

**STC METROPOLITAN DISTRICT NO. 1**

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

**NOTICE OF SPECIAL MEETING AND AGENDA**

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

**DATE:**        **September 5, 2018**

**TIME:**        9:00 A. M.

**PLACE:**        McGeady Becher P.C.  
450 E. 17<sup>th</sup> Ave., Suite 400  
Denver, CO 80203

**I.        ADMINISTRATIVE MATTERS**

- A.        Present Disclosures of Potential Conflicts of Interest.  
\_\_\_\_\_
- B.        Approve Agenda, confirm location of the meeting, and posting of meeting notices.  
\_\_\_\_\_
- C.        Discuss results of May 8, 2018 Election (enclosure).  
\_\_\_\_\_
- D.        Acknowledge the resignation of Director Lee Merritt effective as of June 15, 2018 (enclosure).  
\_\_\_\_\_
- E.        Consider appointment of Angie Hulsebus to the Board of Directors to fill the vacancy on the Board of Directors (Notice was published on May 11, 2018).  
\_\_\_\_\_

F. Consider appointment of Officers:

- President \_\_\_\_\_
- Treasurer \_\_\_\_\_
- Secretary \_\_\_\_\_
- Assistant Secretary \_\_\_\_\_
- Assistant Secretary \_\_\_\_\_
- Assistant Secretary \_\_\_\_\_

G. Review and approve Minutes of the March 7, 2018 Special Meeting (enclosure).

\_\_\_\_\_

II. FINANCIAL MATTERS

A. Review and accept unaudited financial statements through the period ending June 30, 2018 and updated cash position statement dated June 30, 2018 (enclosure).

\_\_\_\_\_

B. Ratify approval of request for an extension of time to file the 2017 Audit (enclosure).

\_\_\_\_\_

C. Consider approval of 2017 Audit (*draft audit - to be distributed*) and authorize execution of Representations Letter.

\_\_\_\_\_

D. Discuss and consider appointment of District Accountant to prepare the 2019 Budget. Set date for public hearing to adopt the 2019 Budget.

\_\_\_\_\_

III. LEGAL MATTERS

A. Ratify approval of Intergovernmental Agreement Regarding Covenant Enforcement and Design Review Services by and between STC Metropolitan District No. 1, STC Metropolitan District No. 2, and STC Metropolitan District No. 3 (enclosure).

\_\_\_\_\_

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

**NOTICE OF CANCELLATION  
and  
CERTIFIED STATEMENT OF RESULTS**

§1-13.5-513(6), 32-1-104, 1-11-103(3) C.R.S.

**NOTICE IS HEREBY GIVEN** by the STC Metropolitan District No. 1, Boulder County, Colorado, that at the close of business on the sixty-third day before the election, there were not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates; therefore, the election to be held on May 8, 2018 is hereby canceled pursuant to section 1-13.5-513(6) C.R.S.

The following candidates are declared elected for the following terms of office:

| <u>Name</u> | <u>Term</u>                       |
|-------------|-----------------------------------|
| Bob Revis   | Second Regular Election, May 2022 |
| Vacant      | Second Regular Election, May 2022 |
| Vacant      | Next Regular Election, May 2020   |

/s/ Lisa A. Johnson  
(Designated Election Official)

|                                   |  |
|-----------------------------------|--|
| Contact Person for the District:  | Lisa A. Johnson                                    |
| Telephone Number of the District: | 303-987-0835                                       |
| Address of the District:          | 141 Union Boulevard, Suite 150, Lakewood, CO 80228 |
| District Facsimile Number:        | 303-987-2032                                       |
| District Email:                   | ljohnson@sdmsi.com                                 |

**From:** Lee Merritt <[lee@blvdbuilders.com](mailto:lee@blvdbuilders.com)>

**Sent:** Friday, June 15, 2018 11:06 AM

**To:** Lisa Johnson <[ljohnson@sdmsi.com](mailto:ljohnson@sdmsi.com)>

**Subject:** RE: STC resignation

Thanks Lisa;

On that note: Effective June 15, 2018 I am tendering my resignation on the STC Metropolitan Districts 1, 2, & 3 Board of Directors.

