52 |
| 33 | 10-Apr-18 | \$932,657.82 | \$858,000.53 | \$690,670.88 |
| 34 | 10-Apr-18 | \$670,283.35 | \$623,505.43 | \$519,950.65 |
| 35 | 18-Jun-18 | \$1,053,420.34 | \$695,052.19 | \$469,031.50 |
| 36 | 13-Jul-18 | \$1,315,446.78 | \$998,428.76 | \$805,440.44 |
| 37 | 31-Jul-18 | \$1,097,722.72 | \$1,019,716.46 | \$910,204.30 |
| 38 | 23-Aug-18 | \$998,452.43 | \$790,429.34 | \$757,296.58 |
| TOTALS | | \$42,540,236.69 | \$33,077,579.44 | \$31,807,386.38 |

Table II summarizes the cost breakdown of the construction, soft and indirect, and district funded costs. Tables III, IV, and V provide category breakdowns of construction, soft and indirect, and district funded costs reviewed for this certification. Table VI provides a detailed breakdown of the eligible hard costs per the Service Plan categories and the SURA categories. Table VII provides a detailed breakdown of the eligible soft costs per the Service Plan categories and the SURA categories. Table VIII provides a detailed breakdown of district funded costs per the Service Plan categories and the SURA categories.

Public Improvements as Authorized by the Service Plan

Manhard reviewed the Service Plan associated with Superior Town Center Metropolitan District No. 2 (“Service Plan”); dated May 13, 2013. Section I-A of the Service Plan states, “It is intended that the District will provide a part or all of the Public Improvements...” and Section V-A “The District shall have the power and authority to provide the Public Improvements and related operations and maintenance services within and beyond the District Boundaries ...” Section V-A.8 limits debt issuance to \$145,000,000. Exhibit C-2 maps depict the Inclusion Area of Public Improvements at the time the Service Plan was approved. Manhard has determined that the constructed improvements and associated soft and indirect construction costs (“Public Improvements”) under consideration in this report and certification for reimbursement by the District are indeed authorized by the Service Plan.

Scope of Certification

The Cost Sharing Agreement has identified cost categories eligible for reimbursement. The cost categories reviewed for this report include earthwork, storm sewer, sanitary sewer, domestic water, and mob & temporary conditions. For a breakdown of district eligible costs, refer to Tables II - VIII.



General Methodology

Manhard employed a phased approach toward the preparation of this Engineer's Report and Certification of Public Costs ("Engineer's Certification").

Phase I – Authorization to Proceed and Document Gathering

Manhard was authorized to proceed with the Engineer's Certification in December 2015. The initial construction documentation was provided by the District January 11, 2014. Subsequent supporting documentation for Phase II construction improvements was delivered by the District through June 2018.

Phase II – Site Visit and Meetings

Manhard has performed site visits to verify completion of work relating to District infrastructure during Phase II construction improvements.

Phase III – Review of Documentation

See Appendix A for a complete listing of documents reviewed, as deemed necessary, by Manhard.

Phase IV – Verification of Construction Quantities

Construction quantity take-offs were performed from applicable construction drawings. These quantity take-offs were used in conjunction with Phase V below to certify reasonableness of construction costs.

Phase V – Verification of Construction Unit Costs and Indirect Costs

Construction Unit Costs and Indirect Costs were reviewed for market reasonableness. Manhard took into consideration the type of construction and the timeframe during which the construction occurred. Manhard determined that the costs incurred were within a reasonable range.

Phase VI – Verification of Payment for Public Costs

Per current agreements, District funded costs are approved before payment is made. Contractors and consultants are to provide Conditional Lien Release Waivers for the amount of payment requested. After payment is made, the contractors and consultants are to provide Unconditional Lien Release Waivers. When applicable, cancelled checks and bank statements are also used to verify proof of payment. Certain soft and indirect costs that have portions that are both publicly and privately funded but have not yet been paid are included in this certification. These costs are clearly identified in Table VII Soft and Indirect Costs Detail in the District and Developer Disbursement columns. These costs are included in order to identify the public and private costs and assign these costs to either the Developer or the District. The proof of payment in the form of cancelled checks and bank statements will be reviewed as payments are processed and reflected on future certifications.



Phase VII – Determination of Costs Eligible for Reimbursement

Manhard concluded the Engineer's Certification by determining which improvements were eligible for District and Town reimbursement and what percent of the costs for those improvements were reimbursable.

Cost Certification Phase II construction improvements that were reimbursable consisted of roadways, paths, & hardscape and temporary conditions.

In Cost Certification #24, an Xcel fee was determined eligible in the amount of \$72,886.93. This cost shows up on two separate District funding requests. A check was originally written to pay this fee, but was canceled. After verification of the costs, the District wrote another check to pay for this fee per the June funding request, even though this cost was certified on Cost Certification #24.

A fee for American Fence directly paid by Lee Merritt of Ranch Capital was duplicated on Cost Certifications #24 and #25. There is a deduction on Cost Certification #26 to reconcile the overall costs paid to American Fence.

The Town of Superior provided a contribution of \$198,795.49 directly to the funding of the McCaslin Roundabout scope of work performed by Hall Irwin Corporation. On Cost Certification #27, a credit was identified for this amount to be applied to District costs. This credit did not impact the amount of reimbursable costs for the Town. The intent of this credit is to show the financial impact of the Town directly providing these funds.

Hudick Excavating Inc. ("HEI") provided Pay Application 1 directly to the District and Pay Application 2 to the Developer. The funding for these pay applications was allocated separately, but the costs were still determined to be District eligible.

On Cost Certification #31, Samora Construction Contract, costs were submitted for work related to Superior Roadway, which had the top 2" lift fail. Samora issued a credit in the amount of \$9,975 for the 2" failure on Cost Certification #32. When this work is accepted, the full line item will be billed. Costs submitted deemed District eligible for Ninyo & Moore on Cost Certification #20 were realized to be partially non-District. A negative cost of (-\$2,984.79) was identified on Cost Certification #31 to adjust for the non-District costs previously certified.

On Cost Certification #33, adjustments were made to account for errors in prior Cost Certification reports that were identified after performing an audit of certified costs to date. A Cut Above had duplicate costs certified on Certifications #21 and #22. There was a Special District Management Services, Inc invoice that was incorrectly captured as Capital costs as well. Lastly, there were various vendor invoices that were not included in final reports, and those costs were captured at this time.

During the review of Cost Certification #34, the Town notified associated parties that costs associated with the Medical Office Building Garage would not be eligible under SURA until approved by the Town Board, per Resolution No. R-36. Garage costs are currently determined to be District eligible and will become SURA eligible upon the Town Board approval.



ENGINEER'S CERTIFICATION

Collin D Koranda, P.E. / Manhard Consulting, Ltd. Company (the "Independent Consulting Engineer"), states as follows:

1. The Independent Consulting Engineer is an engineer duly qualified and licensed in the State of Colorado with experience in the design, construction and certification of Public Improvements of similar type and function as those described in the above Engineer's Report.
2. The Independent Consulting Engineer has performed a site visit and reviewed applicable construction and legal documents related to the Public Improvements under consideration to state the conclusions set forth in this Engineer's Certification.
3. The Independent Consulting Engineer finds and determines that the constructed value of the Public Improvements considered in the attached Engineer's Report dated August 23, 2018, including soft and indirect, District funded, and hard costs, are valued at an estimated **\$790,429.34**. In the opinion of the Independent Consulting Engineer, the above stated estimated value for the Public Improvements is reasonable and consistent with costs of similar improvements constructed for similar purposes during the same timeframe in similar locales.

