

JEFFERSON CENTER 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 A REGULAR MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Gregg Bradbury	President/Chairman	2020/May 2020
Jeff L. Nading	Treasurer	2022/May 2022
Charles Church McKay	Assistant Secretary	2020/May 2020
Diana K. Ten Eyck	Assistant Secretary	2020/May 2020
Steve Nading	Assistant Secretary	2022/May 2022
David Solin	Secretary	

DATE May 28, 2019 (Tuesday)
TIME: 9:30 A.M.
PLACE: Special District Management Services, Inc.
141 Union Boulevard, Suite 150
Lakewood, Colorado

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. Review and approve Minutes from the April 23, 2019 regular meeting (enclosure).

II. CONSENT AGENDA – these items are considered to be routine and will be approved and/or ratified by one motion. There will be no separate discussion of these items unless a Board Member so requests, in which event, the item will be removed from the Consent Agenda and considered in the Regular Agenda.

- Ratify approval of Change Order #2 to the Contract between the District and NRE Excavating for permit fees and additional dewatering, in the amount of \$4,500.00.
- Ratify approval of Change Order #16 to the Contract between the District and Premier Earthworks & Infrastructure for miscellaneous CORs, in the amount of \$115,162.91.
- Ratify approval of Task Order No. 2-A3 to the Master Service Agreement for Civil Engineering and Surveying Services between the District and Galloway and Company, Inc., for On-Call Survey, in the amount of \$15,000.

- Ratify approval of Task Order No. 8-A3 to the Master Service Agreement for Civil Engineering and Surveying Services between the District and Galloway and Company, Inc., for Kings North Amendment #6, in the amount of \$5,950.00.
 - Ratify approval of Task Order No. 15-A1 to the Master Service Agreement for Civil Engineering and Surveying Services between the District and Galloway and Company, Inc., for Candelas Point Amendment, in the amount of \$4,735.00.
 - Ratify approval of Task Order No. 16 to the Master Service Agreement for Civil Engineering and Surveying Services between the District and Galloway and Company, Inc., for Kings North Lot 4 & 5 Easement Revisions, in the amount of \$9,700.00.
 - Ratify approval of Task Order No. 8-A3 to the Service Agreement between the District and Martin/Martin, Inc., for On-Call Survey Services, in the amount of \$5,000.
 - Ratify approval of Task Order No. 3 to the Service Agreement, between the District and Wyoco Erosion Control, for Erosion Control, for an increase in the contract amount of \$20,000.00.
-

III. FINANCIAL MATTERS

- A. Review and consider approval of the payment of claims through the period ending May 28, 2019 as follows: (enclosure)

General Fund:	\$ 6,395.24
Debt Service Fund:	\$ 3,500.00
Capital Projects Fund:	\$ <u>505,522.67</u>
Total:	\$ <u><u>515,417.91</u></u>

- B. Review and accept unaudited financial statements for the period ending March 31, 2019 (enclosure).
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- C. Review Expense Tracking Report and consider approval of District Expenditures Verification Report (to be distributed).
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- D. Review Non-Eligible Expense Tracking Report (to be distributed).
-

- E. Review and consider approval of 2018 Audit, and authorize execution of Representations Letter (enclosure-draft Audit).

- F. Discuss status of Facilities Fees collections.

- G. Discuss status of Reimbursement Request Nos. 1 & 2 to Foothills Community Church.

IV. LEGAL MATTERS

- A. **Post-Closing Agreement and Escrow Instructions (Phase One Improvements) by and among the District, Cimarron Development Company, Sisters of Charity of Leavenworth Health System, Inc., and First American Title Insurance Company (“Phase One Agreement”); and Post-Closing Agreement and Escrow Instructions (Phase Two Improvements) by and among the same parties (“Phase Two Agreement”):**
 - 1. Discuss status of construction under the Phase One Agreement and Phase Two Agreement.

 - 2. Review and accept (or ratify acceptance of) District Engineer’s Verification(s) of Expenditures for Improvements under the Phase One Agreement and/or Phase Two Agreement (to be distributed).

 - 3. Review and consider approval (or ratification of) Disbursement Request(s) under the Phase One Agreement and/or Phase Two Agreement:
 - a. Consider approval of Disbursement Request No. 2 under the Phase One Agreement, in the amount of \$392,863.40 (enclosure).

- B. Ratify sale of Wetlands Mitigation Credits for Skyestone Parkway Project, to Great Western Park Metropolitan District No. 2 in the amount of \$32,000 (enclosure).

- C. Discuss status of water allocations (to be distributed).

V. CONSTRUCTION MATTERS

- A. Review Construction Status Report.
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- B. Consider approval of contracts, work orders and change orders.
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- C. Discuss status of water tank construction negotiations at Highway 93 and Candelas Parkway with the City of Arvada.
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1. Discuss Intergovernmental Agreement for the Purchase of Tank Site between the District and the City of Arvada.
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VI. CAPITAL IMPROVEMENTS

- A. _____

VII. OTHER BUSINESS

- A. _____

VIII. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR JUNE 25, 2019.**

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1 HELD APRIL 23, 2019

A Regular Meeting of the Board of Directors of the Jefferson Center Metropolitan District No. 1 (referred to hereafter as "Board") was convened on Tuesday, the 23rd day of April, 2019, at 9:30 A.M., at the offices of the District, 141 Union Boulevard, Suite 150, Lakewood, Colorado 80228. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Gregg Bradbury
Jeff L. Nading
Charles Church McKay
Diana K. Ten Eyck
Steve Nading

Also In Attendance Were:

David Solin; Special District Management Services, Inc.

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

Joy Tatton; Simmons & Wheeler, P.C. (via speakerphone)

Brandon Collins (in person) and Elesha Carbaugh-Gonzales (via speakerphone); Independent District Engineering Services, LLC

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosures of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. Mr. Solin noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. Attorney Becher noted that all Directors' Disclosure Statements had been filed and that no additional conflicts were disclosed at the meeting.

ADMINISTRATIVE MATTERS

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

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Bradbury, seconded by Director Steve Nading and, upon vote, unanimously carried, the Agenda was approved, as presented.

Approval of Meeting Location: 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 Bradbury, seconded by Director Steve Nading and, upon vote, unanimously carried, the Board determined that because there was not a suitable or convenient location within its boundaries to conduct this meeting, it was determined to conduct the meeting at the above-stated location. The Board further noted that notice of the time, date and location was duly posted and that they have not received any objections to the location or any requests that the meeting place be changed by taxpaying electors within its boundaries.

Minutes: The Board reviewed the Minutes from the March 26, 2019 regular meeting.

Following discussion, upon motion duly made by Director Bradbury, seconded by Director Jeff Nading and, upon vote, unanimously carried, the Minutes from the March 26, 2019 regular meeting were approved, as presented.

CONSENT AGENDA

The Board considered the following actions:

- Ratify approval of Task Order #6 for District Oversight Services between the District and Independent District Engineering Services, LLC, in the amount not to exceed \$107,815.
- Ratify approval of Reimbursement Request No. 2 to Foothills Community Church.
- Ratify approval of Reimbursement Request No. 2 to Vauxmont Metropolitan District, Cimarron Metropolitan District and Jefferson Center Metropolitan District No. 2.
- Ratify acceptance of District Engineer's Verification of Expenditures for Candelas Medical Phase One Improvements, in the amount of \$24,251.25
- Ratify approval of Disbursement Request No. 1 under the Post-Closing Agreement and Escrow Instructions (Phase One Improvements) by and among the District, Cimarron Development Company, Sisters of Charity of Leavenworth Health System, Inc., and First American Title Insurance Company (the "Phase One Agreement") in the amount of \$24,251.25.
- Ratify approval of authorization of any two directors in the following group (Gregg Bradbury, Jeff Nading, Steve Nading) to

RECORD OF PROCEEDINGS

accept District Engineer's cost verification reports, and to approve disbursement requests relating to the Phase One Agreement, between meetings, for later ratification by the entire Board.

- Ratify approval of authorization of any two directors in the following group (Gregg Bradbury, Jeff Nading, Steve Nading) to accept District Engineer's cost verification reports, and to approve disbursement requests relating to the Post-Closing Agreement and Escrow Instructions (Phase Two Improvements) by and among the District, Cimarron Development Company, Sisters of Charity of Leavenworth Health System, Inc., and First American Title Insurance Company (the "Phase Two Agreement"), between meetings, for later ratification by the entire Board.

Following review, upon motion duly made by Director Jeff Nading, seconded by Director McKay and, upon vote, unanimously carried, the Board approved and/or ratified approval of, as appropriate, the above Consent Agenda actions.

FINANCIAL MATTERS

Claims: The Board considered approval of the payment of claims for the period ending April 19, 2019 as follows:

General Fund:	\$ 8,508.81
Debt Service Fund:	\$ -0-
Capital Projects Fund:	\$ 795,012.24
Total:	\$ <u>803,521.05</u>

Following discussion, upon motion duly made by Director McKay, seconded by Director Bradbury and, upon vote, unanimously carried, the Board approved the payment of claims for the period ending April 19, 2019, with the release of Check #10535, payable to Premier Earthworks & Infrastructure, subject to funding contingent upon County release of funds in the Public Improvement Surety, in the amount of \$573,815 or Developer funding.

Expense Tracking Report (ETR): Mr. Solin reviewed the Expense Tracking Report with the Board.

District Expenditures Verification Report prepared by Independent District Engineering Services, LLC ("IDES"): Mr. Collins reviewed IDES' report entitled "District Expenditures Verification for April 2019," which summarizes IDES' review and verification of the expenditures of the District for February 2019 related to certain District construction contracts. The Verification Report identified \$803,521.05 of District Eligible Expenses and \$46,837.76 of Non-Eligible Expenses.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Jeff Nading, seconded by Director Steve Nading and, upon vote, unanimously carried, the Board determined to accept the District Eligible Expenses in the amount of \$803,521.05.

Non-Eligible Expense Tracking Report (ETR): No ETR was available for review.

Facilities Fees for Water Taps: Mr. Solin discussed the status of the outstanding Facilities Fees for Water Taps with the Board.

Reimbursement Request Nos. 1 & 2 to Foothills Community Church ("FCC"): The Board discussed the status of Reimbursement Request Nos. 1 & 2 to Foothills Community Church ("FCC").

LEGAL MATTERS

Post-Closing Agreement and Escrow Instructions (Phase One Improvements) by and among the District, Cimarron Development Company, Sisters of Charity of Leavenworth Health System, Inc., and First American Title Insurance Company ("Phase One Agreement"); and Post-Closing Agreement and Escrow Instructions (Phase Two Improvements) by and among the same parties ("Phase Two Agreement"):

Construction under the Phase One Agreement and Phase Two Agreement: The Board discussed the status of construction under the Phase One Agreement and Phase Two Agreement. No action was taken.

District Engineer's Verification(s) of Expenditures for Improvements under the Phase One Agreement and/or Phase Two Agreement: The Board reviewed the District Engineer's Verification of Expenditures for Improvements under the Phase One Agreement.

Following review and discussion, upon motion duly made by Director Bradbury, seconded by Director Ten Eyck and upon vote, unanimously carried, the Board accepted the District Engineer's Verification of Expenditures for Improvements under the Phase One Agreement.

Disbursement Request(s) under the Phase One Agreement and/or Phase Two Agreement: The Board discussed disbursement request(s) under the Phase One Agreement and/or Phase Two Agreement.

Following review and discussion, upon motion duly made by Director Bradbury, seconded by Director Ten Eyck and upon vote, unanimously

RECORD OF PROCEEDINGS

carried, the Board ratified approval of Disbursement Request #1 under the Phase One Agreement, in the amount of \$24,251.25.