Hopefully this will help with any potential issues filling a quorum.

If they get in a pinch and looking for someone to fill another seat, I am still happy to help out.

Thank you

## RECORD OF PROCEEDINGS

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### MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE STC METROPOLITAN DISTRICT NO. 1 HELD MARCH 7, 2018

A Special Meeting of the Board of Directors (referred to hereafter as the "Board") of the STC Metropolitan District No. 1 (referred to hereafter as the "District") was convened on Wednesday, the 7th day of March, 2018, at 9:00 A.M., at the offices of McGeady Becher P.C.; 450 E. 17<sup>th</sup> Ave., Suite 400, Denver, Colorado. The meeting was open to the public.

#### ATTENDANCE

##### Directors In Attendance Were:

James A. Brzostowicz  
Bob Revis

Following discussion, upon motion duly made by Director Brzostowicz, seconded by Director Revis and, upon vote, unanimously carried, the absence of Lee Merritt was excused.

##### 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.

Jessica Sergi (via speakerphone); Ranch Capital, LLC

Angie Hulsebus; Board Candidate

#### DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

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

## RECORD OF PROCEEDINGS

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### ADMINISTRATIVE MATTERS

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

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

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

Following discussion, and upon motion duly made by Director Brzostowicz, seconded by Director Revis 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.

**Minutes:** The Board reviewed the Minutes of the November 1, 2017 special meeting.

Following discussion, upon motion duly made by Director Revis seconded by Director Brzostowicz and, upon vote, unanimously carried, the Board approved the minutes of the November 1, 2017 special meeting.

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

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### FINANCIAL MATTERS

**Unaudited Financial Statements:** Mr. Chambers presented the unaudited financial statements for the period ending December 31, 2017 and the updated schedule of cash position for the period ending December 31, 2017.

Following review, upon motion duly made by Director Revis, seconded by Director Brzostowicz and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending December 31, 2017 and the updated schedule of cash position for the period ending December 31, 2017.

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## RECORD OF PROCEEDINGS

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**LEGAL MATTERS** **Public Hearing on the Inclusion of approximately 4 acres more or less of real property owned by Aweida Properties, Inc.:** President Brzostowicz opened the public hearing.

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

Following discussion, upon motion duly made by Director Brzostowicz, seconded by Director Revis and, upon vote, unanimously carried, the Board approved the inclusion of the property as described in the Petition and adopted Resolution No. 2018-03-01; Resolution for Inclusion of Real Property, subject to final review by legal counsel and in same form as transmitted. A copy of the Resolution is attached hereto and incorporated herein by this reference.

**OTHER MATTERS** There were no other matters for discussion at this time.

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

Respectfully submitted,

By \_\_\_\_\_  
Secretary for the Meeting

## RECORD OF PROCEEDINGS

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THESE MINUTES ARE APPROVED AS THE OFFICIAL MARCH 7, 2018  
MINUTES OF THE STC METROPOLITAN DISTRICT NO. 1 BY THE BOARD  
OF DIRECTORS SIGNING BELOW:

\_\_\_\_\_  
James A. Brzostowicz

\_\_\_\_\_  
Lee Merritt

\_\_\_\_\_  
Bob Revis



STC Metropolitan District #1  
Financial Statements

June 30, 2018

ACCOUNTANT'S COMPILATION REPORT

Board of Directors  
STC Metropolitan District #1

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

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

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

*Simmons & Wheeler P.C.*

July 31, 2018  
Englewood, Colorado

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

See Accountant's Compilation Report

|  | <u>General<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>All Funds</u> |
|--|-------------------------|----------------------------------|----------------------------|
| Assets                                       |                         |                                  |                            |
| Current assets                               |                         |                                  |                            |
| Cash in checking                             | \$ 584                  | \$ -                             | \$ 584                     |
| UMB PIF Supp Interest                        | -                       | -                                | -                          |
| UMB Non-PIF Supp Interest                    | -                       | -                                | -                          |
| UMB Non-PIF Supp Principal                   | -                       | -                                | -                          |
| UMB PIF Supp Res Account                     | -                       | -                                | -                          |
| UMB Restricted Project Fund                  | -                       | -                                | -                          |
| UMB Unrestricted Project Fund                | -                       | -                                | -                          |
| Prepaid Expenses                             | -                       | -                                | -                          |
| Developer Receivable                         | -                       | -                                | -                          |
| Taxes receivable                             | -                       | -                                | -                          |
|  | 584                     | -                                | 584                        |
| Other assets                                 |                         |                                  |                            |
| Amount available in debt service fund        | -                       | -                                | -                          |
| Amount to be provided for retirement of debt | -                       | -                                | -                          |
|  | -                       | -                                | -                          |
|  | -                       | -                                | -                          |
|  | <u>\$ 584</u>           | <u>\$ -</u>                      | <u>\$ 584</u>              |
| Liabilities and Equity                       |                         |                                  |                            |
| Current liabilities                          |                         |                                  |                            |
| Taxes Held with County                       | -                       | -                                | -                          |
|  | -                       | -                                | -                          |
| Total liabilities                            | -                       | -                                | -                          |
| Fund Equity                                  |                         |                                  |                            |
| Investment in capital improvements           | -                       | -                                | -                          |
| Fund balance (deficit)                       | 584                     | -                                | 584                        |
| Emergency reserves                           | -                       | -                                | -                          |
|  | 584                     | -                                | 584                        |
|  | <u>\$ 584</u>           | <u>\$ -</u>                      | <u>\$ 584</u>              |

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

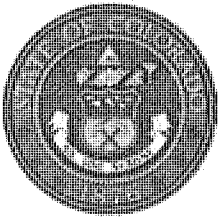
See Accountant's Compilation Report

|  | <u>Annual<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|--------------------------|---------------|---|
| <b>Revenues</b>                                      |                          |               |   |
| Property taxes                                       | \$ 502                   | \$ 1,233      | \$ 731  |
| Specific ownership taxes                             | 895                      | 10            | (885)   |
| Reimb from SURA-Operations                           | <u>25,689</u>            | <u>-</u>      | <u>(25,689)</u>                                 |
|  | <u>27,086</u>            | <u>1,243</u>  | <u>(25,843)</u>                                 |
| <b>Expenditures</b>                                  |                          |               |   |
| Miscellaneous  | -                        | 120           | (120)   |
| Treasurer's Fees                                     | 444                      | 18            | 426   |
| Transfer to District 2                               | 26,629                   | 1,165         | 25,464  |
| Emergency reserve                                    | <u>13</u>                | <u>-</u>      | <u>13</u>                                       |
|  | <u>27,086</u>            | <u>1,303</u>  | <u>25,783</u>                                   |
| Excess (deficiency) of revenues<br>over expenditures | -                        | (60)          | (60)  |
| Fund balance - beginning                             | <u>-</u>                 | <u>644</u>    | <u>644</u>                                      |
| Fund balance - ending                                | <u>\$ -</u>              | <u>\$ 584</u> | <u>\$ 584</u>                                   |