Sincerely,
Manhard Consulting, Ltd

A handwritten signature in black ink, appearing to read 'Collin D. Koranda'.

Collin D. Koranda, P. E.

APPENDIX A

Documents Reviewed

Agreements

- Cost Sharing Agreement between Superior Urban Renewal Authority, RC Superior, LLC, and STC Metropolitan District No 1, 2 and 3. Dated October 18, 2013.
- Development Agreement between the Town of Superior, CO, the Superior Metropolitan District No. 1, the Superior Urban Renewal Authority, and RC Superior LLC. Dated March 11, 2013.
- Public Finance Agreement between the Superior Urban Renewal Authority, the Superior McCaslin Interchange Metropolitan District, RC Superior LLC, and the Town of Superior, CO. Dated March 15, 2013.
- Cost Sharing and Reimbursement Agreement between Aweida Properties and STC Metropolitan District No. 2. Dated October 21, 2015.

Construction Plans

- Final Development Plan – Phase I Superior Town Center Infrastructure Plans. Prepared by Civil Resources LLC. Dated November 12, 2013.
- Final Development Plan #1 – Phase I Street Paving Plans. Prepared by Civil Resources LLC. Dated April 29, 2016.
- Final Plat Superior Town Center Filing No. 1B. Prepared by Civil Resources LLC. Dated December 4, 2013.
- Overlot Grading and Stormwater Management Plans for Superior Town Center Phase 1A. Prepared by Civil Resources LLC. Released for construction May 22, 2015.
- Superior Town Center Phase I Utility Infrastructure Plans. Prepared by Civil Resources LLC. Issued for Construction August 20, 2015.
- Town of Superior Town Center Lift Station Final Drawings Set 1 & Set 2 Rev 0. Prepared by Dewberry Engineers Inc. Dated July 25, 2014.
- Town of Superior McCaslin Blvd. Town Center Left Turn Lane Drawings. Dated February 24, 2016.
- Superior Town Center – Construction Plans – Phase 3 (McCaslin Roundabout). Prepared by Civil Resources Inc. Dated August 12, 2016. Accepted by Public Works September 9, 2016.
- Final Development Plan 1 – Phase 4 (Marshall Road Extension) – Construction Plans – Superior Town Center. Dated August 19, 2016.

Invoices

- Samora Construction Invoices 3-605 R1, 5-606, 14-607. 6/30/18.
- Hudick Excavating, Inc. Invoice 11. 7/31/18.
- Hall Irwin Invoice 16033-1.11. 6/30/18.
- DTEC Invoices 45831, 6/18/18; 45853, 6/19/18; 45931, 6/28/18.

For soft and indirect costs and district funded costs reviewed, refer to Tables VII and VIII.



Service Plan

- Superior Town Center Metropolitan District No. 2. Prepared by McGeady Sisneros, P.C. and dated May 13, 2013.



SUPERIOR TOWN CENTER METROPOLITAN DISTRICT

Project Costs Summary for District and Town

Table II

| | Total Cost Invoiced | Maximum Eligible Costs | District Eligible Costs | Town Eligible Costs |
|---------------------------|----------------------|------------------------|-------------------------|----------------------|
| Direct Construction Costs | \$ 854,463.74 | \$ 677,162.14 | \$ 677,162.14 | \$ 645,059.38 |
| Soft and Indirect Costs | \$ 102,803.89 | \$ 102,803.89 | \$ 102,803.89 | \$ 102,803.89 |
| District Funded Costs | \$ 41,184.80 | \$ 10,463.31 | \$ 10,463.31 | \$ 9,433.31 |
| Totals | \$ 998,452.43 | \$ 790,429.34 | \$ 790,429.34 | \$ 757,296.58 |

SUPERIOR TOWN CENTER METROPOLITAN DISTRICT

Construction Costs Summary By Category

Table III



| Category | Total Eligible Soft Costs | | Category Percentage |
|--------------------------------------|---------------------------|-------------------|---------------------|
| Total Town Eligible Costs | | | |
| Earthwork | \$ | 92,810.45 | 14.4% |
| Roadways, Paths, & Hardscape | \$ | 282,445.51 | 43.8% |
| Offsite Roadways | \$ | - | 0.0% |
| Walls and Structures | \$ | - | 0.0% |
| Storm Sewer | \$ | 111,150.00 | 17.2% |
| Sanitary Sewer | \$ | - | 0.0% |
| Reuse Water & Irrigation Piping | \$ | - | 0.0% |
| Domestic Water | \$ | - | 0.0% |
| Dry Utilities | \$ | - | 0.0% |
| Park Site Development | \$ | 152,077.92 | 23.6% |
| Mob & Temporary Conditions | \$ | 6,575.50 | 1.0% |
| SDC - Planning Area 1 and 2 | \$ | - | 0.0% |
| SDC - Planning Area 3 | \$ | - | 0.0% |
| Parking & Architectural Enhancement | \$ | - | 0.0% |
| Public Park Amenities & Facilities | \$ | - | 0.0% |
| Not Eligible | \$ | - | 0.0% |
| | \$ | 645,059.38 | 100.0% |
| Total District Eligible Costs | | | |
| Operation | \$ | - | 0.0% |
| Capital | \$ | 677,162.14 | 100.0% |
| Non District | \$ | - | 0.0% |
| | \$ | 677,162.14 | 100.0% |

SUPERIOR TOWN CENTER METROPOLITAN DISTRICT

Soft Costs Summary By Category

Table IV



| Category | Total Eligible Soft Costs | Category Percentage |
|--------------------------------------|---------------------------|---------------------|
| Total Town Eligible Costs | | |
| Earthwork | \$ - | 0.0% |
| Roadways, Paths, & Hardscape | \$ 71,935.49 | 70.0% |
| Offsite Roadways | \$ - | 0.0% |
| Walls and Structures | \$ - | 0.0% |
| Storm Sewer | \$ - | 0.0% |
| Sanitary Sewer | \$ - | 0.0% |
| Reuse Water & Irrigation Piping | \$ - | 0.0% |
| Domestic Water | \$ - | 0.0% |
| Dry Utilities | \$ - | 0.0% |
| Park Site Development | \$ 11,482.00 | 11.2% |
| Mob & Temporary Conditions | \$ 400.00 | 0.4% |
| SDC - Planning Area 1 and 2 | \$ - | 0.0% |
| SDC - Planning Area 3 | \$ - | 0.0% |
| Parking & Architectural Enhancement | \$ - | 0.0% |
| Public Park Amenities & Facilities | \$ - | 0.0% |
| Other Eligible Costs | \$ 18,986.40 | 18.5% |
| Not Eligible | \$ - | 0.0% |
| | \$ 102,803.89 | 100.0% |
| Total District Eligible Costs | | |
| Organization | \$ - | 0.0% |
| Operation | \$ - | 0.0% |
| Capital | \$ 102,803.89 | 100.0% |
| | \$ 102,803.89 | 100.0% |