Advance Acknowledgement Letter from the District to Cimarron Development Company, relating to the Phase One Agreement and Phase Two Agreement: Attorney Becher reviewed an Advance Acknowledgement Letter from the District to Cimarron Development Company, relating to the Phase One Agreement and Phase Two Agreement with the Board.

Following review and discussion, upon motion duly made by Director Bradbury, seconded by Director Jeff Nading and upon vote, unanimously carried, the Board approved the Advance Acknowledgement Letter from the District to Cimarron Development Company, relating to the Phase One Agreement and Phase Two Agreement.

Water Allocations: Mr. Solin discussed with the Board the status of water allocations.

CONSTRUCTION MATTERS

Construction Status Report: Mr. Collins discussed with the Board the Project Status Report dated April 23, 2019. A copy of the report is attached hereto and incorporated herein by this reference.

Contracts, Task Orders, Work Orders and Change Orders: Mr. Collins discussed the following Task Orders, Work Orders and Change Orders:

- Change Order #2 to the Contract between the District and NRE Excavating for permit fees and additional dewatering, in the amount of \$4,500.
- Change Order #16 to the Contract between the District and Premier Earthworks & Infrastructure for miscellaneous CORs, in the amount of \$115,162.91.
- Task Order No. 2-A3 to the Master Service Agreement for Civil Engineering and Surveying Services between the District and Galloway and Company, Inc., for On-Call Survey, in the amount of \$15,000.
- Task Order No. 8-A3 to the Master Service Agreement for Civil Engineering and Surveying Services between the District and Galloway and Company, Inc., for Kings North Amendment #6, in the amount of \$5,950.
- Task Order No. 15-A1 to the Master Service Agreement for Civil Engineering and Surveying Services between the District and

RECORD OF PROCEEDINGS

Galloway and Company, Inc., for Candelas Point Amendment, in the amount of \$4,735.

- Task Order No. 16 to the Master Service Agreement for Civil Engineering and Surveying Services between the District and Galloway and Company, Inc., for Kings North Lot 4 & 5 Easement Revisions, in the amount of \$9,700.
- Task Order No. 8-A3 to the Service Agreement between the District and Martin/Martin, Inc., for On-Call Survey Services, in the amount of \$5,000.
- Task Order No. 3 to the Service Agreement, between the District and Wyoco Erosion Control, for Erosion Control, for an increase in the contract amount of \$20,000.

Following discussion, upon motion duly made by Director Bradbury, seconded by Director Jeff Nading and, upon vote, unanimously carried, the Board approved (or ratified approval of, as appropriate) the Contracts, Change Orders, Task Orders and Work Orders listed above.

Status of Water Tank Construction Negotiations: Attorney Becher discussed with the Board the status of water tank negotiations between the District and the City of Arvada. She noted that they continue to negotiate the value of the property.

Intergovernmental Agreement between the District and City of Arvada: Attorney Becher reported that the Intergovernmental Agreement for the purchase of the tank site between the District and the City of Arvada is still in process.

CAPITAL IMPROVEMENTS

Improvements under Indiana Street Escrow Agreement ("Escrow Agreement"): There was no update.

OTHER BUSINESS

None.

ADJOURNMENT

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

RECORD OF PROCEEDINGS

Respectfully submitted,

By: _____
Secretary for the Meeting

THESE MINUTES APPROVED AS THE OFFICIAL APRIL 23, 2019
MINUTES OF THE JEFFERSON CENTER METROPOLITAN
DISTRICT NO. 1 BY THE BOARD OF DIRECTORS SIGNING
BELOW:

Gregg Bradbury

Jeffrey L. Nading

Charles C. McKay

Diana Ten Eyck

Steve Nading

JEFFERSON CENTER METRO DISTRICT NO. 1

Board Meeting Project Status

April 23, 2019

Project Work

Candelas Point

- Top lift paving on the interior streets is complete.



- Bottom lift paving is installed for 80% of the Highway 72 widening. The remaining bottom lift paving and top lift is scheduled for the first week of May. The trail along Highway 72 is prepped and is scheduled to be poured this week starting today.





- Construction of electric distribution lines is complete. Final testing and tie-in of the gas distribution lines is scheduled to be completed today.
- Wet utility lines have been cleaned and Arvada has been notified to schedule their initial acceptance inspections as soon as possible.



Kings North

- Concrete and paving are complete on Kendrick Street.



- The riprap rundown channel and pond access road are currently being constructed.



Candelas Medical

- Rough grading for lots 1, 2, and the detention pond are complete. Cut and fill operations to remove the dirt over the KDPL pipeline is in progress and schedule to be completed in four weeks.



Other Matters

- Riprap and boulder work at the downstream end of the Indiana box culvert is complete. A walkthrough with Urban Drainage and Arvada was held last week and UDFCD will provide a letter of initial construction acceptance. Martin/Martin is scheduled to perform an as-built survey this week.



Construction Contract Documents

Contractor Contracts

- None

Potential Contracts

- None

Contract Change Orders

- NRE Excavating
CO #2 – Permit Fees and Additional Dewatering - \$4,500.00
- Premier Earthworks & Infrastructure
CO #16 – Miscellaneous CORs - \$115,162.91

Contractor Potential Change Orders

- Candelas Point – Various - \$17,000
- Kings North – Various - \$39,000
- Candelas Medical – Bid Plans to Approved Plans - \$200,000
KDPL grading - \$244,720

Consultant/Vendor Agreements & Task Orders

Consultant/Vendor Agreements

- None

Task Orders and Work Orders

- Galloway
 - TO #2-A3 - On-Call Survey - \$15,000.00
 - TO #8-A3 - Kings North Amendment #6 - \$5,950.00
 - TO #15-A1 - Candelas Point Amendment - \$4,735.00
 - TO #16 - Kings North Lot 4 & 5 Easement Revisions - \$9,700.00
- Martin/Martin
 - TO #8-A3 - On-Call Survey - \$5,000.00
- Wyoco
 - TO #3 - Erosion Control - \$20,000.00

Consultant Potential Work Orders

- None

Report Criteria:

Report type: GL detail

GL Period	Check Issue Date	Check Number	Payee	Invoice Number	Invoice GL Account	Invoice Amount	Check Amount
10540							
05/19	05/16/2019	10540	CMT Excavating Company	1065	3-750	875.00	875.00
Total 10540:							875.00
10541							
05/19	05/16/2019	10541	IDES, LLC	DEN085.32	3-780	22,511.76	22,511.76
Total 10541:							22,511.76
10542							
05/19	05/16/2019	10542	Martin/Martin Consulting En	17.0723-00012 18.091	3-784	2,450.30	2,450.30
Total 10542:							2,450.30
10543							
05/19	05/16/2019	10543	McGeady Becher P.C.	599B MAR 19	1-675	3,451.10	3,451.10
05/19	05/16/2019	10543	McGeady Becher P.C.	599B MAR 19	3-675	7,031.00	7,031.00
Total 10543:							10,482.10
10544							
05/19	05/16/2019	10544	Papillon, LLC	950	3-780	32,140.84	32,140.84
Total 10544:							32,140.84
10545							
05/19	05/16/2019	10545	Special Dist Mgmt Srvs, Inc.	APRIL 2019	1-610	2,622.50	2,622.50
05/19	05/16/2019	10545	Special Dist Mgmt Srvs, Inc.	APRIL 2019	1-690	276.18	276.18
Total 10545:							2,898.68
10546							
05/19	05/16/2019	10546	SWAP, LLC	SWAP05.26	3-784	1,231.36	1,231.36
Total 10546:							1,231.36
10547							
05/19	05/16/2019	10547	SWCA, Incorporated	92995	3-750	2,041.43	2,041.43
Total 10547:							2,041.43
10548							
05/19	05/16/2019	10548	UMB Bank, N.A.	642100	2-668	3,500.00	3,500.00
Total 10548:							3,500.00
10549							
05/19	05/16/2019	10549	Wyoco Erosion Control, Inc.	991/1001	3-750	11,069.00	11,069.00
Total 10549:							11,069.00

GL Period	Check Issue Date	Check Number	Payee	Invoice Number	Invoice GL Account	Invoice Amount	Check Amount
10550							
05/19	05/16/2019	10550	Xcel Energy	633839893	1-695	33.73	33.73
05/19	05/16/2019	10550	Xcel Energy	635238134	1-695	11.73	11.73
Total 10550:							45.46
10551							
05/19	05/16/2019	10551	Xcel Energy	935306755	3-750	9,847.63	9,847.63
Total 10551:							9,847.63
10552							
05/19	05/21/2019	10552	CTL Thompson	496778,503567	3-784	4,285.00	4,285.00
05/19	05/21/2019	10552	CTL Thompson	506470 506254 503370	3-784	6,409.00	6,409.00
Total 10552:							10,694.00
10553							
05/19	05/21/2019	10553	Galloway & Company, Inc	1/2019-3/2019	3-784	17,707.62	17,707.62
Total 10553:							17,707.62
10554							
05/19	05/21/2019	10554	Martin/Martin Consulting En	16.0362-00027	3-784	2,499.90	2,499.90
05/19	05/21/2019	10554	Martin/Martin Consulting En	4/2019	3-784	78,038.34	78,038.34
Total 10554:							80,538.24
10555							
05/19	05/21/2019	10555	Premier Earthworks & Infra	PAY APP 11	3-750	296,265.96	296,265.96
05/19	05/21/2019	10555	Premier Earthworks & Infra	PAY APP 11	3-318	14,813.30-	14,813.30-
Total 10555:							281,452.66
10556							
05/19	05/21/2019	10556	Xcel Energy	637342019	3-750	25,931.83	25,931.83
Total 10556:							25,931.83
Grand Totals:							515,417.91

Report Criteria:

Report type: GL detail

May-19

Total Disbursements from Checkin:	\$ 6,395.24	\$ 3,500.00	\$ 505,522.67	\$ 515,417.91
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Jefferson Center Metropolitan District No. 1
Financial Statements

March 31, 2019

ACCOUNTANT'S COMPILATION REPORT

Board of Directors

Jefferson Center Metropolitan District No. 1

Management is responsible for the accompanying financial statements of each major fund of Jefferson Center Metropolitan District No. 1, as of and for the period ended March 31, 2019, 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 three 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 Jefferson Center Metropolitan District No. 1 because we performed certain accounting services that impaired our independence.

Simmons & Wheeler P.C.