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

See Accountant's Compilation Report

|  | <u>Annual<br/>Budget</u> | <u>Actual</u> | Variance<br>Favorable<br><u>(Unfavorable)</u> |
|--|--------------------------|---------------|---|
| Revenues   |                          |               |   |
| Property Taxes                                       | \$ 2,512                 | \$ -          | \$ (2,512)                                    |
| SURA Property Tax Increment                          | 128,440                  | 54,287        | (74,153)                                      |
| Specific Ownership taxes                             | <u>4,577</u>             | <u>1,388</u>  | <u>(3,189)</u>                                |
|  | <u>135,529</u>           | <u>55,675</u> | <u>(79,854)</u>                               |
| Expenditures   |                          |               |   |
| Treasurer's Fees                                     | 2,218                    | 814           | 1,404   |
| Transfer to District 2                               | <u>133,311</u>           | <u>54,861</u> | <u>78,450</u>                                 |
|  | <u>135,529</u>           | <u>55,675</u> | <u>79,854</u>                                 |
| Excess (deficiency) of revenues<br>over expenditures | -                        | -             | -   |
| Fund balance - beginning                             | <u>-</u>                 | <u>-</u>      | <u>-</u>                                      |
| Fund balance - ending                                | <u>\$ -</u>              | <u>\$ -</u>   | <u>\$ -</u>                                   |



### Request for Extension of Time to File Audit

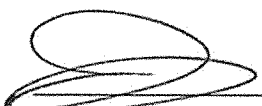
This request must be submitted no later than six months follow a school districts fiscal year end, 8 months following housing authority's fiscal year end and seven months following all other local government's fiscal year end. All requests submitted after the due date will not be considered.

Requests may be submitted to fax number **303-869-3061** or email **osa.lg@state.co.us**.

|   |   |
|---|---|
| <b>Government Name:</b>   | <u>STC Metropolitan District No. 1</u>    |
| <b>Name of Contact:</b>   | <u>John Simmons</u>                       |
| <b>Address:</b>   | <u>304 Inverness Way South, Suite 490</u> |
| <b>City/Zip Code</b>  | <u>Englewood, CO 80112</u>                |
| <b>Phone Number:</b>  | <u>303-689-0833</u>                       |
| <b>Fax Number:</b>  | <u>N/A</u>                                |
| <b>E-mail</b>   | <u>Mary@simmonswheeler.com</u>            |
| <b>Fiscal Year Ending (mm/dd/yyyy):</b>                             | <u>12/31/2017</u>                         |
| <b>Amount of Time Requested (in days):</b><br>Not to exceed 60 days | <u>60</u>                                 |
| <b>Comments (optional):</b>   | <u></u>                                   |

I understand that if the audit is not submitted within the approved extension of time the government named in the extension request will be considered in noncompliance without further notice, and the State Auditor shall take further action as prescribed by Section 29-1-606(5)(b), C.R.S.

### Must be signed by a member of the governing board.

**Signature** 

**Printed Name:** Jim Brzezowski

**Title:** President

**Date:** 7/26/18



We Set the Standard for Good Government

**INTERGOVERNMENTAL AGREEMENT REGARDING COVENANT  
ENFORCEMENT AND DESIGN REVIEW SERVICES**

THIS INTERGOVERNMENTAL AGREEMENT REGARDING COVENANT ENFORCEMENT AND DESIGN REVIEW SERVICES (“IGA”) is entered into this 7<sup>th</sup> day of June, 2017 by and between STC METROPOLITAN DISTRICT NO. 1 (“**District No. 1**”); STC METROPOLITAN DISTRICT NO. 2 (“**District No. 2**”); and STC METROPOLITAN DISTRICT NO. 3 (“**District No. 3**”), each a quasi-municipal corporation and political subdivision of the State of Colorado (each a “**District**” and, collectively, the “**Districts**”).