SUPERIOR TOWN CENTER METROPOLITAN DISTRICT

District Funded Costs Summary

Table V



| Category | Total Eligible Soft Costs | | Category Percentage |
|--------------------------------------|---------------------------|------------------|---------------------|
| Total Town Eligible Costs | | | |
| Earthwork | \$ | - | 0.0% |
| Roadways, Paths, & Hardscape | \$ | - | 0.0% |
| Offsite Roadways | \$ | - | 0.0% |
| Walls and Structures | \$ | - | 0.0% |
| Storm Sewer | \$ | - | 0.0% |
| Sanitary Sewer | \$ | - | 0.0% |
| Reuse Water & Irrigation Piping | \$ | - | 0.0% |
| Domestic Water | \$ | - | 0.0% |
| Dry Utilities | \$ | - | 0.0% |
| Park Site Development | \$ | - | 0.0% |
| Mob & Temporary Conditions | \$ | - | 0.0% |
| SDC - Planning Area 1 and 2 | \$ | - | 0.0% |
| SDC - Planning Area 3 | \$ | - | 0.0% |
| Parking & Architectural Enhancement | \$ | - | 0.0% |
| Public Park Amenities & Facilities | \$ | - | 0.0% |
| Other Eligible Costs | \$ | 9,433.31 | 100.0% |
| Not Eligible | \$ | - | 0.0% |
| | \$ | 9,433.31 | 100.0% |
| Total District Eligible Costs | | | |
| Operation | \$ | - | 0.0% |
| Capital | \$ | 10,463.31 | 100.0% |
| Organization | \$ | - | 0.0% |
| | \$ | 10,463.31 | 100.0% |



SUPERIOR TOWN CENTER METROPOLITAN DISTRICT
Soft and Indirect Costs
Table VII

| Vendor | Invoice Number | Invoice Description | Date | Amount Invoiced | District Category | District Powers | Town Categories | Percent District Eligible | Amount District Eligible | Percent Town Eligible | Amount Town Eligible | Total Eligible | Amount Eligible | Developer Disbursement Number |
|---------------------------------|----------------|---|----------|-----------------|-------------------|----------------------|------------------------------|---------------------------|--------------------------|-----------------------|----------------------|----------------|-----------------|-------------------------------|
| Greiner, Inc | 17.3579.23 | Storm Sewer and Mainwash Drains | 04/23/18 | \$ 11,552.50 | Capital | Street | Roadways, Paths, & Hardscape | 100% | \$ 11,552.50 | 100% | \$ 11,552.50 | 100% | \$ 11,552.50 | 33 |
| Greiner, Inc | 18.3030.A | STC Grading & Easement | 06/27/18 | \$ 3,681.00 | Capital | Street | Roadways, Paths, & Hardscape | 100% | \$ 3,681.00 | 100% | \$ 3,681.00 | 100% | \$ 3,681.00 | 33 |
| Chil Resources, LLC | 713.021.04.53 | Chil Resources, LLC | 06/27/18 | \$ 18,986.40 | Capital | Multiple | Other Engine Costs | 100% | \$ 18,986.40 | 100% | \$ 18,986.40 | 100% | \$ 18,986.40 | 35 |
| Moore Jacobsen Gottman, Inc. | 0054211 | STC - Blocks 33-35 ROW CD's | 05/31/18 | \$ 406.25 | Capital | Parks and Recreation | Park Site Development | 100% | \$ 406.25 | 100% | \$ 406.25 | 100% | \$ 406.25 | 36 |
| Moore Jacobsen Gottman, Inc. | 0054212 | STC - Main St FDP 1 Phase 1 | 05/31/18 | \$ 1,031.25 | Capital | Street | Roadways, Paths, & Hardscape | 100% | \$ 1,031.25 | 100% | \$ 1,031.25 | 100% | \$ 1,031.25 | 36 |
| Moore Jacobsen Gottman, Inc. | 0054113 | STC - Discovery Parkway Right-of-Way (R.O.W.) CD's | 06/27/18 | \$ 2,079.78 | Capital | Street | Roadways, Paths, & Hardscape | 100% | \$ 2,079.78 | 100% | \$ 2,079.78 | 100% | \$ 2,079.78 | 36 |
| Moore Jacobsen Gottman, Inc. | 0054214 | STC - FDP 1 Phase 2B | 06/30/18 | \$ 3,833.25 | Capital | Parks and Recreation | Park Site Development | 100% | \$ 3,833.25 | 100% | \$ 3,833.25 | 100% | \$ 3,833.25 | 36 |
| Moore Jacobsen Gottman, Inc. | 0054215 | STC - FDP 3 Phase 3 | 06/30/18 | \$ 810.00 | Capital | Street | Roadways, Paths, & Hardscape | 100% | \$ 810.00 | 100% | \$ 810.00 | 100% | \$ 810.00 | 36 |
| Moore Jacobsen Gottman, Inc. | 0054116 | STC - Village Green Park CD's | 06/30/18 | \$ 7,242.50 | Capital | Parks and Recreation | Park Site Development | 100% | \$ 7,242.50 | 100% | \$ 7,242.50 | 100% | \$ 7,242.50 | 36 |
| Nelson, Mosherday, & Associates | 72512 | Renewal of subdivision Bond - Subdivision Discovery 1 | 04/18/18 | \$ 48,581.00 | Capital | Multiple | Roadways, Paths, & Hardscape | 100% | \$ 48,581.00 | 100% | \$ 48,581.00 | 100% | \$ 48,581.00 | 38 |
| Summit Services | 24294 | Stormwater Inspection | 06/30/18 | \$ 400.00 | Capital | Multiple | Misc & Temporary Conditions | 100% | \$ 400.00 | 100% | \$ 400.00 | 100% | \$ 400.00 | 38 |
| Town of Superior | 720 | FDP # 1 Infrastructure | 04/23/18 | \$ 2,199.95 | Capital | Street | Roadways, Paths, & Hardscape | 100% | \$ 2,199.95 | 100% | \$ 2,199.95 | 100% | \$ 2,199.95 | 38 |
| | | | | \$ 107,865.49 | | | | | \$ 107,865.49 | | \$ 107,865.49 | | \$ 107,865.49 | |