May 7, 2019

Englewood, Colorado

Jefferson Center Metropolitan District No.1
Combined Balance Sheet
March 31, 2019

See Accountant's Compilation Report

	General Fund	Capital Projects Fund	Debt Service Fund	Account Groups	Total All Funds
Assets					
Current assets					
Cash checking	\$ 9,193	\$ -	\$ -	\$ -	\$ 9,193
Cash - Colotrust	256,460	315,337	624,326	-	1,196,123
Cash - Trustee	-	3,176	3,738,891	-	3,742,067
Cash - Escrow	-	5,984,550	-	-	5,984,550
Cash with County Treasurer	7,755	-	77,561	-	85,316
AURA receivable	9,153	-	31,871	-	41,024
Construction deposit	-	673,815	-	-	673,815
Due from JCMD #2	-	-	75,458	-	75,458
	<u>282,561</u>	<u>6,976,878</u>	<u>4,548,107</u>	<u>-</u>	<u>11,807,546</u>
Other assets					
Fixed assets	-	-	-	15,697,274	15,697,274
Amount available in debt service fund	-	-	-	4,548,107	4,548,107
Amount to be provided for retirement of debt	-	-	-	35,350,723	35,350,723
	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,596,104</u>	<u>55,596,104</u>
	<u>\$ 282,561</u>	<u>\$ 6,976,878</u>	<u>\$ 4,548,107</u>	<u>\$ 55,596,104</u>	<u>\$ 67,403,650</u>
Liabilities and Equity					
Current liabilities					
Accounts payable	\$ 7,053	\$ 794,316	\$ -	\$ -	\$ 801,369
Retainage payable	-	362,820	-	-	362,820
	<u>7,053</u>	<u>1,157,136</u>	<u>-</u>	<u>-</u>	<u>1,164,189</u>
Revenue Bonds, Series 2015	-	-	-	18,325,000	18,325,000
Revenue Bonds, Series 2017	-	-	-	10,402,000	10,402,000
Line of Credit - Series 2010B	-	-	-	11,146,229	11,146,229
Accrued interest - Series 2010B	-	-	-	25,601	25,601
	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,898,830</u>	<u>39,898,830</u>
Total liabilities	<u>7,053</u>	<u>1,157,136</u>	<u>-</u>	<u>39,898,830</u>	<u>41,063,019</u>
Fund equity and other credits					
Investment in fixed assets	-	-	-	15,697,274	15,697,274
Fund balance - Reserve Fund			1,588,027	-	1,588,027
Fund balance - Surplus Fund - \$1.3 mil max			1,300,000	-	1,300,000
Fund balance	275,508	5,819,742	1,660,080	-	7,755,330
	<u>275,508</u>	<u>5,819,742</u>	<u>4,548,107</u>	<u>15,697,274</u>	<u>26,340,631</u>
	<u>\$ 282,561</u>	<u>\$ 6,976,878</u>	<u>\$ 4,548,107</u>	<u>\$ 55,596,104</u>	<u>\$ 67,403,650</u>

Jefferson Center Metropolitan District No.1
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Three Months Ended March 31, 2019
General Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual Quarter</u>	<u>Actual Year to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Property taxes	\$ 180,973	\$ 77,764	\$ 77,764	\$ (103,209)
Less AURA portion of District taxes	(104,660)	(9,145)	(9,145)	95,515
Specific ownership taxes	12,801	3,631	3,631	(9,170)
AURA tax increment	104,660	9,145	9,145	(95,515)
Interest income	2,000	9,726	9,726	7,726
	<u>195,774</u>	<u>91,121</u>	<u>91,121</u>	<u>(104,653)</u>
Expenditures				
Accounting	6,000	-	-	6,000
Audit	5,500	-	-	5,500
Election expense	2,000	-	-	2,000
Insurance	5,250	5,224	5,224	26
Landscape maintenance	16,000	4,780	4,780	11,220
Legal	45,000	10,373	10,373	34,627
Management fees	32,000	9,499	9,499	22,501
Miscellaneous	2,000	30	30	1,970
Office supplies	1,000	776	776	224
Treasurer fees	2,715	1,029	1,029	1,686
Utilities	10,000	220	220	9,780
Transfer to JCMD #2 General Fund	54,164	8,616	8,616	45,548
Transfer to Mt Shadows for O&M	2,910	-	-	2,910
Emergency reserve	3,826	-	-	3,826
Contingency	310,824	-	-	310,824
	<u>499,189</u>	<u>40,547</u>	<u>40,547</u>	<u>458,642</u>
Excess (deficiency) of revenues over expenditures	(303,415)	\$ <u>50,574</u>	50,574	353,989
Fund balance beginning	<u>303,415</u>		<u>224,934</u>	<u>(78,481)</u>
Fund balance ending	\$ <u>-</u>		\$ <u>275,508</u>	\$ <u>275,508</u>

Jefferson Center Metropolitan District No.1
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Three Months Ended March 31, 2019
Capital Projects Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual Quarter</u>	<u>Actual Year to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Transfer from General Fund	\$ -	\$ -	\$ -	\$ -
Interest income	5,000	14	14	(4,986)
Other reimbursements	6,800,000	-	-	(6,800,000)
Facility fee income	-	-	-	-
Bond Proceeds	15,000,000	-	-	(15,000,000)
Developer advances	-	5,984,549	5,984,549	5,984,549
	<u>21,805,000</u>	<u>5,984,563</u>	<u>5,984,563</u>	<u>(15,820,437)</u>
Expenditures				
Legal	-	16,786	16,786	(16,786)
Capital outlay	13,303,540	1,457,460	1,457,460	11,846,080
Project management	-	109,559	109,559	(109,559)
Issuance Costs	500,000	-	-	500,000
Repay developer advances - principal	5,500,000	4,451	4,451	5,495,549
Repay developer advances - interest	-	96,566	96,566	(96,566)
Transfer to Debt Service Fund	3,000,000	-	-	3,000,000
Engineering	-	55,228	55,228	(55,228)
	<u>22,303,540</u>	<u>1,740,050</u>	<u>1,740,050</u>	<u>20,563,490</u>
Excess (deficiency) of revenues over expenditures	(498,540)	<u>\$ 4,244,513</u>	4,244,513	4,743,053
Fund balance beginning	<u>498,540</u>		<u>1,575,229</u>	<u>1,076,689</u>
Fund balance ending	<u>\$ -</u>		<u>\$ 5,819,742</u>	<u>\$ 5,819,742</u>

Jefferson Center Metropolitan District No.1
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Three Months Ended March 31, 2019
Debt Service Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual Quarter</u>	<u>Actual Year to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Property taxes	\$ 1,810,064	\$ 777,773	\$ 777,773	\$ (1,032,291)
Less AURA portion of District taxes	(1,046,792)	(91,461)	(91,461)	955,331
Specific ownership taxes	126,704	36,313	36,313	(90,391)
Interest income	10,000	20,424	20,424	10,424
Transfer from District #2 DS	193,437	62,839	62,839	(130,598)
Transfer from Capital Projects	3,000,000	-	-	(3,000,000)
AURA tax increment	1,046,792	91,461	91,461	(955,331)
AURA increment - other governments	1,187,789	417	417	(1,187,372)
	<u>6,327,994</u>	<u>897,766</u>	<u>897,766</u>	<u>(5,430,228)</u>
Expenditures				
Transfer to District #2/Vauxmont - Debt Service	1,187,789	417	417	1,187,372
Series 2015 Principal	585,000	-	-	585,000
Series 2015 Interest	964,450	-	-	964,450
Series 2017 Interest	590,756	-	-	590,756
Series 2018 Interest	450,000	-	-	450,000
Paying agent fees	7,000	-	-	7,000
Treasurer's fees	27,151	10,295	10,295	16,856
	<u>3,812,146</u>	<u>10,712</u>	<u>10,712</u>	<u>3,801,434</u>
Excess (deficiency) of revenues over expenditures	2,515,848	\$ <u>887,054</u>	887,054	(1,628,794)
Fund balance beginning	<u>3,604,627</u>		<u>3,661,053</u>	<u>56,426</u>
Fund balance ending	\$ <u>6,120,475</u>		\$ <u>4,548,107</u>	\$ <u>(1,572,368)</u>

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1
GASB 34 AJE's
12/31/2018

Water rights	171,184	
Construction in progress	6,740,022	
Capital assets, net of depreciation	143,647	
Due from JCMD2	-	
Accrued interest on bonds		131,699
Series 2015 Bonds		18,855,000
Series 2017 Bonds		10,402,000
Series 2010A-1 LOC		-
Series 2010A-2 LOC		-
Series 2010B LOC		-
Series 2010A-1 Interest		-
Series 2010A-1 Interest		-
Series 2010B Interest		-
Original interest discount	261,578	
Beginning net assets	22,072,268	
Record net assets as of 12/31/18		
Depreciation expense	9,489	
Capital assets, net of accum depr		9,489
to record current year depreciation		
Series 2015 Bond principal		530,000
Series 2015 Bonds	530,000	
To record principal payment on the Series 2015 Bonds		
Developer Advannces	5,500,000	
Series 2010B LOC		5,500,000
To record developer advances received in 2018		
Series 2010B interest payable		300,869
Series 2010B interest expense	300,869	
To accrue 2016 interest on the Series 2010B Note		
Series 2010B principal		333,870
Series 2010B interest expense		288,414
Series 2010B interest payable	333,870	
Series 2010B LOC	288,414	
To record payment of interest & principal on the Series 2010B Note		
Accrued interest on bonds	2,098	

Bond interest expense		2,098
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To record accrue bond interest payable

Original issue discount - 2015		12,954
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Original issue discount - 2017		3,346
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Interest expense - 2015	12,954	
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Interest expense - 2017	3,346	
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To amortize original issue discount

Construction in progress	7,012,877	
--------------------------	-----------	--

Engineering		887,596
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Legal		31,478
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Project management		308,900
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Capital improvements		5,784,903
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To record construction in progress

Non GASB34 entries:

Landscaping	General	113
-------------	---------	-----

Project management	Capital	18,305
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Engineering	Capital	72,558
-------------	---------	--------

Engineering	General	
-------------	---------	--

Project management	Capital	
--------------------	---------	--

Accounts Payable - General	Capital	113
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Accounts Payable - Capital		90,863
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To record additional ap @12/31/2018

Cash	Debt	5,134	-
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Due from JCMD2 - Debt	Debt		5,134
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Cash	General		5,134
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Transfer to District #2	General	5,134	
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To adjust FFCO to actual

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

Financial Statements

Year Ended December 31, 2018

with

Independent Auditors' Report

DRAFT

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JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2018

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Net Position
ASSETS						
Cash and investments	\$ 226,869	\$ -	\$ -	\$ 226,869	\$ -	\$ 226,869
Cash and investments - restricted	-	3,599,091	1,725,974	5,325,065	-	5,325,065
Receivable - County Treasurer	1,795	17,948	-	19,743	-	19,743
Property taxes receivable	74,719	747,331	-	822,050	-	822,050
Prepaid expenses	4,313	-	-	4,313	-	4,313
Due from JCMD#2	-	44,014	-	44,014	-	44,014
Construction deposit	-	-	673,815	673,815	-	673,815
Water rights	-	-	-	-	171,184	171,184
Construction in progress	-	-	-	-	13,752,899	13,752,899
Capital assets, net of accumulated depreciation	-	-	-	-	134,158	134,158
Total Assets	<u>\$ 307,696</u>	<u>\$ 4,408,384</u>	<u>\$ 2,399,789</u>	<u>\$ 7,115,869</u>	<u>14,058,241</u>	<u>21,174,110</u>
LIABILITIES						
Accounts payable	\$ 8,043	\$ -	\$ 538,153	\$ 546,196	-	546,196
Retainage payable	-	-	286,407	286,407	-	286,407
Accrued interest on bonds	-	-	-	-	129,601	129,601
Long-term liabilities:						
Due within one year	-	-	-	-	569,029	569,029
Due in more than one year	-	-	-	-	33,091,278	33,091,278
Total Liabilities	<u>8,043</u>	<u>-</u>	<u>824,560</u>	<u>832,603</u>	<u>33,789,908</u>	<u>34,622,511</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>74,719</u>	<u>747,331</u>	<u>-</u>	<u>822,050</u>	<u>-</u>	<u>822,050</u>
Total Deferred Inflows of Resources	<u>74,719</u>	<u>747,331</u>	<u>-</u>	<u>822,050</u>	<u>-</u>	<u>822,050</u>
FUND BALANCES						
Fund Balances:						
Nonspendable:						
Prepays	4,313	-	-	4,313	(4,313)	-
Restricted:						
Emergencies	3,826	-	-	3,826	(3,826)	-
Debt service	-	3,661,053	-	3,661,053	(3,661,053)	-
Capital projects	-	-	1,575,229	1,575,229	(1,575,229)	-
Assigned:						
Subsequent years disbursements	<u>216,795</u>	<u>-</u>	<u>-</u>	<u>216,795</u>	<u>(216,795)</u>	<u>-</u>
Total Fund Balances	<u>224,934</u>	<u>3,661,053</u>	<u>1,575,229</u>	<u>5,461,216</u>	<u>(5,461,216)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 307,696</u>	<u>\$ 4,408,384</u>	<u>\$ 2,399,789</u>	<u>\$ 7,115,869</u>		
NET POSITION						
Net investment in capital assets					(33,354,965)	(33,354,965)
Restricted for:						
Emergencies					3,826	3,826
Debt service					3,531,452	3,531,452
Capital projects					1,575,229	1,575,229
Unrestricted					<u>13,974,007</u>	<u>13,974,007</u>
Total Net Position					<u>\$ (14,270,451)</u>	<u>\$ (14,270,451)</u>