**RECITALS**

WHEREAS, the Districts were organized pursuant to Service Plans approved by the Town of Superior on May 13, 2013 (“**Service Plans**”) for the purpose of providing certain public improvements and services to and for the benefit of certain real property in the Town of Superior (the “**Town**”), County of Boulder (the “**County**”), State of Colorado, commonly known as the Superior Town Center (the “**Development**”); and

WHEREAS, the purposes for which the Districts were formed are the design, acquisition, construction, installation, financing, and operation and maintenance of certain water, sanitation, stormwater, streets, safety protection, fire protection, park and recreation and transportation improvements (the “**District Improvements**”), and other facilities and services, including, but not limited to, covenant enforcement and design review services, all in accordance with the Service Plans and Colorado statute; and

WHEREAS, the Service Plans anticipate the coordination of efforts between the Districts in order to finance and construct the District Improvements and to provide public services to the Development in the most efficient manner as possible; and

WHEREAS, the owner and master developer of the Development has executed that certain Master Declaration of Covenants, Conditions and Restrictions dated April 13, 2015 and recorded in the real property records of the County as Reception No. 3439339, as it may be amended from time to time (the “**Declaration**”), for that certain property more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the “**Property**”), which Declaration declares that the Property is and shall be subject to the Declaration and shall be owned, held, conveyed, encumbered, leased, improved, used, occupied, enjoyed, sold, transferred, hypothecated, maintained, altered and otherwise enjoyed in accordance with and subject to the covenants and use restrictions contained therein; and

WHEREAS, the Property encumbered by the Declaration either is, or is anticipated to be included within the boundaries of one of the Districts; and

WHEREAS, the Declaration provides that one or more of the Districts shall enforce each of the provisions provided therein; and

WHEREAS, the Declaration further provides for Rules, Regulations and Design Guidelines (the “**Guidelines**”) to be promulgated, amended, revised from time to time, administered and enforced by the Districts; and

WHEREAS, the Districts entered into that certain Facilities Funding, Construction and Operation Agreement (the “FFCOA”), dated January 15, 2015, pursuant to which the Districts agreed that District No. 2 is the Operating District responsible for all operations and maintenance services for the Districts; and

WHEREAS, both the Declaration and the FFCOA contemplate that the Districts may engage or delegate their rights to another District; and

WHEREAS, pursuant to the Colorado Constitution, Article XIV, Sections 18(2)(a) and (b), and Section 29-1-203, C.R.S., metropolitan districts may cooperate or contract with each other to provide any function, service or facility lawfully authorized to each, and any such contract may provide for the sharing of costs, the imposition of taxes, and the incurring of debt; and

WHEREAS, to promote efficient administration and enforcement of the Declaration and the Guidelines, the Districts wish to authorize and designate the Board of Directors of District No. 2 to exercise the powers of the Districts with respect to the provision of covenant enforcement and design review services (the “Services”) for the Property; and

WHEREAS, each of the Districts shall duly adopt a resolution of its Board of Directors: (i) acknowledging the Districts’ powers to enforce covenants pursuant to state statute and the intention of the Districts to provide for uniform enforcement of the covenants and the uniform provision of design review services through the Declaration and Guidelines, and (ii) authorizing the Board of Directors of District No. 2 to implement and facilitate such uniformity in the provision of the Services throughout the Property; and

WHEREAS, the Districts wish to further define District No. 2’s authority to administer and enforce the Declaration and the Guidelines for the Property subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual agreement set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Districts agree as follows:

1. Incorporation of Recitals. The Recitals are incorporated into and made a substantive part of this IGA.
2. Delegation to District No. 2. During the Term of this IGA, as hereinafter defined, the Districts hereby assign and delegate to District No. 2 all duties, rights and obligations delegated to the Districts by the Declaration and Guidelines, as may be amended, with respect to the Services. Specifically with respect to each document, District No. 2 is authorized as follows:
  - (a) Declaration. On behalf of the Districts, District No. 2 shall be charged with promulgating, amending and revising from time to time the Guidelines and to promulgate additional and/or supplemental design guidelines (including with respect to specific portions of the Property) as authorized by the Declaration. The Districts acknowledge that the initial Guidelines have been promulgated and adopted by the Boards of Directors of District No. 1, District No. 2 and District No. 3. The Districts further authorize District No. 2 to enforce the “Use Restrictions,” as defined in the Declaration and to take any and all actions provided for in