SUPERIOR TOWN CENTER METROPOLITAN DISTRICT
District Funded Costs
Table VIII

| Vendor | Invoice Number | Invoices Description | Date | Amount Invoiced | District Category | District Powers | Town Categories | Percent District | | Amount District | | Percent Town | | Amount Town | |
|--------------------------------------|-------------------------|--|----------|-----------------|-------------------|-----------------|----------------------|------------------|-------------|-----------------|-------------|--------------|------|-------------|------|
| | | | | | | | | Eligible | 100% | Eligible | 100% | Eligible | 0% | Eligible | 0% |
| Colins Engineers, Inc. | 44080 | Superior MOB Parking Garage | 05/23/18 | \$ 1,030.00 | Capital | Street | Not Eligible | 100% | \$ 1,030.00 | 100% | \$ - | 0% | \$ - | 0% | \$ - |
| Manhard Consulting | 34571 | Certification of Current District Eligible Costs | 05/18/18 | \$ 3,640.00 | Capital | Multiple | Other Eligible Costs | 100% | \$ 3,640.00 | 100% | \$ 3,640.00 | 100% | \$ - | 0% | \$ - |
| McGeedy Becher P.C. | 11098 May 18 | Legal fees for operations related matters | 05/31/18 | \$ 1,589.78 | Operation | Non District | Not Eligible | 0% | \$ - | 0% | \$ - | 0% | \$ - | 0% | \$ - |
| McGeedy Becher P.C. | 11098 May 18 | Legal fees for capital related matters | 05/31/18 | \$ 5,284.05 | Capital | Multiple | Other Eligible Costs | 100% | \$ 5,284.05 | 100% | \$ 5,284.05 | 100% | \$ - | 0% | \$ - |
| Simmons & Wheeler, P.C. | 22600 | Accounting Services - Operations | 04/30/18 | \$ 509.27 | Operation | Non District | Not Eligible | 0% | \$ - | 0% | \$ - | 0% | \$ - | 0% | \$ - |
| Simmons & Wheeler, P.C. | 22600 | Accounting Services - Capital | 04/30/18 | \$ 509.26 | Capital | Multiple | Other Eligible Costs | 100% | \$ 509.26 | 100% | \$ 509.26 | 100% | \$ - | 0% | \$ - |
| Special District Management Services | May 2018 | District Management Services | 05/31/18 | \$ 6,080.22 | Operation | Non District | Not Eligible | 0% | \$ - | 0% | \$ - | 0% | \$ - | 0% | \$ - |
| Special District Management Services | May 2018 | District Management Services | 05/31/18 | \$ - | Capital | Multiple | Other Eligible Costs | 100% | \$ - | 100% | \$ - | 100% | \$ - | 0% | \$ - |
| Town of Superior | Srv 290 1/2 Superior Dr | Irrigation Costs | 05/17/18 | \$ 49.77 | Operation | Non District | Not Eligible | 0% | \$ - | 0% | \$ - | 0% | \$ - | 0% | \$ - |
| Town of Superior | Srv 411 1/2 Superior Dr | Irrigation Costs | 05/17/18 | \$ 478.17 | Operation | Non District | Not Eligible | 0% | \$ - | 0% | \$ - | 0% | \$ - | 0% | \$ - |
| Vargas Property Services | 26892 | Winter Watering | 02/01/18 | \$ 5,100.00 | Operation | Non District | Not Eligible | 0% | \$ - | 0% | \$ - | 0% | \$ - | 0% | \$ - |
| Vargas Property Services | 26893 | Winter Watering | 03/01/18 | \$ 5,100.00 | Operation | Non District | Not Eligible | 0% | \$ - | 0% | \$ - | 0% | \$ - | 0% | \$ - |
| Vargas Property Services | 26894 | Winter Watering | 04/01/18 | \$ 5,100.00 | Operation | Non District | Not Eligible | 0% | \$ - | 0% | \$ - | 0% | \$ - | 0% | \$ - |
| Vargas Property Services | 26891 | Winter Watering | 01/12/18 | \$ 5,100.00 | Operation | Non District | Not Eligible | 0% | \$ - | 0% | \$ - | 0% | \$ - | 0% | \$ - |
| Vargas Property Services | 26961 | Winter Watering | 05/01/18 | \$ 1,200.00 | Operation | Non District | Not Eligible | 0% | \$ - | 0% | \$ - | 0% | \$ - | 0% | \$ - |
| Xcel Energy | 4142-6782 | Monthly Service | 06/19/18 | \$ 414.28 | Operation | Non District | Not Eligible | 0% | \$ - | 0% | \$ - | 0% | \$ - | 0% | \$ - |
| | | | | \$ 41,184.80 | | | | \$ 10,463.31 | | \$ 9,473.31 | | | | | |



Civil Engineering
Surveying & Geospatial Services
Water Resources Management
GIS Services
Construction Management

ENGINEER'S REPORT and CERTIFICATION #39

PREPARED FOR:

Superior Town Center Metropolitan District
141 Union Blvd
Lakewood, CO 80228

PREPARED BY:

Manhard Consulting, Ltd.
7600 East Orchard Road, Suite 350-S
Greenwood Village, CO 80111

DATE PREPARED:

September 26, 2018

TABLE OF CONTENTS

Engineer's Report

| | |
|--|---|
| Introduction | 3 |
| Public Improvements as Authorized by the Service Plan | 4 |
| Scope of Certification..... | 5 |
| General Methodology | 5 |
| Phase I – Authorization to Proceed and Document Gathering..... | 5 |
| Phase II – Site Visits and Meetings | 5 |
| Phase III – Review of Documentation | 5 |
| Phase IV – Verification of Construction Quantities..... | 6 |
| Phase V – Verification of Construction Unit Costs and Indirect Costs | 6 |
| Phase VI – Verification of Payment for Public Costs | 6 |
| Phase VII – Determination of Costs Eligible for Reimbursement..... | 6 |

Engineer's Certification

| | |
|-------------------------------|---|
| Engineer's Certification..... | 8 |
|-------------------------------|---|

Appendices

| | |
|--------------------------------------|---|
| Appendix A – Documents Reviewed..... | 9 |
|--------------------------------------|---|

Tables

| | |
|--|----|
| Table I Costs Certified to Date | 3 |
| Table II Cost Summary | 11 |
| Table III Construction Costs Summary by Category..... | 12 |
| Table IV Soft and Indirect Costs Summary by Category | 13 |
| Table V District Funded Costs Summary by Category..... | 14 |
| Table VI Construction Costs Detail..... | 15 |
| Table VII Soft and Indirect Costs Detail..... | 19 |
| Table VIII District Funded Costs Detail..... | 20 |



ENGINEER'S REPORT

Introduction

Manhard Consulting, Ltd. ("Manhard") was retained by Superior Town Center Metropolitan District #2 ("District") as an Independent Consulting Engineer to certify costs associated with constructed Public Improvements associated with the District. Per the Cost Sharing Agreement between the Superior Urban Renewal Authority ("SURA") representing the Town of Superior ("Town"), RC Superior LLC ("Developer"), and the District, a portion of the costs are eligible to be reimbursed by the Town of Superior.

The District is located within the Town of Superior, Colorado. The development area is approximately 91 acres. This certification considers soft & indirect and construction costs.