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting and audit	\$ 5,100	\$ -	\$ -	\$ 5,100	\$ -	\$ 5,100
Election expense	1,136	-	-	1,136	-	1,136
Engineering	-	-	887,596	887,596	(887,596)	-
Insurance	5,026	-	-	5,026	-	5,026
Landscape maintenance	17,871	-	-	17,871	-	17,871
Legal	54,357	-	31,478	85,835	(31,478)	54,357
Management fees	53,084	-	-	53,084	-	53,084
Miscellaneous expenses	1,204	-	-	1,204	-	1,204
Office supplies	1,234	-	-	1,234	-	1,234
Project management	-	-	308,900	308,900	(308,900)	-
Treasurer's fees	1,168	11,681	-	12,849	-	12,849
Utilities	13,838	-	-	13,838	-	13,838
Series 2015 Bond principal	-	530,000	-	530,000	(530,000)	-
Series 2015 Bond interest expense	-	989,625	-	989,625	10,856	1,000,481
Series 2017 Bond interest expense	-	590,756	-	590,756	3,346	594,102
Paying agent fee	-	7,375	-	7,375	-	7,375
Series 2010B principal	-	-	333,870	333,870	(333,870)	-
Series 2010B interest expense	-	-	288,414	288,414	12,455	300,869
Transfer to JCMD #2 Debt Service	-	1,344,011	-	1,344,011	-	1,344,011
Transfer to JCMD #2 General Fund	43,068	-	-	43,068	-	43,068
Transfer to Mt Shadows for O&M	1,971	-	-	1,971	-	1,971
Capital improvements	-	-	5,784,903	5,784,903	(5,784,903)	-
Depreciation expense	-	-	-	-	9,489	9,489
Total Expenditures	199,057	3,473,448	7,635,161	11,307,666	(7,840,601)	3,467,065
PROGRAM REVENUES						
Facility fees	-	-	64,930	64,930	-	64,930
Total Program Revenues	-	-	64,930	64,930	-	64,930
Net Program Income (Expenses)	(199,057)	(3,473,448)	(7,570,231)	(11,242,736)	7,840,601	(3,402,135)
GENERAL REVENUES						
Property taxes	178,203	1,782,088	-	1,960,291	-	1,960,291
Less AURA portion of District taxes	(100,793)	(1,007,935)	-	(1,108,728)	-	(1,108,728)
Specific ownership taxes	17,324	173,256	-	190,580	-	190,580
AURA tax increment	100,793	1,007,935	-	1,108,728	-	1,108,728
AURA increment - other governments	-	1,344,011	-	1,344,011	-	1,344,011
Interest income	96,976	55,958	11,302	164,236	-	164,236
Reimbursed expenses	-	-	834,093	834,093	-	834,093
Transfer from JCMD#2	-	316,569	-	316,569	-	316,569
Total General Revenues	292,503	3,671,882	845,395	4,809,780	-	4,809,780
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	93,446	198,434	(6,724,836)	(6,432,956)	7,840,601	1,407,645
OTHER FINANCING SOURCES (USES)						
Developer advances	-	-	5,500,000	5,500,000	(5,500,000)	-
Transfers in	-	283	-	283	(283)	-
Transfers (out)	-	-	(283)	(283)	283	-
Total Other Financing Sources (Uses)	-	283	5,499,717	5,500,000	(5,500,000)	-
NET CHANGES IN FUND BALANCES	93,446	198,717	(1,225,119)	(932,956)	932,956	-
CHANGE IN NET POSITION					1,407,645	1,407,645
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	131,488	3,462,336	2,800,348	6,394,172	(22,072,268)	(15,678,096)
END OF YEAR	\$ 224,934	\$ 3,661,053	\$ 1,575,229	\$ 5,461,216	\$ (19,731,667)	\$ (14,270,451)

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

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

For the Year Ended December 31, 2018

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 209,948	\$ 178,203	\$ (31,745)
Less AURA portion of District taxes	(130,081)	(100,793)	29,288
Specific ownership taxes	14,828	17,324	2,496
AURA tax increment	130,081	100,793	(29,288)
Interest income	<u>2,000</u>	<u>96,976</u>	<u>94,976</u>
Total Revenues	<u>226,776</u>	<u>292,503</u>	<u>65,727</u>
EXPENDITURES			
Accounting and audit	11,500	5,100	6,400
Election expense	2,000	1,136	864
Insurance	4,650	5,026	(376)
Landscape maintenance	16,000	17,871	(1,871)
Legal	45,000	54,357	(9,357)
Management fees	32,000	53,084	(21,084)
Miscellaneous expenses	2,000	1,204	796
Office supplies	1,000	1,234	(234)
Treasurer's fees	3,149	1,168	1,981
Utilities	10,000	13,838	(3,838)
Transfer to JCMD #2 General Fund	59,035	43,068	15,967
Transfer to Mt Shadows for O&M	1,970	1,971	(1)
Contingency	182,851	-	182,851
Emergency reserve	<u>3,821</u>	<u>-</u>	<u>3,821</u>
Total Expenditures	<u>374,976</u>	<u>199,057</u>	<u>175,919</u>
NET CHANGE IN FUND BALANCE	(148,200)	93,446	241,646
FUND BALANCE:			
BEGINNING OF YEAR	<u>148,200</u>	<u>131,488</u>	<u>(16,712)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 224,934</u>	<u>\$ 224,934</u>

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2018

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Jefferson Center Metropolitan District No. 1, located in Jefferson County, Colorado, conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on October 25, 1989, as a quasi-municipal corporation established under the State of Colorado Special District Act. The District, along with Jefferson Center Metropolitan District No. 2, Vauxmont Metropolitan District, Cimarron Metropolitan District, Canyon Pines Metropolitan District, and Mountain Shadows Metropolitan District ("MSMD") (collectively, the "Districts"), each of which was organized in 2004, serve a service area which is located primarily in the City of Arvada, with some portions outside the City in unincorporated Jefferson County. The Districts were established to finance and construct water, sanitary and storm sewer, streets, limited fire protection services, park and recreation, safety protection, mosquito control, television relay and transmission, and transportation facilities and services. Jefferson Center Metropolitan District No. 2 (the "Service District") is responsible for managing the financing, construction, operation and maintenance of certain regional improvements to benefit the service area as well as providing certain administrative services for the Districts. The District, Vauxmont Metropolitan District, Cimarron Metropolitan District, Canyon Pines Metropolitan District, and MSMD (the "Financing Districts") are responsible for providing certain funding needed to support the Service District's provision of services. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

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

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2018

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

Basis of Presentation

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2018

The District reports the following major governmental funds:

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

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

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

Budgetary Accounting

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

On September 25, 2018, the District amended its total appropriations in the Debt Service Fund from \$4,084,893 to \$3,977,548 primarily due to the decrease in the AURA mill levies.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2018, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

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

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

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting under this section at December 31, 2018.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Original Issue Discount

Original issue discount from the Series 2015 and 2017 Bonds are being amortized over the respective terms of the bonds using the interest/straight-line method. Accumulated amortization of original issue discount amounted to \$45,032 at December 31, 2018.

Capital Assets

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

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The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure and buildings	20-50 years
Other capital assets	5-20 years

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

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

Fund Balance

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2018

Nonspendable Fund Balance

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

The nonspendable fund balance in the General Fund in the amount of \$4,313 represents prepaid expenditures.

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$3,826 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$3,661,053 is restricted for the payment of the debt service costs associated with the Refunding Revenue Bonds, Series 2015 and Revenue Completion Bonds Series 2017 (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$1,575,229 is restricted for the payment of the costs for capital improvements within the District.

Committed Fund Balance

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

Assigned Fund Balance

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

The assigned fund balance in the General Fund represents the amount appropriated for use in the budget for the year ending December 31, 2019.

Unassigned Fund Balance

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

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Notes to Financial Statements December 31, 2018

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

Net Position

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

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

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

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

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

Note 2: Cash and Investments

As of December 31, 2018, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 226,869
Cash and investments – Restricted	<u>5,325,065</u>
Total	<u>\$ 5,551,934</u>

Cash and investments as of December 31, 2018, consist of the following:

Deposits with financial institutions	\$ 9,246
Investments – MSILF	3,162
Investments – COLOTRUST	<u>5,539,526</u>
	<u>\$ 5,551,934</u>

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2018

Deposits

Custodial Credit Risk

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

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

Investment Valuation

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

As of December 31, 2018, the District had the following investments:

Morgan Stanley Institutional Liquidity Fund

The Morgan Stanley Institutional Liquidity Fund ("MSILF") is rated AAAm by Standard & Poor's and the maturity is weighted average under 32 days. MSILF records its investments at fair value and the District records its investment in MSILF using the net asset value method. The fund is a money market fund with each share maintaining a value of \$1.00. The money market fund invests in high quality debt securities issued by the U.S. Government. At December 31, 2018, the District had \$3,162 invested in the MSILF held by a trustee.

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2018

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”) is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians’ internal records identify the investments owned by COLOTRUST. At December 31, 2018, the District had \$5,539,526 invested in COLOTRUST, of which \$3,610,324 is held in trust accounts with UMB Bank.

Credit Risk

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

Custodial and Concentration of Credit Risk

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

Interest Rate Risk

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements
December 31, 2018

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2018, follows:

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2018</u>
<u>Capital assets not being depreciated:</u>				
Water rights	\$ 171,184	\$ -	\$ -	\$ 171,184
Construction in progress	<u>6,740,022</u>	<u>7,012,877</u>	<u>-</u>	<u>13,752,899</u>
Total capital assets not being depreciated	<u>6,911,206</u>	<u>7,012,877</u>	<u>-</u>	<u>13,924,083</u>
<u>Capital assets being depreciated:</u>				
Infrastructure and landscaping	295,471	-	-	295,471
Machinery and equipment	<u>2,750</u>	<u>-</u>	<u>-</u>	<u>2,750</u>
Total capital assets being depreciated	298,221	-	-	298,221
<u>Accumulated Depreciation:</u>				
Infrastructure and landscaping	(151,824)	(9,489)	-	(161,313)
Machinery and equipment	<u>(2,750)</u>	<u>-</u>	<u>-</u>	<u>(2,750)</u>
Total accumulated depreciation	<u>(154,574)</u>	<u>(9,489)</u>	<u>-</u>	<u>(164,063)</u>
Net capital assets being depreciated	<u>143,647</u>	<u>(9,489)</u>	<u>-</u>	<u>134,158</u>
Government type assets, net	<u>\$ 7,054,853</u>	<u>\$ 7,003,388</u>	<u>\$ -</u>	<u>\$ 14,058,241</u>

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2018, is as follows:

Refunding Revenue Bonds, Series 2015

On December 1, 2015 the District issued \$19,370,000 of Refunding Revenue Bonds Series 2015 (the "Series 2015 Bonds") dated December 1, 2015 for the purpose of financing or reimbursing public improvements related to the Development, refunding the Vauxmont Metropolitan District Refunding Revenue Bonds Series 2015B, funding the Reserve Fund and paying the cost of issuing the Series 2015 Bonds. The Series 2015 Bonds bear interest between the rates of 4.75% to 5.5%, payable semiannually on each June 1 and December 1, commencing on June 1, 2016. The 2015 Bonds are secured by Pledged Revenues including the Required Mill Levy (as defined in the Indenture of Trust for the Series 2015 Bonds or the "Indenture"), specific ownership taxes attributable to the Required Mill Levy, the Series 2015B TIF Revenue (as defined in the

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2018

Indenture), any profit from investments of money in funds holding Pledged Revenue held under the Indenture, and any other legally available amounts that the District may designate held under the Indenture. The Series 2015 Bonds are also secured by a Reserve Requirement in the amount of \$700,000 and a Surplus Fund Requirement of \$1,300,000. As long as the amount on deposit in the Surplus Fund is less than the Surplus Fund Requirement, the Required Mill levy shall equal 50 mills and in no event shall the Required Mill Levy exceed 50 mills. As of December 31, 2018, the District has \$701,334 deposited in the Reserve Fund and \$1,302,477 deposited in the Surplus Fund.