Article 6, “Covenant Enforcement Committee,” of the Declaration on behalf of the Districts regardless as to whether the property subject to the action is included within the boundaries of District No. 1, District No. 2 or District No. 3. In accordance with Section 14.6 of the Declaration, the Districts acknowledge that the Declaration may only be modified with a written and recorded instrument containing the consents of the then record Owners of at least sixty-seven percent (67%) of the Lots subject to the Declaration together with the approval of fifty-one percent (51%) of the First Mortgagees;

(b) Guidelines. The Districts acknowledge that general administration of the Guidelines is assigned by the Declaration to the Design Review Committee and Covenant Enforcement Committee, as such committees are more particularly described in the Declaration and Guidelines. District No. 2 shall appoint the members of the Design Review Committee and Covenant Enforcement Committee in accordance with the Guidelines. To the extent that actions of the “Board” as defined in the Guidelines are needed to administer and enforce the Guidelines, the Board of Directors of District No. 2 shall take such actions on behalf of the Districts.

(c) Independent Contractors. The Districts agree and acknowledge that at any time during the Term of this IGA, as hereinafter defined, District No. 2 may engage one or more third party independent contractors to carry out and enforce all or a portion of the provisions of the Declaration, the Guidelines, this IGA and any supplemental documents and agreements related to the provision of the Services. Any such contractors shall be engaged under the sole direction and of control of District No. 2.

3. Covenant Enforcement Area and Revenue. During the Term of this IGA, District No. 2 is authorized to undertake the Services within the boundaries of District No. 1, District No. 2 and District No. 3 to the extent that the real property within such boundaries is subject to the Declaration and/or the Guidelines; provided, however, that any and all revenues used to furnish the Services in accordance with the Declaration and Guidelines must be derived from within the District boundaries in which the Services are furnished. By way of illustration, revenue furnished for the administration of the Declaration and Guidelines within the boundaries of District No. 2 shall be derived from within the boundaries of District No. 2 or from within a smaller sub-set of such boundaries to the extent such sub-set is the sole recipient of the Services provided.

4. Effective Date and Term. This IGA shall be effective as of the date first set forth above (the “**Effective Date**”) and shall continue to be in full force and effect for perpetuity unless either or both of the Districts agree by written resolution of its Board of Directors to terminate the same (the “**Termination Date**”) as provided in Section 8 herein. The “**Term**” of this IGA shall extend from the Effective Date to the Termination Date.

5. Insurance. During the term of this IGA District No. 2 shall maintain appropriate insurance limits and coverage related to the provision of the Services described herein, and District No. 2 shall also require all service contractors to meet appropriate minimum insurance requirements.

6. Preliminary Budget Process. The Districts agree to cooperate to establish annual budgets for the provision of the Services, which budgets shall be allocated and administered by

District No. 2 in accordance with the revenue limitations defined herein. During each year of the Term, District No. 2 shall consult with District No. 1 and/or District No. 3 regarding a budget for the Services for the forthcoming year. Such consultation shall occur early enough in the year to allow District No. 1 and/or District No. 3 to produce and deliver to District No. 2 a set of preliminary budget documents for the forthcoming year on or before September 15 of each year. The consultation shall include District No. 2's verification of revenue streams available for the Services during the upcoming year. If any District anticipates entering into any operation funding agreement with a third-party as a revenue source, the other Districts shall have the right to review the terms of any such operation funding agreement prior to approval and execution. The preliminary budget documents shall address all funding issues regarding the Services. At a minimum, the preliminary budget documents ("**Preliminary Budget Documents**") shall include:

- (i) An accounting of any estimated carryover balances from prior years;
- (ii) A proposed schedule for deposits based on the expected timing for receipt of funds generated from (i) the Districts' ad valorem taxes and specific ownership taxes; (ii) advances to the Districts from developer(s); and/or (iii) other rates, fees, tolls and charges that may be imposed by any of the Districts from time to time in accordance with State law; and
- (iii) An estimate of costs for Services for the forthcoming year distinguishing between Services conducted for the benefit of and within the boundaries of District No. 1 and/or District No. 3 from those Services conducted for the benefit of and within the boundaries of District No. 2 and allocating funding from each District in a pro rata amount according to such estimated costs for Services in accordance with generally accepted accounting principles for each District.