The attached Engineer's Certification states that the Independent Consulting Engineer finds and determines that the constructed value of the Public Improvements considered in this Engineer's Report, including both soft and hard costs from approximately May 2018 to June 2018, are valued at **\$1,008,881.48** for the District, and **\$852,131.49** for the Town. Table I summarizes costs certified to date.

| Table I – Cost Certified to Date | | | | |
|----------------------------------|-----------|------------------|-------------------------------|---------------------------|
| Cert No. | Date | Total Costs Paid | Total District Eligible Costs | Total Town Eligible Costs |
| 1 | 17-Feb-15 | \$4,643,001.98 | \$3,207,467.82 | \$3,207,467.82 |
| 2 | 16-Jul-15 | \$701,094.68 | \$322,489.80 | \$322,489.80 |
| 3 | 14-Aug-15 | \$959,075.78 | \$489,247.48 | \$489,247.48 |
| 4 | 17-Sep-15 | \$1,219,271.89 | \$683,402.69 | \$683,402.69 |
| 5 | 19-Oct-15 | \$2,119,386.67 | \$1,446,709.01 | \$1,446,709.01 |
| 6 | 17-Nov-15 | \$1,231,778.40 | \$984,437.64 | \$984,437.64 |
| 7 | 21-Dec-15 | \$1,017,615.94 | \$910,069.14 | \$910,069.14 |
| 8 | 19-Jan-16 | \$739,528.78 | \$563,708.01 | \$563,708.01 |
| 9 | 25-Feb-16 | \$495,715.12 | \$461,463.79 | \$461,463.79 |
| 10 | 17-Mar-16 | \$332,878.20 | \$300,162.73 | \$300,162.73 |
| 11 | 18-Apr-16 | \$198,444.34 | \$173,549.33 | \$173,549.33 |
| 12 | 20-May-16 | \$398,396.63 | \$334,538.75 | \$334,538.75 |
| 13 | 20-Jun-16 | \$772,592.31 | \$627,210.02 | \$627,210.02 |
| 14 | 27-Jul-16 | \$647,191.62 | \$622,677.30 | \$622,677.30 |
| 15 | 15-Aug-16 | \$414,015.43 | \$374,344.41 | \$374,344.41 |
| 16 | 23-Sep-16 | \$674,802.27 | \$652,819.56 | \$652,819.56 |
| 17 | 20-Oct-16 | \$1,127,902.22 | \$991,366.52 | \$991,366.52 |
| 18 | 23-Nov-16 | \$1,358,809.86 | \$1,176,715.72 | \$1,176,715.72 |
| 19 | 19-Dec-16 | \$813,631.42 | \$661,258.25 | \$661,258.25 |
| 20 | 25-Jan-17 | \$834,276.57 | \$757,405.36 | \$757,405.36 |
| 21 | 23-Feb-17 | \$784,846.38 | \$694,206.67 | \$694,206.67 |
| 22 | 17-Mar-17 | \$663,385.40 | \$571,156.39 | \$571,156.39 |
| 23 | 20-Apr-17 | \$912,437.74 | \$894,668.66 | \$894,668.66 |
| 24 | 17-May-17 | \$488,722.33 | \$477,391.96 | \$477,391.96 |

| | | | | |
|---------------|-----------|------------------------|------------------------|------------------------|
| 25 | 29-Jun-17 | \$2,648,255.90 | \$842,092.22 | \$842,092.22 |
| 26 | 3-Aug-17 | \$476,010.18 | \$425,687.34 | \$425,687.34 |
| 27 | 17-Aug-17 | \$995,465.07 | \$781,719.74 | \$781,719.74 |
| 28 | 21-Sep-17 | \$2,202,490.66 | \$1,813,800.55 | \$1,813,800.55 |
| 29 | 11-Nov-17 | \$2,372,127.66 | \$2,363,679.49 | \$2,363,679.49 |
| 30 | 22-Nov-17 | \$1,914,639.28 | \$1,929,475.33 | \$1,711,298.63 |
| 31 | 19-Dec-17 | \$1,731,761.49 | \$1,561,854.08 | \$1,440,391.55 |
| 32 | 16-Feb-18 | \$582,701.05 | \$559,378.98 | \$461,363.52 |
| 33 | 10-Apr-18 | \$932,657.82 | \$858,000.53 | \$690,670.88 |
| 34 | 10-Apr-18 | \$670,283.35 | \$623,505.43 | \$519,950.65 |
| 35 | 18-Jun-18 | \$1,053,420.34 | \$695,052.19 | \$469,031.50 |
| 36 | 13-Jul-18 | \$1,315,446.78 | \$998,428.76 | \$805,440.44 |
| 37 | 31-Jul-18 | \$1,097,722.72 | \$1,019,716.46 | \$910,204.30 |
| 38 | 23-Aug-18 | \$998,452.43 | \$790,429.34 | \$757,296.58 |
| 39 | 26-Sep-18 | \$1,181,782.21 | \$1,008,881.48 | \$852,131.49 |
| TOTALS | | \$43,722,018.90 | \$34,086,460.92 | \$32,659,517.87 |

Table II summarizes the cost breakdown of the construction, soft and indirect, and district funded costs. Tables III, IV, and V provide category breakdowns of construction, soft and indirect, and district funded costs reviewed for this certification. Table VI provides a detailed breakdown of the eligible hard costs per the Service Plan categories and the SURA categories. Table VII provides a detailed breakdown of the eligible soft costs per the Service Plan categories and the SURA categories. Table VIII provides a detailed breakdown of district funded costs per the Service Plan categories and the SURA categories.

Public Improvements as Authorized by the Service Plan

Manhard reviewed the Service Plan associated with Superior Town Center Metropolitan District No. 2 (“Service Plan”); dated May 13, 2013.

Section I-A of the Service Plan states:

It is intended that the District will provide a part or all of the Public Improvements for the use and benefit of the anticipated inhabitants and taxpayers of the District. The primary purpose of the District will be to finance the construction of these public improvements.

Section V-A of the Service Plan States:

The District shall have the power and authority to provide the Public Improvements and related operations and maintenance services within and beyond the District Boundaries as such power and authority is described in the Special District Act, and other applicable statutes, common law and the Constitution, subject to the limitations set forth herein.



Section V-A.8 limits debt issuance to \$145,000,000. Exhibit C-2 maps depict the Inclusion Area of Public Improvements at the time the Service Plan was approved. Manhard has determined that the constructed improvements and associated soft and indirect construction costs (“Public Improvements”) under consideration in this report and certification for reimbursement by the District are indeed authorized by the Service Plan.

Scope of Certification

The Cost Sharing Agreement has identified cost categories eligible for reimbursement. The cost categories reviewed for this report include earthwork, storm sewer, sanitary sewer, domestic water, and mob & temporary conditions. For a breakdown of district eligible costs, refer to Tables II - VIII.

General Methodology

Manhard employed a phased approach toward the preparation of this Engineer’s Report and Certification of Public Costs (“Engineer’s Certification”).

Phase I – Authorization to Proceed and Document Gathering

Manhard was authorized to proceed with the Engineer’s Certification in December 2015. The initial construction documentation was provided by the District January 11, 2014. Subsequent supporting documentation for Phase II construction improvements was delivered by the District through June 2018.

Phase II – Site Visit and Meetings

Manhard has performed site visits to verify completion of work relating to District infrastructure during Phase II construction improvements. The site visits were to verify general conformance with contract documents and does not guarantee quality or acceptance of public improvements.

Phase III – Review of Documentation

Documentation was requested at the beginning of work. Requested documentation include the following:

- Executed Contracts and Bid Tabs
- Approved Construction Drawings
- Acceptable Proof of Payment (Cancelled checks and bank statements or lien waivers)
- Invoices and/or Pay Applications
- Approved changes or amendments to contract documents

Copies of any agreements that will impact District funding

See Appendix A for a complete listing of documents reviewed, as deemed necessary, by Manhard.