The Series 2015 Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2017. The Series 2015 Bonds are also subject to mandatory excess funds redemption in integral multiples of \$1,000, on December 1, 2018, solely from and to the extent of any moneys held in the Restricted Project Fund on November 1, 2018. At December 31, 2018, the District has \$0 deposited in the Restricted Project Fund. The Series 2015 Bonds may be prepaid on December 1, 2020 and on any date thereafter with a redemption premium as follows:

3% of the amount redeemed prior to December 1, 2021
2% of the amount redeemed prior to December 1, 2022
1% of the amount redeemed prior to December 1, 2023
Redemptions on and after December 1, 2023 are at par

Revenue Completion Bonds, Series 2017

On April 6, 2017 the District issued \$10,402,000 of Revenue Completion Bonds Series 2017 (the "Series 2017 Bonds") dated April 6, 2017 for the purpose of financing or reimbursing public improvements related to the Development, refunding the Series 2010A-1 Note and the Series 2010 A-2 Note, paying capitalized interest on the Series 2017 Bonds, funding the Reserve Fund for the Series 2017 Bonds and paying the cost of issuing the Series 2017 Bonds. The Series 2017 Bonds bear interest between the rates of 5.625% to 5.750%, payable semiannually on each June 1 and December 1, commencing on June 1, 2017. The Series 2017 Bonds were issued on parity with the District's Series 2015 Bonds and are secured by Pledged Revenues including the Required Mill Levy (as defined in the Indenture of Trust for the Series 2017 Bonds or the "2017 Indenture"), specific ownership taxes attributable to the Required Mill Levy, the Series 2015B TIF Revenue (as defined in the 2017 Indenture), any profit from investments of money in funds holding Pledged Revenue held under the 2017 Indenture, and any other legally available amounts that the District may designate held under the 2017 Indenture. The Series 2017 Bonds are also secured by a Reserve Requirement in the amount of \$888,027 and capitalized interest in the amount of \$901,700. As of December 31, 2018, the District has \$889,719 deposited in the Reserve Fund and \$0 deposited in the Capitalized Interest Fund.

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Notes to Financial Statements
December 31, 2018

The Series 2017 Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2020. The Series 2017 Bonds may be prepaid on December 1, 2020 and on any date thereafter with a redemption premium as follows:

3% of the amount redeemed prior to December 1, 2021
2% of the amount redeemed prior to December 1, 2022
1% of the amount redeemed prior to December 1, 2023
Redemptions on and after December 1, 2023 are at par

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2015 and 2017 Bonds:

	Principal	Interest	Total
2019	\$ 585,000	\$ 1,555,206	\$ 2,140,206
2020	904,000	1,527,419	2,431,419
2021	927,000	1,482,518	2,409,518
2022	983,000	1,436,369	2,419,369
2023	1,016,000	1,387,288	2,403,288
2024-2028	5,987,000	6,107,420	12,094,420
2029-2033	4,980,000	4,518,931	9,498,931
2034-2038	3,385,000	3,311,929	6,696,929
2039-2043	3,987,000	2,380,207	6,367,207
2044-2047	5,973,000	928,833	6,901,833
	<u>\$ 28,727,000</u>	<u>\$ 24,636,120</u>	<u>\$ 53,363,120</u>

Subordinate Non-revolving Letter of Credit Note, Series 2010A

On November 1, 2010, the District authorized the issuance of its Subordinate Non- Revolving Letter of Credit Note, Series 2010A to Cimarron Commercial, LLC (“CCLLC”), in an amount not to exceed \$11,762,000 (“2010A Subordinate Note”) to reimburse amounts advanced under the Parkway Acquisition Agreement (see Note 5) related to the acquisition of certain Right of Ways (“ROW”) related to and necessary for the construction of a beltway loop and highway commonly known as Jefferson Parkway (the “Parkway ROW”), as is more specifically described in the Certified Record of Proceedings relating to issuance of the 2010A Subordinate Note (“2010A Subordinate Resolution”).

In December 2011, the District issued \$3,612,000 of the Series 2010A Subordinate Note under the Parkway Acquisition Agreement.

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Notes to Financial Statements December 31, 2018

The principal amount of the Series 2010A Subordinate Note may be increased by Advances made under the Parkway Acquisition Agreement. The 2010A Subordinate Note will accrue interest at the rate of 8% per annum, payable annually on each December 15 and will mature on December 15, 2030. The 2010A Subordinate Note will be subject to mandatory redemption in part by lot on December 15 of each year to the extent of money on deposit, if any, in the Mandatory Redemptions Account, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. The 2010A Subordinate Note will be subject to redemption prior to maturity, at the option of the District, as a whole or in part, on any date, upon payment of par and accrued interest, without redemption premium.

The 2010A Subordinate Note is a limited obligation of the District secured by certain revenues pledged to the District by the Service District pursuant to the Parkway Pledge Agreement (see below), including (1) certain Surplus Pledged Revenue (defined in the Parkway Pledge Agreement) and (2) certain Tax Increment Revenues (defined in the Parkway Pledge Agreement). The 2010A Subordinate Note is further secured by a Required Mill Levy, as further described in the 2010A Subordinate Note Resolution, and the portion of the specific ownership tax that is collected as a result of the imposition of the Required Mill Levy. Amounts due and owing on the 2010A Subordinate Note shall be paid on a subordinate basis to any Senior Obligations.

On March 27, 2012, the District authorized the First Amendment to the Series 2010A Subordinate Note, which designated that the Series 2010A Subordinate Note be split. On March 27, 2012, the Series 2010A Subordinate Note was split into the Series 2010A-1 Note in the amount of \$3,112,000 and the Series 2010A-2 Note in the amount of \$500,000. The Series 2010A-1 Note is payable to CCLLC and the Series 2010A-2 Note is payable to TCC1, LLC ("TCC1"). The Series 2010 A-1 Note and the Series 2010A-2 Note were refunded by the Series 2017 Bonds on April 6, 2017. As of December 31, 2018, the principal amount of the reimbursement obligation under the Series 2010A-1 Subordinate Note was \$0 along with accrued interest in the amount of \$0 and the principal amount of the reimbursement obligation under the Series 2010A-2 Subordinate Note was \$0 along with accrued interest in the amount of \$0.

Subordinate Non-revolving Letter of Credit Note, Series 2010B

On November 1, 2010, the District authorized the issuance of its Subordinate Non-revolving Letter of Credit Note, Series 2010B, in an amount not to exceed \$229,238,000 ("2010B Subordinate Note") to CCLLC to reimburse amounts advanced to the District under the CCLLC Facilities Funding and Acquisition Agreement, amended and restated on July 23, 2013, (see Note 5) related to the funding of certain construction related expenses for public improvements to be located within and/or benefiting property within the boundaries of the District, as is more specifically described in the Certified Record of Proceedings relating to issuance of the 2010B Subordinate Note ("2010B Subordinate Resolution").

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2018

In November 2015, the District issued \$128,807 of the Series 2010B Subordinate Note under the CCLLC Facilities Funding and Acquisition Agreement (defined herein).

On April 6, 2017, the Series 2010B Subordinate Note was amended to lower the par amount to \$226,986,000.

On April 18, 2018, the District issued \$5,500,000 of the Series 2010B Subordinate Note under the CCLLC Facilities Funding and Acquisition Agreement (defined herein).

As of December 31, 2018, the principal amount of the reimbursement obligation under the Series 2010B Subordinate Note was \$5,166,130 along with accrued interest in the amount of \$12,455.

The principal amount of the Series 2010B Subordinate Note may be increased by Advances made under the CCLLC Amended and Restated Facilities Funding Agreement. The 2010B Subordinate Note will accrue interest at the rate of 8% per annum, payable annually on each December 15, commencing on December 15, 2011 and will mature on December 15, 2050. The 2010B Subordinate Note will be subject to mandatory redemption in part by lot on December 15 of each year to the extent of money on deposit, if any, in the Mandatory Redemptions Account, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. The 2010B Subordinate Note will be subject to redemption prior to maturity, at the option of the District, as a whole or in part, on any date, upon payment of par and accrued interest, without redemption premium.

The 2010B Subordinate Note is a limited obligation of the District secured by a Required Mill Levy, as further described in the 2010B Subordinate Note Resolution, including the portion of the specific ownership tax that is collected as a result of the imposition of the Required Mill Levy, and any other legally available revenues which the District determines to credit to payment of the 2010B Subordinate Note. Amounts due and owing on the 2010B Subordinate Note shall be paid on a subordinate basis to any Senior Obligations, including the 2007 Capital Pledge Agreement, as amended and restated, and the Series 2010A Subordinate Note.

Parkway Capital Pledge Agreement

On November 1, 2010, as amended on June 11, 2015, the District and the Service District entered into that certain Capital Pledge Agreement (JCMD No. 1/JCMD No. 2 – Jefferson Parkway) (“Parkway Pledge Agreement”) whereby, in order to facilitate the acquisition of certain right-of-way for the provision of highway access for the benefit of the constituents of the Service District’s service area, the Service District determined to pledge certain tax increment revenues it receives pursuant to the Amended Master Redevelopment Agreement (“Amended MRA”) to the District. Pursuant to the Parkway Pledge Agreement, the District is obligated to finance and/or acquire the

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2018

right-of-way property and, in exchange for the provision of such right-of-way property, the Service District agrees to reimburse the District for the cost of the right-of-way in an amount not to exceed \$11,762,000, plus interest and bond costs. Interest will accrue on the balance owed under the Parkway Pledge Agreement at the rate of 8% per annum, computed on the basis of a 365-day year, actual days elapsed, and will be payable each December 1 and June 1.

As of December 31, 2018, no costs have been incurred under this agreement.

The reimbursement obligation of the Service District under the Parkway Pledge Agreement is a limited obligation of the Service District payable solely from and to the extent of the JCMD No. 1 Pledged Revenues (defined in the Parkway Pledge Agreement).

The amount of reimbursement obligation under the Parkway Pledge Agreement is required to be reduced by amounts collected by the District from a required mill levy. The Service District's reimbursement obligation to the District under the Parkway Pledge Agreement is further subject to other reimbursement priorities set forth therein. The Parkway Pledge Agreement terminates upon the earlier of: (a) the date on which reimbursement has been made in full thereunder; or (b) the date on which the Service District will receive no further revenues under the Amended MRA and has transferred all revenues available and required to be paid under the Parkway Pledge Agreement.