#### 7. Budget Review and Approval.

(a) On or before November 15 of each year, District No. 1 and/or District No. 3 shall either: (a) approve the Preliminary Budget Documents (in which case the proposed budget provided in the Preliminary Budget Documents shall become the Final Budget for the forthcoming year); or (b) propose in writing to District No. 2 additions to and/or deletions from the Preliminary Budget Documents. District No. 1 and/or District No. 3 may propose additions to and/or deletions from only those portions of the Preliminary Budget Documents which directly obligate District No. 1 and/or District No. 3 to appropriate and expend funds during the funding year for Services provided within its boundaries. District No. 1 and/or District No. 3 shall have no right or authority to object to or propose additions to and/or deletions from any other portions of the Preliminary Budget Documents.

(b) The Districts shall, in good faith, discuss and attempt to reach an agreement with respect to the Preliminary Budget Documents. In the event any District cannot agree on Preliminary Budget Documents on or before November 1 of each year, District No. 1 and/or District No. 3 may terminate this IGA as provided in Section 8 herein. If District No. 1 and/or District No. 3 do not terminate the IGA, the Districts agree that any dispute shall be resolved by District No. 2.

(c) On or before December 15 of each year throughout the Term of this IGA, each of the Districts agree to budget and appropriate funds for the ensuing year in an amount sufficient to pay for the costs and expenses necessary to undertake the Services.

(d) The Final Budget for the Services may be amended from time to time in accordance with State law, to reflect changes in actual revenues and/or expenses, utilizing the same process and requirements set forth in this Section and Section 6, except that District No. 2 may establish alternative reasonable time periods for preparation, review and approval of proposed budget amendments. Any Final Budget processed and approved in accordance with this Section shall be known as an “**Amended Final Budget.**”

(e) In the event that funding provided by either District for the Services exceeds the amount owed by that District according to the Amended Final Budget, the balance may be carried over and credited against the anticipated funding obligation of such District for the following year as identified by the Preliminary Budget Documents.

8. Termination of IGA and Transition of Responsibilities.

(a) Either District may terminate this IGA with or without cause. In such case, the written resolution of the terminating District’s Board of Directors described in Section 4 shall establish a ninety (90) to one hundred twenty (120) day transition period (“**Transition Period**”) ending on the Termination Date to unwind the mutual covenants of this IGA related to the Services. During the Transition Period, the Districts agree to work cooperatively to develop and execute transition procedures that minimize risk to the Districts’ property owners.

(b) To the extent it is possible to assess whether excess funds of District No. 1 and/or District No. 3 will remain under District No. 2’s control following the Termination Date, District No. 1 and/or District No. 3 shall transmit any funding overage to District No. 2 during the Transition Period. In the event that the end balance for District No. 2’s funding of the Services cannot be determined during the Transition Period, District No. 2 shall transmit any balance remaining on its books to District No. 2 no later than January 31<sup>st</sup> of the year following the year in which this IGA is terminated.

(c) During the Transition Period, District No. 2 shall transmit any and all books, documents, papers and records related to Services provided for the benefit of District No. 1 and/or District No. 3 to District No. 1 and/or District No. 3. As provided in Section 10 herein, District No. 2 shall also retain copies of such books, documents, papers and records.

(d) Commencing on the Termination Date, each of the Districts shall administer the Services within their respective boundaries, and any and all revenues used to furnish the Services shall continue to be derived from within the District boundaries in which the Services are furnished.