Phase IV – Verification of Construction Quantities

Construction quantity take-offs were performed from applicable construction drawings. These quantity take-offs were used in conjunction with Phase V below to certify reasonableness of construction costs.

Phase V – Verification of Construction Unit Costs and Indirect Costs

Construction Unit Costs and Indirect Costs were reviewed for market reasonableness. Manhard took into consideration the type of construction and the timeframe during which the construction occurred. Manhard determined that the costs incurred were within a reasonable range.

Phase VI – Verification of Payment for Public Costs

Per current agreements, District funded costs are approved before payment is made. Contractors and consultants are to provide Conditional Lien Release Waivers for the amount of payment requested. After payment is made, the contractors and consultants are to provide Unconditional Lien Release Waivers. When applicable, cancelled checks and bank statements are also used to verify proof of payment. Certain soft and indirect costs that have portions that are both publicly and privately funded but have not yet been paid are included in this certification. These costs are clearly identified in Table VII Soft and Indirect Costs Detail in the District and Developer Disbursement columns. These costs are included in order to identify the public and private costs and assign these costs to either the Developer or the District. The proof of payment in the form of cancelled checks and bank statements will be reviewed as payments are processed and reflected on future certifications.

Phase VII – Determination of Costs Eligible for Reimbursement

Manhard concluded the Engineer's Certification by determining which improvements were eligible for District and Town reimbursement and what percent of the costs for those improvements were reimbursable.

Cost Certification Phase II construction improvements that were reimbursable consisted of roadways, paths, & hardscape and temporary conditions.

In Cost Certification #24, an Xcel fee was determined eligible in the amount of \$72,886.93. This cost shows up on two separate District funding requests. A check was originally written to pay this fee, but was canceled. After verification of the costs, the District wrote another check to pay for this fee per the June funding request, even though this cost was certified on Cost Certification #24.

A fee for American Fence directly paid by Lee Merritt of Ranch Capital was duplicated on Cost Certifications #24 and #25. There is a deduction on Cost Certification #26 to reconcile the overall costs paid to American Fence.

The Town of Superior provided a contribution of \$198,795.49 directly to the funding of the McCaslin Roundabout scope of work performed by Hall Irwin Corporation. On Cost Certification #27, a credit was identified for this amount to be applied to District costs. This credit did not impact the amount of reimbursable costs for the Town. The intent of this credit is to show the financial impact of the Town directly providing these funds.

Hudick Excavating Inc. ("HEI") provided Pay Application 1 directly to the District and Pay Application 2 to the Developer. The funding for these pay applications was allocated separately, but the costs were still determined to be District eligible.

On Cost Certification #31, Samora Construction Contract, costs were submitted for work related to Superior Roadway, which had the top 2" lift fail. Samora issued a credit in the amount of \$9,975 for the 2" failure on Cost Certification #32. When this work is accepted, the full line item will be billed. Costs submitted deemed District eligible for Ninyo & Moore on Cost Certification #20 were realized to be partially non-District. A negative cost of (-\$2,984.79) was identified on Cost Certification #31 to adjust for the non-District costs previously certified.

On Cost Certification #33, adjustments were made to account for errors in prior Cost Certification reports that were identified after performing an audit of certified costs to date. A Cut Above had duplicate costs certified on Certifications #21 and #22. There was a Special District Management Services, Inc invoice that was incorrectly captured as Capital costs as well. Lastly, there were various vendor invoices that were not included in final reports, and those costs were captured at this time.

During the review of Cost Certification #34, the Town notified associated parties that costs associated with the Medical Office Building Garage would not be eligible under SURA until approved by the Town Board, per Resolution No. R-36. Garage costs are currently determined to be District eligible and will become SURA eligible upon the Town Board approval.

ENGINEER'S CERTIFICATION

Collin D Koranda, P.E. / Manhard Consulting, Ltd. Company (the "Independent Consulting Engineer"), states as follows:

1. The Independent Consulting Engineer is an engineer duly qualified and licensed in the State of Colorado with experience in the design, construction and certification of Public Improvements of similar type and function as those described in the above Engineer's Report.
2. The Independent Consulting Engineer has performed a site visit and reviewed applicable construction and legal documents related to the Public Improvements under consideration to state the conclusions set forth in this Engineer's Certification.
3. The Independent Consulting Engineer finds and determines that the constructed value of the Public Improvements considered in the attached Engineer's Report dated September 26, 2018, including soft and indirect, District funded, and hard costs, are valued at an estimated **\$1,008,881.48**. In the opinion of the Independent Consulting Engineer, the above stated estimated value for the Public Improvements is reasonable and consistent with costs of similar improvements constructed for similar purposes during the same timeframe in similar locales.

Sincerely,
Manhard Consulting, Ltd



Collin D. Koranda, P. E.

APPENDIX A

Documents Reviewed

Agreements

- Cost Sharing Agreement between Superior Urban Renewal Authority, RC Superior, LLC, and STC Metropolitan District No 1, 2 and 3. Dated October 18, 2013.
- Development Agreement between the Town of Superior, CO, the Superior Metropolitan District No. 1, the Superior Urban Renewal Authority, and RC Superior LLC. Dated March 11, 2013.
- Public Finance Agreement between the Superior Urban Renewal Authority, the Superior McCaslin Interchange Metropolitan District, RC Superior LLC, and the Town of Superior, CO. Dated March 15, 2013.
- Cost Sharing and Reimbursement Agreement between Aweida Properties and STC Metropolitan District No. 2. Dated October 21, 2015.

Construction Plans

- Final Development Plan – Phase I Superior Town Center Infrastructure Plans. Prepared by Civil Resources LLC. Dated November 12, 2013.
- Final Development Plan #1 – Phase I Street Paving Plans. Prepared by Civil Resources LLC. Dated April 29, 2016.
- Final Plat Superior Town Center Filing No. 1B. Prepared by Civil Resources LLC. Dated December 4, 2013.
- Overlot Grading and Stormwater Management Plans for Superior Town Center Phase 1A. Prepared by Civil Resources LLC. Released for construction May 22, 2015.
- Superior Town Center Phase I Utility Infrastructure Plans. Prepared by Civil Resources LLC. Issued for Construction August 20, 2015.
- Town of Superior Town Center Lift Station Final Drawings Set 1 & Set 2 Rev 0. Prepared by Dewberry Engineers Inc. Dated July 25, 2014.
- Town of Superior McCaslin Blvd. Town Center Left Turn Lane Drawings. Dated February 24, 2016.
- Superior Town Center – Construction Plans – Phase 3 (McCaslin Roundabout). Prepared by Civil Resources Inc. Dated August 12, 2016. Accepted by Public Works September 9, 2016.
- Final Development Plan 1 – Phase 4 (Marshall Road Extension) – Construction Plans – Superior Town Center. Dated August 19, 2016.

Invoices

- Samora Construction Invoices 4-616, 6-615, 15-614. 7/31/18.
- Hudick Excavating, Inc. Invoice 12-R. 8/31/18.
- Hall Irwin Invoice 16021-1.17. 4/2/18.
- DTEC Invoices 46354, 8/2/18.

For soft and indirect costs and district funded costs reviewed, refer to Tables VII and VIII.

Service Plan

- Superior Town Center Metropolitan District No. 2. Prepared by McGeady Sisneros, P.C. and dated May 13, 2013.



SUPERIOR TOWN CENTER METROPOLITAN DISTRICT

Project Costs Summary for District and Town

Table II

| | Total Cost Invoiced | Maximum Eligible Costs | District Eligible Costs | Town Eligible Costs |
|---------------------------|------------------------|------------------------|-------------------------|----------------------|
| Direct Construction Costs | \$ 1,117,435.20 | \$ 961,315.07 | \$ 961,315.07 | \$ 804,565.08 |
| Soft and Indirect Costs | \$ 44,675.40 | \$ 43,859.20 | \$ 43,859.20 | \$ 43,859.20 |
| District Funded Costs | \$ 19,671.61 | \$ 3,707.21 | \$ 3,707.21 | \$ 3,707.21 |
| Totals | \$ 1,181,782.21 | \$ 1,008,881.48 | \$ 1,008,881.48 | \$ 852,131.49 |

SUPERIOR TOWN CENTER METROPOLITAN DISTRICT

Construction Costs Summary By Category

Table III



| Category | Total Eligible Soft Costs | | Category Percentage |
|--------------------------------------|---------------------------|-------------------|---------------------|
| Total Town Eligible Costs | | | |
| Earthwork | \$ | 143,432.59 | 17.8% |
| Roadways, Paths, & Hardscape | \$ | 250,053.59 | 31.1% |
| Offsite Roadways | \$ | - | 0.0% |
| Walls and Structures | \$ | - | 0.0% |
| Storm Sewer | \$ | 54,309.14 | 6.8% |
| Sanitary Sewer | \$ | 19,458.75 | 2.4% |
| Reuse Water & Irrigation Piping | \$ | 94,984.40 | 11.8% |
| Domestic Water | \$ | 30,645.00 | 3.8% |
| Dry Utilities | \$ | 32,650.00 | 4.1% |
| Park Site Development | \$ | 171,739.12 | 21.3% |
| Mob & Temporary Conditions | \$ | 7,292.50 | 0.9% |
| SDC - Planning Area 1 and 2 | \$ | - | 0.0% |
| SDC - Planning Area 3 | \$ | - | 0.0% |
| Parking & Architectural Enhancement | \$ | - | 0.0% |
| Public Park Amenities & Facilities | \$ | - | 0.0% |
| Not Eligible | \$ | - | 0.0% |
| | \$ | 804,565.08 | 100.0% |
| Total District Eligible Costs | | | |
| Operation | \$ | - | 0.0% |
| Capital | \$ | 961,315.07 | 100.0% |
| Non District | \$ | - | 0.0% |
| | \$ | 961,315.07 | 100.0% |

SUPERIOR TOWN CENTER METROPOLITAN DISTRICT

Soft Costs Summary By Category

Table IV



| Category | Total Eligible Soft Costs | Category Percentage |
|--------------------------------------|---------------------------|---------------------|
| Total Town Eligible Costs | | |
| Earthwork | \$ - | 0.0% |
| Roadways, Paths, & Hardscape | \$ 32,054.95 | 73.1% |
| Offsite Roadways | \$ - | 0.0% |
| Walls and Structures | \$ - | 0.0% |
| Storm Sewer | \$ - | 0.0% |
| Sanitary Sewer | \$ - | 0.0% |
| Reuse Water & Irrigation Piping | \$ - | 0.0% |
| Domestic Water | \$ - | 0.0% |
| Dry Utilities | \$ - | 0.0% |
| Park Site Development | \$ 484.20 | 1.1% |
| Mob & Temporary Conditions | \$ 1,123.80 | 2.6% |
| SDC - Planning Area 1 and 2 | \$ - | 0.0% |
| SDC - Planning Area 3 | \$ - | 0.0% |
| Parking & Architectural Enhancement | \$ - | 0.0% |
| Public Park Amenities & Facilities | \$ - | 0.0% |
| Other Eligible Costs | \$ 10,196.25 | 23.2% |
| Not Eligible | \$ - | 0.0% |
| | \$ 43,859.20 | 100.0% |
| Total District Eligible Costs | | |
| Organization | \$ - | 0.0% |
| Operation | \$ - | 0.0% |
| Capital | \$ 43,859.20 | 100.0% |
| | \$ 43,859.20 | 100.0% |

SUPERIOR TOWN CENTER METROPOLITAN DISTRICT

District Funded Costs Summary

Table V



| Category | Total Eligible Soft Costs | | Category Percentage |
|--------------------------------------|---------------------------|-----------------|------------------------|
| Total Town Eligible Costs | | | |
| Earthwork | \$ | - | 0.0% |
| Roadways, Paths, & Hardscape | \$ | - | 0.0% |
| Offsite Roadways | \$ | - | 0.0% |
| Walls and Structures | \$ | - | 0.0% |
| Storm Sewer | \$ | - | 0.0% |
| Sanitary Sewer | \$ | - | 0.0% |
| Reuse Water & Irrigation Piping | \$ | - | 0.0% |
| Domestic Water | \$ | - | 0.0% |
| Dry Utilities | \$ | - | 0.0% |
| Park Site Development | \$ | - | 0.0% |
| Mob & Temporary Conditions | \$ | - | 0.0% |
| SDC - Planning Area 1 and 2 | \$ | - | 0.0% |
| SDC - Planning Area 3 | \$ | - | 0.0% |
| Parking & Architectural Enhancement | \$ | - | 0.0% |
| Public Park Amenities & Facilities | \$ | - | 0.0% |
| Other Eligible Costs | \$ | 3,707.21 | 100.0% |
| Not Eligible | \$ | - | 0.0% |
| | \$ | 3,707.21 | 100.0% |
| Total District Eligible Costs | | | |
| Operation | \$ | - | 0.0% |
| Capital | \$ | 3,707.21 | 100.0% |
| Organization | \$ | - | 0.0% |
| | \$ | 3,707.21 | 100.0% |



SUPERIOR TOWN CENTER METROPOLITAN DISTRICT
Soft and Indirect Costs

Table VII

| Vendor | Invoice Number | Description | Date | Amount Invoiced | District Category | District Powers | Town Categories | Percent District Eligible | Amount Town Eligible | Percent Town Eligible | Amount Town Eligible | Total Eligible | District Reimbursement | Certification Number |
|---------------------------------|----------------|--|----------|-----------------|-------------------|----------------------|------------------------------|---------------------------|----------------------|-----------------------|----------------------|----------------|------------------------|----------------------|
| Cesre, Inc | 17 3070.11 | Storm Sewer and Materials testing / FDP 1 Phase 2B Streets | 07/27/18 | \$ 10,202.25 | Capital | Street | Roadways, Paths, & Hardscape | 100% | \$ 10,202.25 | 100% | \$ 10,202.25 | \$ 10,202.25 | \$ 10,202.25 | 39 |
| Cesre, Inc | 18 3090.3 | STC Grading & Excavation | 05/25/18 | \$ 8,995.50 | Capital | Street | Roadways, Paths, & Hardscape | 100% | \$ 8,995.50 | 100% | \$ 8,995.50 | \$ 8,995.50 | \$ 8,995.50 | 39 |
| Cesre, Inc | 18 3090.5 | STC Grading & Excavation | 07/27/18 | \$ 1,514.25 | Capital | Street | Roadways, Paths, & Hardscape | 100% | \$ 1,514.25 | 100% | \$ 1,514.25 | \$ 1,514.25 | \$ 1,514.25 | 39 |
| Civil Resources, LLC | 238.001.01.54 | Civil Resources, LLC | 07/30/18 | \$ 10,196.25 | Capital | Multiple | Other Eligible Costs | 100% | \$ 10,196.25 | 100% | \$ 10,196.25 | \$ 10,196.25 | \$ 10,196.25 | 39 |
| Moore Isacriano Gottstein, Inc. | 005453 | STC - Blocks 32-25 ROW CD's | 07/30/18 | \$ 187.50 | Capital | Parks and Recreation | Park Site Development | 100% | \$ 187.50 | 100% | \$ 187.50 | \$ 187.50 | \$ 187.50 | 39 |
| Moore Isacriano Gottstein, Inc. | 005453 | STC - FDP-3 Phase 2 | 07/30/18 | \$ 8,260.53 | Capital | Street | Roadways, Paths, & Hardscape | 100% | \$ 8,260.53 | 100% | \$ 8,260.53 | \$ 8,260.53 | \$ 8,260.53 | 39 |
| Moore Isacriano Gottstein, Inc. | 005455 | STC - Village Green Park CD's | 07/30/18 | \$ 296.70 | Capital | Parks and Recreation | Park Site Development | 100% | \$ 296.70 | 100% | \$ 296.70 | \$ 296.70 | \$ 296.70 | 39 |
| Rush Management | 121748 | Street Sweeping | 07/31/18 | \$ 1,540.00 | Capital | Multiple | Mob & Temporary Conditions | 47% | \$ 723.80 | 47% | \$ 723.80 | \$ 723.80 | \$ 723.80 | 39 |
| Summit Services | 24558 | Stormwater Inspection | 07/31/18 | \$ 400.00 | Capital | Multiple | Mob & Temporary Conditions | 100% | \$ 400.00 | 100% | \$ 400.00 | \$ 400.00 | \$ 400.00 | 39 |
| Town of Superior | 724 | STC FDP 3 (Phase 3 Block 25) | 07/20/18 | \$ 911.50 | Capital | Multiple | Roadways, Paths, & Hardscape | 100% | \$ 911.50 | 100% | \$ 911.50 | \$ 911.50 | \$ 911.50 | 39 |
| Town of Superior | 733 | STC Development | 07/20/18 | \$ 2,090.92 | Capital | Multiple | Roadways, Paths, & Hardscape | 100% | \$ 2,090.92 | 100% | \$ 2,090.92 | \$ 2,090.92 | \$ 2,090.92 | 39 |
| | | | | \$ 44,675.40 | | | | | \$ 44,675.40 | | \$ 44,675.40 | \$ 44,675.40 | \$ 44,675.40 | |



SUPERIOR TOWN CENTER METROPOLITAN DISTRICT
District Funded Costs
Table VIII

| Vendor | Invoice Number | Invoiced | Description | Date | Amount Invoiced | District Category | District Project | Town Categories | Percent District Eligible | Amount District Eligible | Percent Town Eligible | Amount Town Eligible | Total Eligible | Development Reimbursement | District Capital Costs | District Operations Costs | Classification Number |
|--------------------------------------|------------------------|----------|--|----------|-----------------|-------------------|------------------|----------------------|---------------------------|--------------------------|-----------------------|----------------------|----------------|---------------------------|------------------------|---------------------------|-----------------------|
| Manhard Consulting | 35419 | 06/13/18 | GS Management | 06/13/18 | \$ 2,303.75 | Operation | Non District | Not Eligible | 0% | \$ - | 100% | \$ 2,303.75 | \$ 2,303.75 | \$ - | \$ - | 1,203.75 | 39 |
| Manhard Consulting | 35422 | 06/13/18 | Certification of Current District Eligible Costs | 06/13/18 | \$ 1,533.75 | Capital | Multiple | Other Eligible Costs | 100% | \$ 1,533.75 | 100% | \$ 1,533.75 | \$ 1,533.75 | \$ 1,533.75 | \$ - | \$ - | 39 |
| McCreech Becher P.C. | 11998 Jun 18 | 06/30/18 | Legal fees for operations related matters | 06/30/18 | \$ 1,832.59 | Operation | Non District | Not Eligible | 0% | \$ - | 0% | \$ - | \$ - | \$ - | \$ - | \$ 1,832.59 | 39 |
| McCreech Becher P.C. | 11998 Jun 18 | 06/30/18 | Legal fees for capital related matters | 06/30/18 | \$ 1,613.20 | Capital | Multiple | Other Eligible Costs | 100% | \$ 1,613.20 | 100% | \$ 1,613.20 | \$ 1,613.20 | \$ 1,613.20 | \$ - | \$ - | 39 |
| Simmons & Wheeler, P.C. | 22748 | 06/12/18 | Accounting Services - Operations | 06/12/18 | \$ 560.27 | Operation | Non District | Not Eligible | 0% | \$ - | 0% | \$ - | \$ - | \$ - | \$ - | \$ 560.27 | 39 |
| Simmons & Wheeler, P.C. | 22748 | 06/12/18 | Accounting Services - Capital | 06/12/18 | \$ 560.26 | Capital | Multiple | Other Eligible Costs | 100% | \$ 560.26 | 100% | \$ 560.26 | \$ 560.26 | \$ 560.26 | \$ - | \$ - | 39 |
| Special District Management Services | June 2018 | 06/30/18 | District Management Services | 06/30/18 | \$ 5,543.16 | Operation | Non District | Not Eligible | 0% | \$ - | 0% | \$ - | \$ - | \$ - | \$ - | \$ 5,543.16 | 39 |
| Special District Management Services | June 2018 | 06/30/18 | District Management Services | 06/30/18 | \$ - | Capital | Multiple | Other Eligible Costs | 100% | \$ - | 100% | \$ - | \$ - | \$ - | \$ - | \$ - | 39 |
| Town of Superior | Sw 438 1/2 Superior Dr | 07/1/18 | Irrigation Costs | 07/1/18 | \$ 10.25 | Operation | Non District | Not Eligible | 0% | \$ - | 0% | \$ - | \$ - | \$ - | \$ - | \$ 10.25 | 39 |
| Vargas Property Services | 27216/27217 | 06/29/18 | Water/Trash | 06/29/18 | \$ 5,160.00 | Operation | Non District | Not Eligible | 0% | \$ - | 0% | \$ - | \$ - | \$ - | \$ - | \$ 5,160.00 | 39 |
| Xcel Energy | 39018-6489 | 07/15/18 | Monthly service | 07/15/18 | \$ 554.38 | Operation | Non District | Not Eligible | 0% | \$ - | 0% | \$ - | \$ - | \$ - | \$ - | \$ 554.38 | 39 |
| | | | | | \$ 19,671.61 | | | | | \$ 3,707.21 | | \$ 3,707.21 | \$ 3,707.21 | \$ - | \$ 15,964.40 | | |



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.