The following is an analysis of changes in long-term debt for the period ending December 31, 2018:

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018	Current Portion
Refunding Revenue Bonds, Series 2015	\$ 18,855,000	\$ -	\$ 530,000	\$ 18,325,000	\$585,000
Revenue Completion Bonds, Series 2017	10,402,000	-	-	10,402,000	-
Subordinate Nonrevolving Line of Credit Note, Series 2010B	-	5,500,000	333,870	5,166,130	-
Series 2010B Line of Credit Note Interest 2010B	-	300,869	288,414	12,455	-
Total	<u>29,257,000</u>	<u>5,800,869</u>	<u>1,152,284</u>	<u>33,905,585</u>	<u>585,000</u>
Original issue discount - 2015	(199,333)	-	(12,954)	(186,379)	(12,625)
Original issue discount - 2017	(62,245)	-	(3,346)	(58,899)	(3,346)
	<u>\$ 28,995,422</u>	<u>\$ 5,800,869</u>	<u>\$ 1,135,984</u>	<u>\$ 33,660,307</u>	<u>\$ 569,029</u>

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2018

Note 5: Other Agreements

Parkway Acquisition Agreement

On November 1, 2010, the District, the Service District and CCLLC entered into that certain Acquisition Agreement (Jefferson Parkway Right of Way) ("Parkway Acquisition Agreement") whereby the parties set forth their understanding with respect to the obligations related to the conveyance of and reimbursement for conveyance of certain ROW property necessary for a beltway loop serving the Denver, Colorado metropolitan area, a highway commonly known as Jefferson Parkway. The Parkway Acquisition Agreement was amended on December 23, 2011 to grant TCC1, LLC the right to receive reimbursement for a portion of the Appraised Value of the ROW. The Districts have entered into the Parkway Pledge Agreement (defined above), whereby the Service District agrees to transfer certain tax increment revenues to the District in exchange for the promise of the District to finance the acquisition of the ROW and payment on the Promissory Note.

Agreement Regarding Reconveyance of Asset

On March 27, 2012, the District, the Service District, CCLLC and TCC1 entered into an Agreement Regarding Reconveyance of Asset ("Reconveyance Agreement"). Per the Reconveyance Agreement, the Service District has the right to require a reconveyance of the ROW from the City of Arvada if the conditions are not met in Section 6 of the Intergovernmental Agreement with the City of Arvada. Upon reconveyance of the ROW by the Service District, the Series 2010A-2 Note shall be senior to the Series 2010A-1 Note and all payments made by the District shall first be applied to unpaid interest and principal of the Series 2010A-2 Note until the Series 2010A-2 Note is paid in full. In the Reconveyance Agreement, if the Service District receives a reconveyance of the ROW from the City of Arvada, the Service District can sell the ROW under certain conditions.

Facilities Funding Agreement

On November 1, 2010, the District and CCLLC entered into a Facilities Funding and Acquisition Agreement (the "CCLLC Facilities Funding and Acquisition Agreement"). On July 23, 2013, as amended on June 11, 2015, the District and CCLLC entered into an Amended and Restated Facilities Funding Agreement (the "CCLLC Amended and Restated Facilities Funding Agreement"), which replaced and superseded the November 1, 2010 CCLLC Facilities Funding and Acquisition Agreement in its entirety. On April 6, 2017 the District and CCLLC entered into a Second Amended and Restated Facilities Funding and Acquisition Agreement (the "CCLLC Second Amended and Restated FFAA"), which replaces and supersedes the CCLLC Amended and Restated Facilities Funding Agreement in its entirety. Per the CCLLC Second Amended and Restated FFAA, the District and CCLLC agree that CCLLC will advance up to \$226,986,000 to

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2018

the District in fiscal years 2010 through 2040 in order that the District may construct certain public infrastructure. The District agrees to make payment of advances under the CCLLC Second Amended and Restated FFAA in accordance with the terms of the 2010B Subordinate Note. Interest will accrue under the agreement at the rate of 8% per annum, as is more particularly described therein.

Maintenance Agreement

On February 23, 2017, the District and Dillion Companies, Inc. (“Dillion”) entered into a Maintenance Agreement (the “Maintenance Agreement”) to assign maintenance obligations with respect to certain improvements to be constructed within property owned by Dillion. Dillion granted the District an easement for the purpose of performing its maintenance obligations set forth in the Agreement. The District and Dillion are each responsible for the costs and expenses associated with their respective maintenance obligations.

Public Improvements Agreement

On February 23, 2017, the District, Dillion and Cimarron Development Company (“CDC”) entered into a Public Improvements Agreement (the “Public Improvements Agreement”) whereby the District agreed to construct certain improvements necessary to develop property to be owned by Dillion and pay for the same with proceeds from the Series 2017 Bonds, subject to the satisfaction of certain conditions set forth in the Public Improvements Agreement.

Agreement Regarding Indiana Street Improvements and Interim Revenue Reconciliation

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

Intergovernmental Agreement for Construction of Indiana Improvements

On March 10, 2017, the District and MSMD entered into an Intergovernmental Agreement for Construction of Indiana Improvements (the “Indiana IGA”) whereby the District agreed to construct the Remaining Indiana Improvements (as defined in the Indiana IGA) in lieu of MSMD. In exchange, MSMD agreed to set aside the RII Proceeds (defined below) for the construction of the Remaining Indiana Improvements. The District and MSMD agreed to enter into the Escrow Agreement (discussed below) to govern the withdrawal of funds from the escrow to fund the District’s construction of the Remaining Indiana Street Improvements.

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2018

Escrow Agreement

On March 10, 2017, the District, MSMD and UMB Bank, n.a. (the “Escrow Agent”) entered into an Escrow Agreement (“Escrow Agreement”) whereby MSMD agreed to deposit \$1,000,000 (defined in the Escrow Agreement as the “RII Proceeds”) with the Escrow Agent from which the District will use to finance the construction of the Remaining Indiana Improvements. The District will submit invoices for the actual construction costs of the Remaining Indiana Improvements in accordance with the Indiana IGA and the Escrow Agent will disburse funds for the same up to the maximum of the RII Proceeds. As of December 31, 2018, \$3,162 is remaining in the escrow account.

Assignment Agreement

On March 10, 2017, the District and Whisper Creek Two, LLC (“Whisper Creek”) entered into an Assignment Agreement (the “Assignment Agreement”) whereby Whisper Creek assigned certain reimbursement rights pursuant to an agreement between Whisper Creek and Foothills Community Church in exchange for the District agreeing to construct the Remaining Indiana Improvements (as defined herein).

Operations Pledge Agreement Regarding Maintenance of Patio Homes

On March 10, 2017, the District and MSMD entered into an Operations Pledge Agreement Regarding Maintenance of Patio Homes whereby MSMD agreed to provide for the construction of improvements within certain residential property within the boundaries of the District. Upon completion of such improvements, MSMD agrees to operate and maintain the improvements. In exchange for such operation and maintenance services, the District agrees to pledge a portion of the total revenue generated by the District’s imposition of its operations mill levy that is attributed to the residential property to MSMD.

Note 6: Intergovernmental Agreements

City of Westminster

During 1994, the District entered into an agreement with the City of Westminster (“Westminster”) for the joint construction of parallel water lines within easements to be utilized as roadways within the District. The cost of construction of the District’s line was paid by the District (\$163,500) and Jefferson Center Associates (\$469,578). Operations and maintenance expenses will be determined by Westminster for each line separately. The District may exercise rights to use the Westminster pipeline and pay prorated costs.

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2018

Facilities, Funding, Construction and Operations Agreement

The Districts entered into a Facilities Funding, Construction and Operations Agreement (“FFCO”) on July 26, 2005, as amended on November 28, 2006, December 15, 2009, November 1, 2010 and June 11, 2015, to coordinate the financing, construction, operation and maintenance of the public improvements within the service area of the Districts and to establish the relationship between and respective responsibilities of the Service District and the Financing Districts. The FFCO provides a framework for the equitable allocation over time among the Districts of the costs of administration of the Districts and the costs of financing, constructing, operating and maintaining the public improvements contemplated therein. The Service District is generally responsible for providing the financing, construction, operations and maintenance of certain primary public infrastructure to serve the entire service area. To the extent none of the Financing Districts have elected otherwise, the Service District is also responsible for providing administrative services for the Financing Districts based upon each Financing District’s agreement to pay its proportionate share of costs thereof. The Financing Districts are each generally responsible for financing, constructing, operating and maintaining the public improvements necessary to serve development within their respective boundaries. The FFCO provides a limitation on the issuance of indebtedness by the Districts in the amount of \$450,000,000 of total aggregate debt by all of the Districts. The FFCO is intended to constitute a multiple fiscal year financial obligation of the Districts, and as such, it was submitted to and approved by the electorates of each of the Districts prior to being executed.

On March 24, 2009, Jefferson Center Metropolitan District No. 1 and No. 2, Vauxmont Metropolitan District, Cimarron Metropolitan District, Canyon Pines Metropolitan District and Mountain Shadows Metropolitan District entered into an amendment to the FFCO whereby it elected to perform its own administrative services, effective January 1, 2008.

Amended and Restated Capital Pledge Agreement and Assignment Agreement

On June 11, 2015, the District entered into an Amended and Restated Capital Pledge Agreement and Assignment Agreement with JCMD No. 2, Vauxmont Metropolitan District (“Vauxmont”), and U.S. Bank National Association in its capacity as trustee for the Bonds (“Pledge and Assignment Agreement”). The Pledge and Assignment Agreement replaced and superseded the Capital Pledge Agreement dated July 1, 2007 between the District and JCMD No. 2. Pursuant to the Pledge and Assignment Agreement, the parties recognize Vauxmont’s issuance of the Bonds and agree to pledge certain revenues to support the repayment thereof.

Specifically, pursuant to the Pledge and Assignment Agreement, JCMD No. 2 pledges the “Vauxmont Revenue” to the repayment of the Series 2015A Bonds, the Series 2015C Bonds, the Series 2015D Bonds and the Series 2015E Note. The Vauxmont Revenue is defined in the Pledge and Assignment Agreement as the sum of the certain incremental property tax revenues received by District No. 2 from AURA pursuant to the Amended MRA.

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2018

Also in accordance with the Pledge and Assignment Agreement, JCMD No. 2 separately pledges the “Series 2015B TIF Revenues” to the repayment of the Series 2015B Bonds. The Series 2015B TIF Revenues are defined as certain incremental property tax revenues derived in accordance with the Amended MRA from properties within both the District and the Northwest Arvada Urban Renewal Area less certain administrative fees and annual stormwater costs, as described in the agreement.

Finally, pursuant to the Pledge and Assignment Agreement, JCMD No. 2 pledges certain Impact Fees received by District No. 2 pursuant to a Resolution of JCMD No. 2 adopted on December 20, 2005 to the repayment of the Series 2015A Bonds.

Intergovernmental Restructuring Agreement

On June 11, 2015, the District, JCMD No. 2, Vauxmont, and Cimarron Metropolitan District (“Cimarron”) entered into that certain Intergovernmental Restructuring Agreement (“Restructure IGA”) to acknowledge the issuance of the Bonds and the 2015E Note (by Vauxmont) and to make certain clarifications relative to the future financing, construction and provision of service and improvements within the service area of the Jefferson Center Districts (“Service Area”). The Restructure IGA acknowledges Vauxmont issued the Bonds and the 2015E Note in part to refinance and restructure certain outstanding debts of the District, JCMD No. 2, Vauxmont, and Cimarron, as is more particularly described in the Restructure IGA, in order to secure certain economic efficiencies and cost savings relative to past, present and future financing and construction of public improvements to benefit the constituents of the Service Area. The Restructure IGA recognizes the allocation of revenue, cash and certain expenses as to the parties to the Restructure IGA.

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

Consent and Subordination Agreement

The District is a party to that certain Consent and Subordination Agreement (the “Consent”) dated June 11, 2015 by and among CCLLC, TCC1 (together with CCLLC, the “Subordinate Note Holders”), Vauxmont and the District. The Consent was executed in connection with the refunding by Vauxmont of the JCMD No. 2 Special Revenue Variable Rate Bonds, Series 2007A (the “2007 Bonds”) with Vauxmont’s Refunding Revenue Bonds, Series 2015A (the “2015A Bonds”) and 2015B (the “2015B Bonds” and collectively with the 2015A Bonds, the “2015 Bonds”). The Consent acknowledges that the District had previously issued its: (i) Subordinate

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2018

Nonrevolving Line of Credit Note, Series 2010A-1 (“2010A-1 Note”); and (ii) Nonrevolving Line of Credit Note, Series 2010A-2 (“2010 A-2 Note”); and (iii) Nonrevolving Line of Credit Note, Series 2010B (the “B Note”, and together with the 2010A-1 Note and 2010A-2 Note, the “Subordinate Notes”). The Subordinate Notes were payable from revenue that was pledged to the 2007 Bonds on a subordinate basis. The Subordinate Note Holders and the District all consent to the issuance of the 2015 Bonds and acknowledge in the Consent that the revenue that had been pledged to the 2007 Bonds will now be pledged to the 2015 Bonds. The Consent further provides that the Subordinate Notes will be payable from the 2015B Bonds pledged revenue on a subordinate basis to the 2015 Bonds. In order for the Consent to be effective, the District paid \$404,831.04 to CCLLC as the owner of the 2010A-1 Note and \$65,043.55 to TCC1 as the owner of the 2010A-2 Note. The Subordinate Note Holders also agreed that so long as the 2015B Bonds are outstanding, the Subordinate Note Holders consent to the terms for Permitted Subordinate Debt as set forth in Section 4.04 of the indenture for the 2015A Bonds. The District reserves the right to refund or refinance the Series 2015B Bonds.

Amended and Restated Intergovernmental Agreement for the Jefferson Parkway

On July 23, 2015, the District, the City of Arvada (the “City”), JCMD No. 2, CCLLC and the Jefferson Parkway Public Highway Authority (the “Authority”) entered into that certain Amended and Restated Intergovernmental Agreement for the Jefferson Parkway (the “Amended Parkway IGA”). The Amended Parkway IGA amends and restates entirely that certain Intergovernmental Agreement dated April 7, 2008 between JCMD No. 2 and the City and adds the District, CCLLC and the Authority as parties. The Amended Parkway IGA sets forth the terms and conditions of the design of the Jefferson Parkway as the same is located within the boundaries of the District and JCMD No. 2, including, but not limited to, alignment and elevation, use of the property prior to construction of the Jefferson Parkway and utility crossings. It also sets forth the terms upon which certain land and easements will be transferred from CCLLC to the City to accommodate the Jefferson Parkway.

Note 7: Related Party

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

Note 8: Tax, Spending and Debt Limitations

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2018

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

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

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

On May 7, 1996, the District's electors authorized the District to retain up to \$200,000 of revenue collected in the years 1993 through 1995 and \$500,000 in 1996 and thereafter, plus any additional amounts collected as revenue, loans and advances from District property owners and other private parties and other revenue derived from any District facilities or properties without any limitations under TABOR. In addition, the District was authorized to increase property taxes by \$500,000 annually, without any limitation on rate, for the purpose of paying District operations maintenance, capital and other lawful expenses and to collect and retain the tax proceeds and investment income earned thereon without any limitations under TABOR or Section 29-1-301, C.R.S.

On May 4, 2004, the District's electors authorized the District to increase taxes \$100,000 annually or such lesser amount as necessary, without limitation as to rate and thereafter for as long as the District continued in existence, to pay the District's administration, operations, maintenance, landscape maintenance, and other expenses, without regard to any spending, revenue raising, or other limitation contained within Article X, Section 20 of the Constitution or Section 29-1-301, C.R.S. or any other law which purports to limit the District's revenues or expenditures, and without limiting in any year the amount of other revenues that may be collected and spent by the District.

Note 9: Risk Management

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2018

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

Note 10: Debt Authorization

After elections held in 2004, the District had voted debt authorization of \$4,500,000,000. However all of the Districts (as defined in Note 1 above) are limited by their respective Service Plans and by the FFCO to issuing \$450,000,000 of total aggregate debt. Also pursuant to the FFCO, the District is limited to issuing \$281,000,000 of debt. The Capital Pledge Agreement with the Service District allocated \$40,000,000 of the District's debt limit, leaving a remaining authorization of \$241,000,000 as of December 31, 2012. On June 11, 2015, the FFCO was amended to reflect a remaining authorization of \$262,475,000 for the District. As of December 31, 2018, the District had remaining authorization of \$221,486,000. If debt is issued to the maximum amounts permitted under the various District agreements and the 2010B Subordinate Note, the District will have utilized all of its voted debt authorization. The District has budgeted to issue new debt during 2019 in the amount of \$15,000,000.

Note 11: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements
December 31, 2018

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

- 1) Governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets is allocated over the asset life as depreciation expense;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 3) governmental funds report developer advances as revenue; and,
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

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SUPPLEMENTAL INFORMATION

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JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

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

For the Year Ended December 31, 2018

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 2,099,691	\$ 2,099,691	\$ 1,782,088	\$ (317,603)
Less AURA portion of District taxes	(1,300,945)	(1,300,945)	(1,007,935)	293,010
Specific ownership taxes	146,978	146,978	173,256	26,278
AURA tax increment	1,300,945	1,300,945	1,007,935	(293,010)
AURA increment - other governments	1,486,016	1,378,671	1,344,011	(34,660)
Interest income	10,000	10,000	55,958	45,958
Transfer from JCMD#2	<u>464,438</u>	<u>335,772</u>	<u>316,569</u>	<u>(19,203)</u>
Total Revenues	<u>4,207,123</u>	<u>3,971,112</u>	<u>3,671,882</u>	<u>(299,230)</u>
EXPENDITURES				
Series 2015 Bond principal	530,000	530,000	530,000	-
Series 2015 Bond interest expense	989,626	989,626	989,625	1
Series 2017 Bond interest expense	590,756	590,756	590,756	-
Series 2018 Bond interest expense	450,000	450,000	-	450,000
Transfer to JCMD #2 Debt Service	1,486,016	1,378,671	1,344,011	34,660
Paying agent fee	7,000	7,000	7,375	(375)
Treasurer's fees	<u>31,495</u>	<u>31,495</u>	<u>11,681</u>	<u>19,814</u>
Total Expenditures	<u>4,084,893</u>	<u>3,977,548</u>	<u>3,473,448</u>	<u>504,100</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	122,230	(6,436)	198,434	204,870
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,500,000</u>	<u>1,500,000</u>	<u>283</u>	<u>(1,499,717)</u>
Total Other Financing Sources (Uses)	<u>1,500,000</u>	<u>1,500,000</u>	<u>283</u>	<u>(1,499,717)</u>
NET CHANGE IN FUND BALANCE				
	1,622,230	1,493,564	198,717	(1,294,847)
FUND BALANCE:				
BEGINNING OF YEAR	<u>3,465,113</u>	<u>3,462,336</u>	<u>3,462,336</u>	<u>-</u>
END OF YEAR	<u>\$ 5,087,343</u>	<u>\$ 4,955,900</u>	<u>\$ 3,661,053</u>	<u>\$ (1,294,847)</u>

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

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

For the Year Ended December 31, 2018

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest income	\$ 5,000	\$ 11,302	\$ 6,302
Reimbursed expenses	-	834,093	834,093
Facility fees	-	64,930	64,930
Total Revenues	<u>5,000</u>	<u>910,325</u>	<u>905,325</u>
EXPENDITURES			
Capital improvements	19,957,627	5,784,903	14,172,724
Engineering	-	887,596	(887,596)
Legal	-	31,478	(31,478)
Project management	-	308,900	(308,900)
Series 2010B principal	-	333,870	(333,870)
Series 2010B interest expense	-	288,414	(288,414)
Bond issuance costs	<u>500,000</u>	-	<u>500,000</u>
Total Expenditures	<u>20,457,627</u>	<u>7,635,161</u>	<u>12,822,466</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(20,452,627)	(6,724,836)	13,727,791
OTHER FINANCING SOURCES (USES)			
Developer advances	-	5,500,000	5,500,000
Bond proceeds	15,000,000	-	(15,000,000)
Transfers (out)	<u>(1,500,000)</u>	<u>(283)</u>	<u>1,499,717</u>
Total Other Financing Sources (Uses)	<u>13,500,000</u>	<u>5,499,717</u>	<u>(8,000,283)</u>
NET CHANGE IN FUND BALANCE	(6,952,627)	(1,225,119)	5,727,508
FUND BALANCE:			
BEGINNING OF YEAR	<u>6,952,627</u>	<u>2,800,348</u>	<u>(4,152,279)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 1,575,229</u>	<u>\$ 1,575,229</u>

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

JEFFERSON CENTER METROPOLITAN DISTRICT NO. 1

**SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED**

December 31, 2018

Year Ended December 31,	Prior Year Total Assessed Valuation for Current Year Property Tax Levy	Prior Year Increment Assessed Valuation (2)	Mills Levied		Total Property Tax Levied (1,3)		Percent Collected to Levied
			General Fund	Debt Service			
1998	\$ 250,750		10.000	0.000	\$ 2,508	\$ 2,699	107.62%
1999	\$ 571,100		10.000	0.000	\$ 5,711	\$ 5,716	100.09%
2000	\$ 945,150		25.000	0.000	\$ 23,629	\$ 16,847	71.30%
2001	\$ 879,860		25.000	0.000	\$ 21,997	\$ 21,756	98.90%
2002	\$ 1,135,780		25.000	0.000	\$ 28,395	\$ 28,125	99.05%
2003	\$ 1,987,100		25.000	0.000	\$ 49,678	\$ 49,550	99.74%
2004	\$ 22,273,390		25.000	0.000	\$ 556,835	\$ 554,550	99.59%
2005	\$ 22,268,130		25.000	0.000	\$ 556,703	\$ 555,504	99.78%
2006	\$ 22,115,560		25.000	0.000	\$ 552,889	\$ 191,183	34.58%
2007	\$ 21,224,080		5.000	37.000	\$ 891,411	\$ 885,337	99.32%
2008	\$ 24,501,390	\$ 12,088,290	5.000	37.000	\$ 521,350	\$ 521,350	100.00%
2009	\$ 26,714,800	\$ 12,782,890	5.000	50.000	\$ 766,255	\$ 778,721	101.63%
2010	\$ 50,106,950	\$ 34,229,920	5.000	50.000	\$ 873,237	\$ 857,359	98.18%
2011	\$ 43,335,470	\$ 27,523,590	5.000	50.000	\$ 869,653	\$ 791,733	91.04%
2012	\$ 32,263,153	\$ 19,393,154	5.000	50.000	\$ 707,850	\$ 632,514	89.36%
2013	\$ 31,094,623	\$ 18,089,901	5.000	50.000	\$ 715,260	\$ 716,129	100.12%
2014	\$ 31,389,107	\$ 18,637,234	5.000	50.000	\$ 701,353	\$ 683,982	97.52%
2015	\$ 32,711,837	\$ 20,405,447	5.000	50.000	\$ 676,851	\$ 673,114	99.45%
2016	\$ 35,666,495	\$ 22,701,687	5.000	50.000	\$ 713,064	\$ 655,237	91.89%
2017	\$ 33,702,060	\$ 20,739,556	5.000	50.000	\$ 712,938	\$ 730,037	102.40%
2018	\$ 41,981,225	\$ 26,011,083	5.001	50.015	\$ 878,613	\$ 851,563	96.92%
Estimated for year ending December 31,							
2019	\$ 36,158,611	\$ 21,229,612	5.005	50.059	\$ 822,050		

NOTE

(1) Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

(2) The District receives tax revenues from the total assessed valuation less the assessed valuation on the increment. The taxes from the increment are available from the intergovernmental agreement with the Arvada Urban Renewal Authority.

(3) Total Property Tax collected is shown here net of the amount paid to Arvada Urban Renewal Authority.

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION – UNAUDITED

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History of Assessed Valuations and Mill Levies for the District

Assessed Value Attributable to Urban Renewal Areas

Levy/ Collection Year	Gross Assessed Valuation	Percent Change	Jefferson Center URA Tax Increment (1)	Northwest URA Tax Increment (2)	Net Assessed Valuation	Percent Change
2012/2013	\$ 31,094,623	0.0%	\$16,582,622	\$ 1,507,279	\$ 13,004,722	0.0%
2013/2014	\$ 31,389,107	0.9%	\$17,099,852	\$ 1,537,382	\$ 12,751,873	-1.9%
2014/2015	\$ 32,711,837	4.2%	\$18,866,630	\$ 1,538,817	\$ 12,306,390	-3.5%
2015/2016	\$ 35,666,495	9.0%	\$21,046,659	\$ 1,655,028	\$ 12,964,808	5.4%
2016/2017	\$ 33,702,060	-5.5%	\$19,077,959	\$ 1,661,597	\$ 12,962,504	0.0%
2017/2018	\$ 41,981,225	24.6%	\$19,825,293	\$ 6,185,790	\$ 15,970,142	23.2%
2018/2019	\$ 36,158,611	-13.9%	\$17,077,988	\$ 4,151,624	\$ 14,928,999	-6.5%

(1) Represents the assessed valuation attributable to the Jefferson Center URA. The Jefferson Center URA is a separate urban renewal area which overlaps the portion of the District which contains the Power Plant. Property tax increment revenue from the Jefferson Center URA is *not* pledged to the Series 2017 Bonds, other than increment revenue produced by the District's own mill levy.

(2) Represents the assessed valuation for property located in the District attributable to the Northwest URA. Incremental property tax revenue from this property comprises Series 2015B TIF Revenue (the portion derived from overlapping tax entities) and District No. 1 Required Mill Levy Revenue (the portion derived from the District's Required Mill Levy).

History of Northwest URA Property Tax Increment

Levy/ Collection Year	Total Assessed Valuation	Property Tax Base	District Increment (1)	Mountain Shadows Increment	Vauxmont Increment	Other (2)	Total Increment
2012/2013	\$ 7,035,032	\$1,822,593	\$ 1,507,279	\$ 1,451,215	\$ 2,070,306	\$ 183,639	\$ 5,212,439
2013/2014	\$ 11,886,855	\$2,410,989	\$ 1,537,382	\$ 3,277,333	\$ 4,610,205	\$ 50,946	\$ 9,475,866
2014/2015	\$ 19,170,921	\$2,410,989	\$ 1,538,817	\$ 4,091,969	\$ 11,084,181	\$ 44,965	\$ 16,759,932
2015/2016	\$ 32,912,555	\$3,562,559	\$ 1,655,028	\$ 4,898,712	\$ 22,703,564	\$ 92,692	\$ 29,349,996
2016/2017	\$ 36,088,929	\$3,562,559	\$ 1,661,597	\$ 4,955,268	\$ 25,815,705	\$ 93,800	\$ 32,526,370
2017/2018	\$ 59,024,413	\$5,198,207	\$ 6,185,790	\$ 5,092,573	\$ 42,457,604	\$ 90,283	\$ 53,826,250
2018/2019	\$ 60,137,822	\$4,727,217	\$ 4,151,624	\$ 5,142,760	\$ 45,008,701	\$ 1,107,520	\$ 55,410,605

(1) Represents the assessed valuation for property located in the District attributable to the Northwest URA. Incremental property tax revenue from this property comprises Series 2015B TIF Revenue (the portion derived from overlapping tax entities) and District No. 1 Required Mill Levy Revenue (the portion derived from the District's Required Mill Levy).

(2) Represents the assessed valuation for property located in the Northwest URA but outside of the District, Mountain Shadows and Vauxmont.

History of Assessed Valuation for Jefferson Center URA

Levy/ Collection Year	Total Assessed Valuation in Tax Increment Area	Percent Change	Valuation Allocable to Base	Valuation Allocable to Increment (1)
2012/2013	\$ 17,273,096	0.0%	\$ 690,475	\$16,582,621
2013/2014	\$ 17,811,863	3.1%	\$ 712,011	\$17,099,852
2014/2015	\$ 19,578,641	9.9%	\$ 712,011	\$18,866,630
2015/2016	\$ 21,840,943	11.6%	\$ 794,284	\$21,046,659
2016/2017	\$ 19,871,943	-9.0%	\$ 794,284	\$19,077,659
2017/2018	\$ 20,650,704	3.9%	\$ 825,411	\$19,825,293
2018/2019	\$ 17,789,017	-13.9%	\$ 711,029	\$17,077,988

- (1) Only the portion of tax revenue attributable to the incremental assessed value which is derived from the Required Mill Levy constitutes Pledged Revenues. Tax revenue attributable to the incremental assessed value which is derived from other overlapping taxing entities such as the School District is *not* Pledged Revenue.

Assessed Valuation of Classes of Property in the District

Property Class	Total Assessed Valuation (1)	Percentage of Total Assessed Valuation
State Assessed	\$18,684,267	51.67%
Commercial	13,478,254	37.28%
Vacant	2,246,756	6.21%
Personal Property	1,325,393	3.67%
Residential	406,917	1.13%
Agricultural	17,017	0.05%
Natural Resources	7	0.00%
	<u>\$36,158,611</u>	<u>100.00%</u>

- (1) Includes \$21,229,612 of assessed valuation attributable to the Northwest URA and the Jefferson Center URA.

Ten Largest Owners of Taxable Property within the District

<u>Taxpayer Name</u>	<u>Assessed Valuation</u>	<u>Total Assessed Valuation (1)</u>
GKT Westwoods II LLC	\$ 2,285,780	6.32%
Kohls Department Stores Inc.	2,180,934	6.03%
Westwoods Station LLC	1,860,930	5.15%
Westwoods Station LLC	977,648	2.70%
Guthrie Partners LP	844,886	2.34%
Dillon Companies, Inc.	835,006	2.31%
9372 Holdings LLC	816,516	2.26%
Apollo Self Storage, Inc.	748,200	2.07%
Wells Fargo Bank National Association	677,864	1.87%
First Bank of Arvada	638,000	1.76%
Total	<u>\$11,865,764</u>	<u>32.82%</u>

(1) Based on a 2018 certified assessed valuation of \$36,158,611.

Selected Debt Ratios of the District

Direct Debt of the District (1)	\$ 28,727,000
Overlapping Debt (2)	742,703
Total Direct Debt and Overlapping Debt	<u>\$ 29,469,703</u>
2018 District Assessed Valuation (3)	\$ 36,158,611
Ratio of Direct Debt to 2018 District Certified Assessed Valuation	79.45%
Ratio of Direct Debt Plus Overlapping Debt to 2018 District Certified Assessed Valuation	81.50%
2018 District Statutory "Actual" Value (4)	128,954,823
Ratio of Direct Debt to 2018 District Statutory "Actual" Value	22.28%
Ratio of Direct Debt Plus Overlapping Debt to 2018 District Statutory "Actual" Value	22.85%

(1) Consisting of the Series 2015 Bonds in the aggregate amount of \$18,325,000 and the Series 2017 Bonds in the aggregate amount of \$10,402,000.

(2) Figure is estimated based on information supplied by other taxing authorities and does not include selfsupporting general obligation debt.

(3) Includes tax increment amounts payable to the Authority in the Northwest URA and Jefferson Center URA and reimbursed to the District pursuant to the Master Redevelopment Agreement.

(4) This figure has been calculated using a statutory formula under which assessed valuation is calculated at 7.20% of the statutory "actual" value of residential property in the District, and 29% of the statutory "actual" value of other property within the District (with certain specified exceptions). Statutory "actual" value is not intended to represent market value.

Disbursement Request No. 2

The undersigned is an Authorized Signer to that certain Post-closing Agreement and Escrow Instructions, Phase One Improvements (the "**Phase One Agreement**"), dated March 25, 2019, by and among Cimarron Development Company, a Colorado corporation; Sisters of Charity of Leavenworth Health System, Inc., a Kansas nonprofit corporation; Jefferson Center Metropolitan District No. 1, a quasi-municipal corporation and political subdivision of the State of Colorado (the "**District**") and First American Title Insurance Company, a Nebraska corporation, as escrow agent (the "**Agent**").

All capitalized terms used but not defined in this Disbursement Request ("**Disbursement Request**") shall have the respective meanings assigned in the Phase One Agreement.


The undersigned hereby makes a Disbursement Request from the escrow funds held by the Agent pursuant to the Phase One Agreement and in support thereof states:

1. The amount requested is for: **\$392,863.40**
2. The name and address of the person, firm or corporation to whom payment is due or has been made is as follows:

Jefferson Center Metropolitan District No. 1
c/o David Solin
141 Union Boulevard, Suite 150
Lakewood, Colorado 80228

3. Payment is due to the above person, firm or corporation for reimbursement of a portion of the costs of the Post-Closing Work as more particularly described in Exhibit A of the Phase One Agreement. Attached hereto as **Exhibit A** is IDES's report certifying the following: (i) the specific portions of the Post-Closing Work for which the District is requesting disbursement; (ii) that such Post-Closing Work has been constructed and/or installed; and (iii) the amount of money expended in completing such Post-Closing Work. Per the Phase One Agreement, the foregoing requirements may be satisfied by delivery of pay orders, contractor invoices, statements or similar documentation for the applicable portion of the Post-Closing Work for which disbursement is requested.

IN WITNESS WHEREOF, the undersigned hereunto set my hand this 22nd day of May, 2019.

By: 
Name: David Solin
Title: District Manager



Middle South Platte River Wetland Mitigation Bank

CERTIFICATE OF WETLAND CREDIT PURCHASE

To: U.S. Army Corps of Engineers, Omaha District, Tri-Lakes Field Office

From: Middle South Platte River Wetland Mitigation Bank

This CERTIFICATE shall serve as verification and notice that payment in full has been received from the named applicant for the purchase of the number of wetland mitigation credits set forth below. This CERTIFICATE is not valid unless signed by a member of Middle South Platte River Wetlands, LLC.

WETLAND BANK: Middle South Platte River Wetland Mitigation Bank

Corps File Number: NWO-2018-00415-DEN

Applicant: Jefferson Center Metro District No. 1

Project: Candelas at Highway 93 and Highway 72

Credits Purchased: 0.50

Wetland Banker:

John Ryan
Member
Middle South Platte River Wetlands, LLC

VOID
5-4-19

Date: 4/4/2018



Middle South Platte River Wetland Mitigation Bank

CERTIFICATE OF WETLAND CREDIT PURCHASE

To: U.S. Army Corps of Engineers, Omaha District, Tri-Lakes Field Office

From: Middle South Platte River Wetland Mitigation Bank

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WETLAND BANK: Middle South Platte River Wetland Mitigation Bank

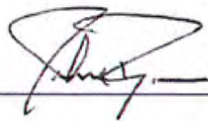
Corps File Number: NW0-2018-02099

Applicant: Jefferson Center Metro District No. 1

Project:

Credits Purchased: 0.32

Wetland Banker:

A handwritten signature in black ink, appearing to read "John Ryan", written over a horizontal line.

John Ryan
Member
Middle South Platte River Wetlands, LLC

Date: 5/4/2019



Middle South Platte River Wetland Mitigation Bank

CERTIFICATE OF WETLAND CREDIT PURCHASE

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From: Middle South Platte River Wetland Mitigation Bank

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WETLAND BANK: Middle South Platte River Wetland Mitigation Bank

Corps File Number: NW0-2018-00415

Applicant: Jefferson Center Metro District No. 1

Project:

Credits Purchased: 0.18

Wetland Banker:

John Ryan
Member
Middle South Platte River Wetlands, LLC

Date: 5/4/2019