9. Multi-Year Fiscal Obligation. The obligation of the Districts to fund the Services shall constitute a multiple-fiscal year obligation of each of the Districts, as authorized in the Ballot Issues approved by the electorates of each District at the 2013 general election.

10. Records and Reports. Throughout the term of this IGA and for a period of three (3) years following the Termination Date, District No. 2 shall maintain and preserve books, documents, papers and records of any contractors or service providers providing Services on behalf of District No. 1 and/or District No. 3 which are directly pertinent to this IGA and make the same available to District No. 1 and/or District No. 3 and any of its authorized representatives upon request at all reasonable times for the purposes of making audits, examinations, excerpts and transcriptions.

11. Access License. District No. 1 and/or District No. 3 hereby grants and conveys to District No. 2 a non-exclusive access license (the “**Access License**”) over, across, under and through any real property as may now be owned or as may be acquired in the future by District No. 1 and/or District No. 3 for the purpose of providing access for the provision of the Services, which right of access includes, but is not limited to, the right of District No. 2 to do all things necessary to administer and enforce the Declaration and Guidelines. The Access License shall run in favor of District No. 2 and its officers, agents, service contractors and employees. The Access License shall be effective as of the Effective Date and shall automatically terminate on the Termination Date, as each is defined in Section 4 herein.

12. 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 Federal Express or other nationally recognized overnight air courier service, by electronically-confirmed electronic mail or facsimile transmission, or by depositing same in the United States mail, postage prepaid, addressed as follows:

To District No. 1:                   STC Metropolitan District No. 1  
141 Union Blvd., Suite 150  
Lakewood, CO 80228  
Attn: District Manager  
Telephone: 720-214-3965  
Email: ljohnson@sdmsi.com

To District No. 2:                   STC Metropolitan District No. 2  
141 Union Blvd., Suite 150  
Lakewood, CO 80228  
Attn: District Manager  
Telephone: 720-214-3965  
Email: ljohnson@sdmsi.com

To District No. 3:                   STC Metropolitan District No. 3  
141 Union Blvd., Suite 150  
Lakewood, CO 80228  
Attn: District Manager  
Telephone: 720-214-3965  
Email: ljohnson@sdmsi.com

With copies for all  
Districts to:

McGeady Becher, P.C.  
450 E. 17<sup>th</sup> Ave., Suite 400  
Denver, CO 80203  
Attn: Megan Becher  
Telephone: 303-592-4380  
Email: mbecher@mcgeadybecher.com

All notices, demands, requests or other communications shall be effective upon such personal delivery, one (1) business day after being deposited with United Parcel Service or other nationally recognized overnight air courier service, on the date of transmission if sent by confirmed electronic mail or facsimile, 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 or contact information.

13. Assignment. No District shall assign any of its rights nor 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 ineffectual.

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

15. Default/Remedies. In the event of a breach or default of this IGA by any District, the non-defaulting District(s) shall be entitled to exercise all remedies available at law or in equity, including, but not limited to, termination of this IGA as provided in Section 8 herein. In the event of any litigation, arbitration or other proceeding to enforce the terms, covenants or conditions hereof, the prevailing District in such proceeding shall obtain as part of its judgment or award its reasonable attorneys' fees.

16. Governing Law and Jurisdiction. This IGA 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 District Court in and for the County of Boulder, Colorado.

17. Inurement. Each of the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

18. Integration. This IGA 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.

19. Severability. If any covenant, term, condition, or provision under this IGA 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.

20. Counterparts. This IGA 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.

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

22. Amendment. This IGA 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 Districts unless the same is in writing and duly executed by the parties hereto.

23. Non-Waiver. No waiver of any of the provisions of this IGA shall be deemed to constitute a waiver of any other provision of this IGA, 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.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the Districts have executed this IGA as of the day and year first set forth above.

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

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

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

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

**STC METROPOLITAN DISTRICT NO. 3**, a  
quasi-municipal corporation and political  
subdivision of the State of Colorado

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary