

HIGHLINE CROSSING METROPOLITAN DISTRICT

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 • 800-741-3254
Fax: 303-987-2032
www.Colorado.gov/hcrossmd

NOTICE OF A REGULAR MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Daniel Payotelis	President	2027/May 2025
Brian O’Sullivan	Treasurer	2025/May 2025
<i>VACANT</i>		2027/May 2027
<i>VACANT</i>		2025/May 2025
<i>VACANT</i>		2027/May 2027

DATE: September 27, 2023
TIME: 6:00 P.M.
PLACE: ZOOM

THIS MEETING WILL BE HELD BY VIDEO/TELEPHONIC MEANS:

Join Zoom Meeting
<https://us02web.zoom.us/j/86267550643?pwd=V3RnRGRtWkRyUjZzZc1VMWTJFZjFHdz09>
Meeting ID: 862 6755 0643
Passcode: 987572
Dial In: 1-719-359-4580

I. PUBLIC COMMENTS

A. _____

II. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

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

C. Review and approve minutes of the March 7, 2023 and May 2, 2023 Special Meetings (enclosures).

D. Review and approve minutes of the March 14, 2023 Continued Meeting (enclosure).

E. Confirm filing of Oaths of Office.

F. Consider appointment of Officers:

President _____
Treasurer _____
Secretary _____
Asst. Secretary _____
Asst. Secretary _____
Asst. Secretary _____

II. COVENANT CONTROL/COMMUNITY MANAGEMENT

A. Community Manager's Report.

B. Review and consider Service Agreement between the District and Landtech Landscape and Maintenance. for 2023-2024 Snow Removal Services (enclosure).

C. Review and consider Service Agreement between the District and Landtech Landscape and Maintenance. for tree trimming and tree removal (enclosure).

D. Review and consider Engagement of Erb Law, LLC for Legal Services as General Counsel (enclosure).

III. FINANCIAL MATTERS

A. Review and consider approval of 2022 Audit and authorize execution of Representations Letter (draft audit – enclosure).

B. Conduct Public Hearing to consider Amendment to 2022 Budget and (if necessary) consider adoption of Resolution to Amend the 2022 Budget and Appropriate Expenditures.

IV. LEGAL MATTERS

A. Discuss and consider Bond refinancing options.

B. Review and consider proposal from Piper Sandler & Co. (to be distributed).

- C. Review and consider proposal from D.A. Davidson & Co. (to be distributed).
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V. OTHER BUSINESS

- A. _____

- VI. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR NOVEMBER 11, 2023.**

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE HIGHLINE CROSSING METROPOLITAN DISTRICT HELD MARCH 7, 2023

A special meeting of the Board of Directors (referred to hereafter as the “**Board**”) of the Highline Crossing Metropolitan District (referred to hereafter as the “**District**”) was convened on Tuesday, March 7, 2023 at 6:00 p.m. This District Board meeting was held by video and telephone conference without any individuals (neither District representatives nor the general public) attending in person. The meeting was open to the public.

Directors In Attendance Were:

Daniel Payotelis
Bryan O’Sullivan

Also In Attendance Was:

Peggy Ripko; Special District Management Services, Inc.
Paula Williams, Esq. and Timothy O’Connor, Esq.; McGeady Becher P.C.
Laci Knowles and Pat Colleran (for a portion of the meeting); D.A. Davidson & Co.
Melissa Buck, and Kathryn (Kat) Pong (for a portion of the meeting); UMB
Financial Corporation
Katie McVey (for a portion of the meeting); Piper Sandler & Co.

**DISCLOSURE OF
POTENTIAL
CONFLICTS OF
INTEREST**

Disclosure of Potential Conflicts of Interest: Ms. Ripko noted a quorum was present and discussed the requirements under Colorado Statute to disclose any potential conflicts of interest or potential breaches of fiduciary duty of the Board of Directors to the Secretary of State. The members of the Board were requested to disclose any potential conflicts of interest regarding any matters scheduled for discussion at this meeting. It was noted that all Directors are residents of the District and no conflicts of interest were filed, nor were any additional conflicts disclosed.

**ADMINISTRATIVE
MATTERS**

Agenda: Ms. Ripko distributed for the Board’s review and approval, a proposed Agenda for the District's special meeting.

Following discussion, upon motion duly made by Director Payotelis, seconded by Director O’Sullivan and, upon vote, unanimously carried, the Agenda was approved.

Meeting Location and Posting of Notice: The Board discussed the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board

RECORD OF PROCEEDINGS

meeting. Following discussion, the Board determined to conduct the meeting by video and telephone conference. The Board further noted that notice of this meeting and the conference call access was duly posted and that it had not received any objections to the format of the meeting or any requests that the meeting format be changed by taxpaying electors within the District's boundaries.

Designation of 24-Hour Posting Location: The Board discussed the posting locations for regular meeting notices.

Following discussion, upon motion duly made by Director Payotelis, seconded by Director O'Sullivan and, upon vote, unanimously carried, the Board determined that notices of meetings of the District Board required pursuant to Section 24-6-402(2)(c), C.R.S., shall be posted at least 24 hours prior to each meeting on the District's website at <https://highlinecrossingmd.colorado.gov>; and if the website is unavailable for posting, then the notices of meeting shall be posted within the boundaries of the District at the intersection of the corner of East Kansas Avenue and South Dayton Street.

November 21, 2022 Regular Meeting Minutes: The Board reviewed the Minutes of the November 21, 2022 Regular Meeting.

Following discussion, upon motion duly made by Director O'Sullivan, seconded by Director Payotelis and, upon vote, unanimously carried, the Minutes of the November 21, 2022 Special Meeting were approved.

PUBLIC COMMENTS

There were no public comments.

FINANCIAL MATTERS

District's General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2017B in the amount of \$1,590,000, and Subordinate General Obligation Limited Tax Bonds, Series 2017B in the amount of \$336,000: The Board discussed the potential refunding of the District's General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2017A in the amount of \$1,590,000 and Subordinate General Obligation Limited Tax Bonds, Series 2017B in the amount of \$336,000. The Board reviewed the Refinancing Options presented by D.A. Davidson & Co., UMB Financial Corporation, and Piper Sandler & Co. No action was taken.

LEGAL MATTERS **May 2, 2023 Director Election:** The Board discussed the May 2, 2023 election.

RECORD OF PROCEEDINGS

OTHER BUSINESS **2023 Landscape Proposals**: The Board discussed proposals for 2023 landscaping services. Following discussion, the Board determined to defer this matter.

**CONTINUATION
OF MEETING** Upon motion duly made by Director O’Sullivan, seconded Director Payotelis, and upon vote, unanimously carried, the meeting was continued to March 14, 2023 at 6:00 p.m. at the regular meeting location.

Respectfully submitted,

By: _____
Secretary for the Meeting

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE HIGHLINE CROSSING METROPOLITAN DISTRICT HELD MAY 2, 2023

A special meeting of the Board of Directors (referred to hereafter as the “**Board**”) of the Highline Crossing Metropolitan District (referred to hereafter as the “**District**”) was convened on Tuesday, May 2, 2023 at 10:15 a.m. This District Board meeting was held by conference call without any individuals (neither District representatives nor the general public) attending in person. The meeting was open to the public.

Directors In Attendance Were:

Daniel Payotelis
Bryan O’Sullivan

Also In Attendance Was:

Peggy Ripko; Special District Management Services, Inc.

**DISCLOSURE OF
POTENTIAL
CONFLICTS OF
INTEREST**

Disclosure of Potential Conflicts of Interest: Ms. Ripko noted a quorum was present and discussed the requirements under Colorado Statute to disclose any potential conflicts of interest or potential breaches of fiduciary duty of the Board of Directors to the Secretary of State. The members of the Board were requested to disclose any potential conflicts of interest regarding any matters scheduled for discussion at this meeting. It was noted that all Directors are residents of the District and no conflicts of interest were filed, nor were any additional conflicts disclosed.

**ADMINISTRATIVE
MATTERS**

Agenda: Ms. Ripko distributed for the Board’s review and approval, a proposed Agenda for the District's special meeting.

Following discussion, upon motion duly made by Director Payotelis, seconded by Director O’Sullivan and, upon vote, unanimously carried, the Agenda was approved.

Meeting Location and Posting of Notice: The Board discussed the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. Following discussion, the Board determined to conduct the meeting by conference call. The Board further noted that notice of this meeting and the conference call access was duly posted and that it had not received any objections to the format of the meeting or any requests that the meeting format be changed by taxing electors within the District’s boundaries.

RECORD OF PROCEEDINGS

Appointment of Directors: The Board considered the appointment of Daniel Payotelis and Brian O’Sullivan to fill the vacancies on the Board.

Following discussion, upon motion duly made by Director Payotelis, seconded by Director O’Sullivan and, upon vote, unanimously carried, Daniel Payotelis and Brian O’Sullivan were appointed to fill the vacant positions on the Board of Directors. The Oaths of Office were administered.

**PUBLIC
COMMENTS**

There were no public comments.

OTHER MATTERS

There were no other matters.

ADJOURNMENT

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

Respectfully submitted,

By: _____
Secretary for the Meeting

RECORD OF PROCEEDINGS

MINUTES OF A CONTINUED MEETING OF THE BOARD OF DIRECTORS OF THE HIGHLINE CROSSING METROPOLITAN DISTRICT HELD MARCH 14, 2023

A continued meeting of the Board of Directors (referred to hereafter as the “**Board**”) of the Highline Crossing Metropolitan District (referred to hereafter as the “**District**”) was convened on Tuesday, March 14, 2023 at 6:00 p.m. This District Board meeting was held by conference call without any individuals (neither District representatives nor the general public) attending in person. The meeting was open to the public.

Directors In Attendance Were:

Daniel Payotelis
Bryan O’Sullivan

Also In Attendance Was:

Peggy Ripko; Special District Management Services, Inc.

**DISCLOSURE OF
POTENTIAL
CONFLICTS OF
INTEREST**

Disclosure of Potential Conflicts of Interest: Ms. Ripko noted a quorum was present and discussed the requirements under Colorado Statute to disclose any potential conflicts of interest or potential breaches of fiduciary duty of the Board of Directors to the Secretary of State. The members of the Board were requested to disclose any potential conflicts of interest regarding any matters scheduled for discussion at this meeting. It was noted that all Directors are residents of the District and no conflicts of interest were filed, nor were any additional conflicts disclosed.

**ADMINISTRATIVE
MATTERS**

Agenda: Ms. Ripko distributed for the Board’s review and approval, a proposed Agenda for the District's special meeting.

Following discussion, upon motion duly made by Director Payotelis, seconded by Director O’Sullivan and, upon vote, unanimously carried, the Agenda was approved.

Meeting Location and Posting of Notice: The Board discussed the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. Following discussion, the Board determined to conduct the meeting by conference call. The Board further noted that notice of this meeting and the conference call access was duly posted and that it had not received any objections to the format of the meeting or any requests that the meeting format be changed by taxing electors within the District’s boundaries.

RECORD OF PROCEEDINGS

**OTHER
BUSINESS**

2023 Landscape Contracts: The Board reviewed bids for the 2023 Landscape Contract.

Following discussion, upon motion duly made by Director Payotelis, seconded by Director O’Sullivan and, upon vote, unanimously approved a service agreement from Landtech Contractors, LLC for the 2023 Landscape Contract.

ADJOURNMENT

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

Respectfully submitted,

By: _____
Secretary for the Meeting



SNOW REMOVAL CONTRACT

For 2023-2024

This Snow Removal Contract ("Contract") is entered into on the ____ day of _____ by and between Landtech Contractors, LLC ("Contractor") and "HIGHLINE CROSSING" ("Customer")

Contract Term:

Contract commencement date: _____

Contract termination date: May 31, 2024

Customer Information: To be filled out by Client

Customer property name: _____
Customer property address: _____
Customer on-site rep name: _____
On-site rep phone #: _____
Customer Management Company: _____
Customer manager name: _____
Customer billing address: _____
Customer office phone #: _____
Customer billing e-mail address: _____

Contractor Information:

Contractor's office address: 525 Laredo St., Aurora, CO 80011
Contractor's office phone #: 303 344 4465
Contractor's billing e-mail address: Billing@Landtechcontractors.com

1. Scope of Services: Contractor will perform the services described in the Snow Removal Requirements ("SRR") Article B, which is attached hereto and incorporated herein by this reference. The SRR must be completed by Customer prior to the start of the snow season and must clearly define the snow removal services that Customer wants Contractor to provide under this Contract and the specific areas of the Customer's Property (identified above). Services will not include ice removal, or the physical removal of snow from the Property. This service is only available with 24 hours notice to Contractor and will be billed on a time and materials basis pursuant to the pricing schedule in Article A of this Contract. Cleaning up of salt, slicer, or other snow melt products used by Contractor is not specifically included under this Contract but is available from Contractor at an additional cost to Customer.

2. Performance: All labor, equipment, and materials will be furnished by Contractor. Contractor may use subcontractors in the provision of service under this Contract. Snow plowing will be accomplished by mechanically pushing snow to boundaries designated by Customer in the SRR and will begin once snow levels reach **Trace, 1" or 2" ONLY** Snow removal on sidewalks will be performed by hand shoveling, unless areas are accessible by snow blower, ATV, UTV, or SnowRator (when available) and will begin once snow levels reach **Trace, 1" or 2" ONLY** Unless Customer instructs Contractor otherwise, Customer agrees that Contractor has discretion to determine if snow removal is necessary under this Contract based on snow accumulations, forecasted temperatures and weather conditions for the Property. Customer understands that snow accumulations may vary from one part of town to the next, and that weather conditions in one part of town may not be indicative of accumulations at the Customer's Property. Customer also understands that drifting snow may necessitate plowing of Customer's Property, regardless of the average accumulation at that Property.

Normal nightly refreezing of melted snow and ice may occur for a period of time after each storm or snow event. Therefore, Contractor will return to the Property and will re-plow, re-shovel or re-apply salt, sand or snow melt products at Customers written request.

Customer is responsible for having all vehicles removed from parking lots, drives, access roads, and designated stockpile areas, so Contractor can properly and efficiently operate snowplowing equipment. If vehicles are not removed at the time of plowing operation, Contractor will be obligated to plow only those areas available and open for safe use and operation of snowplow equipment. Clearing between parked cars is not included in this contract. If the designated stockpile areas are not accessible, Contractor will stockpile snow in an area chosen at Contractor's discretion to provide the least interference with use of the Property.

Services under this Contract will commence during or within twelve (12) hours of the end of any snowfall. Contractor will charge for travel time to the Property according to the type of services to be performed. Services will be initiated when, in the best judgment of Contractor, conditions are such that snow removal services are required. It is Customer's responsibility to notify Contractor in writing when snow services are not required.

When a large accumulation of snow is predicted, such as an "upslope", blizzard conditions, snow in excess of 12", ice in all its forms, declared states of emergency, Contractor has discretion to commence services under this Contract prior to the cessation of snowfall. Contractor will make every effort to insure such service. Customer understands, however, that certain conditions may pose challenges to Contractor providing services, which are out of Contractor's control. In such cases, Contractor will keep Customer informed of conditions and will define realistic expectations for completion of field operations. Any precipitation event lasting longer than 12 hours will require that Contractor schedule rest periods for field personnel and Managers to assure their safety. When accumulation exceeds six (6") inches, or when drift conditions exist, "shovel-wide" paths will be cleared during the first visit to the site. Walks will be cleared to their full width when conditions allow further attention.

If sidewalk snow service is requested by Customer, Customer understands that if temperature and wind conditions combine to bring temperatures below ten (10) degrees Fahrenheit, Contractor may have to stop providing services during that period of time in order to protect the health and well being of its employees.

Contractor will provide services under this Contract in a workman-like manner. Customer accepts this warranty as its sole recourse, and THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES WHETHER EXPRESS OR IMPLIED, AND ALL SUCH WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED.

3. Property Damage: Customer agrees that Contractor is not responsible to Customer or anyone else for damages caused by snow removal equipment (including, but not limited to pick-up trucks, loaders and tractors) to property items in and around the area designated by Customer for plowing, and which are concealed from Contractor's view by snow accumulation or other adverse weather condition. Such property items include, but are not limited to turf (grass), curbs, wheel stops, fire hydrants, plant material and other landscaping, and retaining walls. Customer also agrees that Contractor is not responsible to Customer or anyone else for damages caused by snow removal equipment to surface integrity due to weight of snow removal equipment. Installation of necessary snow stakes is recommended. If Contractor, in its discretion, deems such stakes to be necessary to avoid property damage, Contractor is hereby authorized to provide stakes at an additional cost to Customer, as set forth under the pricing schedule in Article A of this Contract.

4. Personal Injury and Indemnification: Customer understands that slippery conditions after a snow event are an inherent risk that cannot be completely eliminated by services provide by Contractor hereunder. Therefore, Customer agrees that it will not hold Contractor, its officers, agents and employees liable for any claims, damages, losses, and expenses, (including but not limited to attorneys' fees and court costs) arising out of or resulting from falls and other accidents caused in whole or in part by snow, ice or any other slippery condition on the property. Customer also agrees to indemnify and defend Contractor from and against any claim, cause of action, or liability instituted by any employee, resident or third-party arising out of or related in any way to property damage, and personal injury due to ice, snow or other slippery condition that may exist on the Property before, during or after Contractor has performed services pursuant to the Contract. Customer agrees to indemnify and defend Contractor from all such claims and liabilities regardless of whether allegedly caused by any actions or failures of Contractor.

Customer understands that upon completion of snow service operations, even if conducted to the highest standards in the industry for this area, slippery conditions may still exist. For example, normal nightly refreezing of melting snow and ice may occur after each storm. Therefore, Contractor will not be liable for accidents caused by this inherent risk and will be defended, indemnified and held harmless by Customer from and against lawsuits or claims that may result from naturally occurring weather conditions, or the presence of salt, sand, or other snow melt products used by Contractor. Contractor has discretion to determine whether to apply snow melt chemicals for snow management. Such chemicals have inherent properties that could degrade or damage metal, paving material, and plant material that come in contact with such chemicals, and therefore, Contractor will not be liable for damage caused to said objects or materials on site.

5. Insurance: Throughout the term of this Contract, Contractor will maintain General Liability insurance of \$2,000,000 aggregate, and will also carry the Colorado State required Workman's Compensation insurance, and Automobile Liability insurance, \$1,000,000 bodily injury each person/each accident, and \$1,000,000 property damage.

6. Termination without Cause: Either party to this Contract may terminate the Contract without cause by sending written notice to the other party at the respective address stated above. Termination of the Contract will become effective 30 days after the date such written notice is provided. In the event of such termination, full payment for services performed or material provided under this Contract becomes due and payable on, or before, the effective date of termination. In the event of pre-payment of services not performed or materials not provided after the effective date of termination, Contractor will issue a refund to Customer on, or before, the effective date of termination. In addition, if Customer has entered into this Contract as an agent of the Property owner, and Customer's agreement with the Property owner is terminated, this Contract will automatically terminate without notice, effective the date of such termination by the Property Owner.

7. Default and Remedies: A default will occur if Customer fails to make payment when due under the Contract. In the event of such default, Contractor may, at its option: (a) terminate the Contract, without further notice to Customer and without waiving any right it may have to recover payment of the money due from Customer; or (b) halt services under the Contract until such payment is made to Contractor. Customer agrees and understands that he/she/it will be responsible for all costs of collecting payment due, including reasonable attorneys' fees and costs.

If Contractor fails to perform services as required under this Contract, defaults under the Contract, or is grossly negligent, Customer must send written notice of same to Contractor at the address for Contractor stated above. In the event of such default, Customer may: (a) demand strict performance of the Contract; (b) terminate the Contract. If Customer reasonably believes that Contractor's performance is not satisfactory, customer may also terminate the Contract upon written notice to Contractor explaining the reason for such termination.

8. Payment: The prices, specifications, and conditions are satisfactory and are hereby accepted by Customer. Contractor is authorized to do the work as specified. The rate schedule for this Contract is outlined below and all work will be performed and paid for according to these rates. All accounts are to be due and paid in full net ten (10) days after receipt of an invoice from Contractor. Customer agrees that thirty (30) day past due accounts will be charged interest at 1.5% per month (18% per year). Contractor may decline to perform services if accounts are over twenty days (20) past due following Customer's receipt of invoices for services rendered. Customer will be responsible for a \$45.00 returned check fee for any check returned unpaid for any reason.

9. Attorneys Fees and Venue: In the event either party to this Contract commences an action to enforce the terms of the Contract, the prevailing party to such action is entitled to recover its attorneys' fees and court costs. The parties agree that venue for any such legal action shall be the District Court for the City and County of Denver, State of Colorado.

10. Miscellaneous:

10.1 Contractor reserves the right not to proceed with services outlined under this Contract, and the contract may be deemed null and void by Contractor notwithstanding execution of the Contract by Customer, if the Contract is not executed by Customer within 30 days from the date the Contract is sent to Customer.

10.2 This Contract and attachments hereto supersedes any and all other agreements between the parties, oral or written, regarding snow removal services.

10.3 By signing below, each party acknowledges they have read and understand the Contract and that no representation, inducement, promise, or agreement, oral or otherwise, has been made by any party which is not embodied herein. This Contract shall be construed objectively in light of its overall purpose, which is to provide the described services herein for compensation. Neither the source nor the authorship of this Contract shall cause any other bias or presumption in the construction or interpretation of this Contract. Any changes to the terms of this Contract are not binding unless in writing, signed by each of the parties.

10.4 This Contract may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Contract.

10.5 Customer may not assign this Contract without first obtaining Contractor's written approval to do so. Such approval will not be unreasonably withheld by Contractor.

10.6 The parties hereto agree that a facsimile signature may substitute for and have the same legal effect as the original signature.

10.7 This Contract shall be construed in accordance with the laws of the State of Colorado.

CONTRACTOR: Landtech Contractors, LLC

BY: _____
Date

CUSTOMER:

BY: _____
Its: _____ Date



Article A: HOURLY RATES 2023-2024

Rates include operator and have a one (1) hour minimum charge.
 Drive time is charged one direction.

Light Equipment

4x4 Truck with Plow	\$127.00 per hour
Ice Slicer Spreader	\$145.00 per hour
Skid Steer Loader with Push Box/Plow	\$156.00 per hour
ATV w/Plow, SnowRator w/Spreader, UTV w/Plow and Spreader	\$102.00 per hour

Heavy Equipment

Loader/Backhoe with 1-yard Push box or plow	\$225.00 per hour
Loader/Backhoe with 3-yard Push box or plow	\$284.00 per hour

Labor

Hand Shovel/Spread Ice Melt	\$64.00 per man, per hour
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Material

Standard Ice Melt	\$1.00 per pound
Environmentally Friendly Ice Melt	\$1.42 per pound
Ice Slicer (Granulated Magnesium Chloride)	\$283.00 per ton

Other

Snow Pile Relocation/Haul Off	\$172.00 per hour
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Article B: Snow Removal Requirements

Property Name:		
Property Address:		
Property Contact:		
Contact E-mail:		
Contact Phone #:		
At what accumulation is clearing walkways and doorways required?	YES NO	Trace 1" 2" <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> (Mark one)
Is the ice melt application needed for walkways?	YES NO	Standard <input type="checkbox"/> Environmentally Friendly <input type="checkbox"/> (Mark one)
At what accumulation are plow services for parking lots, entry & driveways, loading docks, etc. required?	YES NO	Trace 1" 2" <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> (Mark one)
Is Ice Slicer (Granulated Magnesium Chloride) application required for entry and driveways, drive lanes, loading docks?	YES NO	
Are there specific areas that snow is to be piled? Is there a site plan or map available? If so, please attach it.		
Are there restricted areas on your site that require snow services? How can we arrange to access these areas?		
<p>Snow Monitoring Service: This service will provide the client with a property check to monitor snow accumulation. This service will be offered when the snow has been forecast and will potentially meet the client's contractual trigger point. Service will be offered at an hourly rate of \$65.00 per man-hour and material (1 hr. min. charge per visit) Services must be requested at the time contract execution.</p> <p>Initials _____</p>		
Special Instructions:		



Tree trimming and removal Project

Date 9/19/2023
Customer Peggy Ripko | Special District Management Services, Inc | 141 Union Blvd, Suite 150 | Lakewood, CO 80228
Property Highline Crossing Metro District | 9869 E. Kansas Ave | Aurora, CO 80247
Billing Email pripko@sdmsi.com

Dear Michelle / Peggy,

Thank you for the opportunity to present our proposal to you. The Scope of work included is as follows:

General Tree Care

Location: Along fence South of 1221 S Fulton St. Group of larger trees.

*Remove to a low stump (1) dead west most tree. 13" Dead cottonwood (marked with ribbon and yellow paint dot).

Haul away all brush and logs.

*Prune (4) cottonwoods and (1) Siberian elm to remove all deadwood and storm damage through out canopy that is

greater than 1" in diameter. Raise up overall 8 feet over ground. Haul away all generated brush.

Includes all disposal and recycling fees.

GTCIII - two climbers with chipper and log cart

Identified Hazards and Obstacles: fence, pedestrians, parking on cul de sac.

Description

Tree Pruning and Tree removal

Items	Quantity	Unit
Labor and material included	1.00	Hr

Tree Pruning and Tree removal: \$5,320.00

PROJECT TOTAL: \$5,320.00

Terms & Conditions

We appreciate your time in considering Landtech Contractors, LLC. for this project. If you should have any questions or require additional information, please do not hesitate to call. Price will be honored for 30 days from proposal date. Sales tax will be charged on selling price of all materials at local rates unless tax exempt.

By _____

Fernando Lopez

Date 9/19/2023 _____

Landtech Contractors, LLC

By _____

Date _____

Highline Crossing Metro District







FIRM RESUME

Erb Law, LLC is focused on providing high quality, practical and personalized legal services to its clients. Erb Law, LLC was founded with the goal to create a law firm where each issue is addressed by an attorney dedicated to the overall, long-term success of the client.

The foundation of Erb Law, LLC is the representation of Colorado special districts, including metropolitan, water, sanitation, and water and sanitation districts. Our services include ensuring compliance with law and support of the district's operations including meeting preparation and procedure, elections, director qualifications and conflicts of interest, contracting for services, construction bidding and contracting, financing, real estate matters, park and recreation services, inclusion and exclusion of property, Colorado open records, and dissolution. In addition, depending on the services provided by each special district, additional services include advice regarding water and sewer fees and rates, capital improvement plans, grants and loans, and advice regarding covenant enforcement and design review.

We represent a wide variety of special district communities, ranging from metropolitan districts providing a suite of public services to small and large residential and mixed-used communities; mountain community water and sewer providers; and special districts supporting commercial shopping centers and developments. In addition, we have experience with special district communities with multiple special districts to address different services or development phasing, and community authorities created to assist with the coordination of services provided by the special districts.

Jeffrey E. Erb, Esq. is the founder of Erb Law, LLC. He earned his Juris Doctor degree from the University of Denver Sturm College of Law and his undergraduate degree in Business from the University of Colorado at Boulder. While at the University of Denver, Mr. Erb served as an editor for the Denver Journal of International Law and Policy and interned for the Hon. Russell Carparelli of the Colorado Court of Appeals. Following law school, Mr. Erb clerked for two years for the Hon. Diana Terry of the Colorado Court of Appeals. Following his clerkship, Mr. Erb began his practice at a large law firm practicing healthcare litigation, transitioning his practice to focus on special districts in 2010. Mr. Erb represents special districts and a select group of real estate developers, providing advice regarding the use and operation of special districts, including their organization, financing and infrastructure development, and ongoing operations. Mr. Erb also provides legal services for the resolution of disputes related to special districts and the transition of special districts from active development to resident ownership and operation. In addition, Mr. Erb has experience representing other types of improvement districts including general improvement districts.

Glory S. Schmidt, Esq. earned both her Juris Doctor degree and her undergraduate degree in Political Science from the University of Colorado at Boulder. While in law school, Ms. Schmidt was the President of the Business Law Society and gained experience in business law as a legal intern at Alterra Mountain Company. After law school, Ms. Schmidt began her legal career practicing civil litigation with a focus on domestic issues. Since 2023, Ms. Schmidt has focused her practice on the representation of special districts, including their organization, day-to-day operations, and annual compliance items.

Natalie M. Fleming is the paralegal and office manager at Erb Law, LLC. She is a graduate of the University of Northern Colorado with a degree in Political Science and received her paralegal certificate from the Center for Legal Studies via Metropolitan State University of Denver in 2020. Ms. Fleming is experienced in all aspects of special district law, with particular focus on special district compliance and administration, elections, and legal research.

2023 RATES

Attorneys

Jeffrey E. Erb

Per Hour

\$385

Glory S. Schmidt

\$285

Paralegals

Natalie M. Fleming

Per Hour

\$170

July 7, 2023

Board of Directors
Highline Crossing Metropolitan District

Re: Highline Crossing Metropolitan District
Engagement for Legal Services – General Counsel

Dear Board of Directors:

Thank you for retaining Erb Law, LLC (the “**Firm**”) to provide legal services to the Highline Crossing Metropolitan District (the “**District**”). This letter is to summarize and confirm the terms and conditions of the Firm’s representation of the District.

1. Scope of Representation and Personnel

Our engagement will be as general legal counsel to the District, as well as those additional legal services agreed to between the District and the Firm. As general counsel, we will serve as the primary legal advisor to the District, providing legal services needed for the daily operation of the District and oversight of the District’s legal compliance requirements.

Jeffrey Erb will be the attorney primarily responsible for your matters, with additional legal services provided by Glory Schmidt. In addition, paralegal services will be provided by Natalie Fleming.

2. Fees and Billing

The Firm provides legal services on an hourly basis, billed in six-minute increments. The current hourly rate for Mr. Erb is \$385 per hour. The current hourly rate for Ms. Schmidt is \$285 per hour. The current hourly rate for Ms. Fleming is \$170 per hour. All rates are subject to change January 1 of each year.

In addition to our time, we may incur costs on your behalf. Costs include photocopying expenses, delivery charges, filing and recording fees, Westlaw research charges and other expenses incurred when we advance materials or funds on your behalf. Costs are billed separately from legal fees and appear on your monthly invoice. Costs are to be paid on the same terms as legal fees. We do not surcharge or mark-up costs.

We will provide you with a detailed invoice for services and costs incurred. Invoices are mailed monthly and payment is due 45 days from the date of the invoice. Past due invoices may be subject to a monthly late charge of 1.5% of the unpaid balance.

Page 1 of 4

3. Communication

The Firm primarily communicates with its clients using e-mail; the sending of documents and correspondence via the United States Post Office, UPS, FedEx, courier or other similar delivery service; and telephone. When sending e-mail, we endeavor to ensure that only the intended recipient(s) receives the e-mail. However, our e-mail communication is not encrypted. Communication via e-mail is not completely secure and e-mails may pass through servers controlled by third-parties and could be accessed by unauthorized third-parties.

Although a common form of social communication, the Firm does not generally communicate with clients about client matters via text message, iMessage, or other form of instant messaging. Communications made via text, iMessage or instant messaging may not be received, and risk not being attended to in a timely manner. Accordingly, communications with the Firm should be made via one of the other identified communication methods.

Generally, communications between the client and the Firm are confidential and subject to the attorney-client privilege. This privilege is for the benefit of the client and if confidential communications are shared with third-parties by the client, that privilege may be lost.

4. Document Retention

In the course of our representation, we will maintain a file of documents produced and received in the ordinary course of practice. Not all papers and electronic data are maintained in the ordinary course of practice. For example, multiple copies or drafts of the same document, or communications containing duplicative correspondence or concerning non-substantive communications may not be retained. We generally maintain our files in electronic format, and except for certain documents required to be maintained in hard copy, will convert paper copies to electronic format and dispose of the paper copy.

It is the general policy of the Firm to retain your files in paper or electronic format for at least ten (10) years from the date our representation is complete, either by completion or resolution of the matter for which we were engaged or termination of the attorney-client relationship. In certain circumstances, such as where there is pending or threatened litigation related to the matter which is known to the Firm, we may be required to maintain your files for a longer period. Following expiration of the ten-year retention period, your file may be destroyed without notice unless you have requested the original file to be delivered to you.

Notwithstanding the foregoing policy, if the Firm is designated as the public records custodian for the District pursuant to the Colorado Open Records Act, Part 2 of Article 72, Title 24 of the Colorado Revised Statutes or is otherwise in possession of "public records" of the District, the Firm will retain and destroy those files in accordance with any approved document retention and destruction policy of the District, the Colorado State Archives or similar regulatory body.

5. Conflicts of Interest

We have performed an internal review for potential conflicts of interest based on information provided to us. At this time, we do not have any conflicts of interest with any current or former clients that would preclude our representation of the District. Should a conflict of interest arise, we will advise you as soon as practicable, and if the conflict cannot be resolved or waived, the Firm may be required to withdraw from representation of the District.

6. Termination

Either of us is free to terminate this agreement at any time for any reason. However, it is important to both of us that any termination is in writing to allow for a clear allocation of responsibilities. Termination of legal services will not affect the District's responsibility for payment of legal services rendered and costs incurred before termination and incurred in connection with an orderly transition of legal services. Our efforts on your behalf may cease and we may withdraw from further representation at any time if an invoice is not timely paid.

Please countersign this letter in the space provided if you agree to these terms and return a copy to our office.

We look forward to working with you.

Sincerely,

ERB LAW, LLC

A handwritten signature in black ink, appearing to read "Jeffrey E. Erb", with a stylized flourish at the end.

Jeffrey E. Erb

I have reviewed this proposal and agree to the engagement of Erb Law, LLC pursuant to the terms of representation described in this letter.

HIGHLINE CROSSING METROPOLITAN
DISTRICT

Print Name: _____

Title: _____

Date: _____

**HIGHLINE CROSSING
METROPOLITAN DISTRICT
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS
DECEMBER 31, 2022**

DRAFT 6/9/2023
SUBJECT TO REVISION

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SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086
FAX: 720.348.2920

Independent Auditor's Report

Board of Directors
Highline Crossing Metropolitan District
Arapahoe County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Highline Crossing Metropolitan District (District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Highline Crossing Metropolitan District, as of December 31, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Management has omitted the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information is comprised of the other information as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Highlands Ranch, Colorado
_____, 2023

BASIC FINANCIAL STATEMENTS

DRAFT 6/9/2023
SUBJECT TO REVISION

**HIGHLINE CROSSING METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
December 31, 2022**

ASSETS

Cash and investments - unrestricted	\$ 19,629
Cash and investments - restricted	424,871
Cash with County Treasurer	979
Accounts receivable	7,089
Property taxes receivable	210,837
Prepaid expense	450
Capital assets, not being depreciated	6,000
Capital assets, being depreciated, net of accumulated depreciation	326,284
Total assets	996,139

LIABILITIES

Accounts payable	21,587
Due to City of Aurora	11,085
Accrued interest payable	7,104
Bonds and advances payable	
Due within one year	15,000
Due in more than one year	2,163,785
Total liabilities	2,218,561

DEFERRED INFLOWS OF RESOURCES

Property tax revenue	210,837
Total deferred inflows of resources	210,837

NET POSITION

Net investment in capital assets	332,284
Restricted for emergencies	3,700
Restricted for debt service	277,900
Unrestricted	(2,047,143)
Total net position	\$ (1,433,259)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
Year Ended December 31, 2022**

	Program Revenues			Net (Expense)
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
			Capital Grants and Contributions	
General government	\$ 163,793	\$ 66,430	-	\$ (97,363)
Interest and fiscal charges	138,667	-	-	(138,667)
	\$ 302,460	\$ 66,430	-	(236,030)
General revenues:				
Taxes:				
Property taxes				210,056
Specific ownership taxes				13,261
Net investment income				3,631
Total general revenues				227,818
Change in net position				(8,212)
Net position - beginning (restated)				(1,425,047)
Net position - ending				\$ (1,433,259)

These financial statements should be read only in connection with the accompanying notes to financial statements.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments - unrestricted	\$ 19,629	\$ -	\$ 19,629
Cash and investments - restricted	-	424,871	424,871
Cash with County Treasurer	236	743	979
Accounts receivable	7,089	-	7,089
Property tax receivable	49,666	161,171	210,837
Prepaid expense	450	-	450
TOTAL ASSETS	<u>\$ 77,070</u>	<u>\$ 586,785</u>	<u>\$ 663,855</u>
LIABILITIES			
Accounts payable	\$ 21,587	\$ -	\$ 21,587
Due to City of Aurora	-	11,085	11,085
Total liabilities	<u>21,587</u>	<u>11,085</u>	<u>32,672</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	49,666	161,171	210,837
Total deferred inflows of resources	<u>49,666</u>	<u>161,171</u>	<u>210,837</u>
FUND BALANCES			
Nonspendable - prepaid items	450	-	450
Spendable:			
Restricted for:			
Emergencies	3,700	-	3,700
Debt service	-	414,529	414,529
Assigned for subsequent year's expenditures	1,667	-	1,667
Total fund balances	<u>5,817</u>	<u>414,529</u>	<u>420,346</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 77,070</u>	<u>\$ 586,785</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Some long-term assets used in governmental activities are not financial resources and, therefore, are not reported in the Balance Sheet - Governmental Funds.

Capital assets	332,284
----------------	---------

Some liabilities, including bonds payable, developer advances and other accrued payables are not due and payable in the current period and, therefore, are not reported in the Balance Sheet - Governmental Funds.

General obligation bonds payable	(1,886,000)
Developer advances	(94,563)
Accrued interest payable - 2017A bonds	(7,104)
Accrued and unpaid interest payable - 2017B bonds	(169,603)
Accrued interest payable - developer advances	(28,619)
	(2,185,889)
Net position of governmental activities	\$ (1,433,259)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2022**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Property tax	\$ 50,563	\$ 159,493	\$ 210,056
Specific ownership tax	3,192	10,069	13,261
Net investment income	78	3,553	3,631
Transfer fee	1,500	-	1,500
Operations fee	64,680	-	64,680
Review fee	250	-	250
Miscellaneous	870	-	870
Total revenues	<u>121,133</u>	<u>173,115</u>	<u>294,248</u>
EXPENDITURES			
Current			
Management fees	12,476	-	12,476
Billing services	4,456	-	4,456
Accounting	11,218	-	11,218
Audit	4,700	-	4,700
Legal	18,788	-	18,788
Insurance	7,829	-	7,829
Election expense	903	-	903
Miscellaneous	3,417	-	3,417
County Treasurer's fees	760	2,396	3,156
IGA - Aurora	-	3,082	3,082
Covenant control	10,490	-	10,490
Landscape maintenance	27,849	-	27,849
Repairs and maintenance	33,308	-	33,308
Irrigation repair	5,687	-	5,687
Snow removal	11,899	-	11,899
Utilities	22,309	-	22,309
Debt service			
Paying agent fees and other fees	-	5,648	5,648
Bond principal	-	15,000	15,000
Bond interest	-	86,075	86,075
Total expenditures	<u>176,089</u>	<u>112,201</u>	<u>288,290</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(54,956)</u>	<u>60,914</u>	<u>5,958</u>
OTHER FINANCING SOURCES (USES)			
Insurance proceeds	30,944	-	30,944
Total other financing sources (uses)	<u>30,944</u>	<u>-</u>	<u>30,944</u>
NET CHANGE IN FUND BALANCES	(24,012)	60,914	36,902
FUND BALANCES - BEGINNING OF YEAR	29,829	353,615	383,444
FUND BALANCES - END OF YEAR	<u>\$ 5,817</u>	<u>\$ 414,529</u>	<u>\$ 420,346</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2022**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds	<u>\$ 36,902</u>
<p>Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. Instead the cost of the asset is allocated over its estimated useful life, and recorded as depreciation expense in each of those years.</p>	
Depreciation expense	<u>(16,252)</u>
<p>The repayment of the principal of long-term debt consumes current financial resources of governmental funds. However, it has no effect on net position.</p>	
Bond principal	<u>15,000</u>
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Change in accrued interest and unpaid interest payable - bonds	(36,297)
Change in accrued interest payable - developer advances	<u>(7,565)</u>
	<u>(43,862)</u>
Change in net position - Governmental activities	<u><u>\$ (8,212)</u></u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2022**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property tax	\$ 50,563	\$ 50,563	\$ 50,563	\$ -
Specific ownership taxes	2,750	2,750	3,192	442
Net investment income	15	15	78	63
Transfer fee	200	200	1,500	1,300
Operations fee	63,000	63,000	64,680	1,680
Review fee	50	50	250	200
Miscellaneous	-	-	870	870
Total Revenues	<u>116,578</u>	<u>116,578</u>	<u>121,133</u>	<u>4,555</u>
EXPENDITURES				
Management fees	9,000	12,500	12,476	24
Billing services	4,000	4,500	4,456	44
Accounting	10,000	11,300	11,218	82
Audit	5,500	4,700	4,700	-
Legal	7,000	19,000	18,788	212
Insurance	9,000	8,000	7,829	171
Election expense	3,000	1,000	903	97
Miscellaneous	2,000	3,500	3,417	83
County Treasurer's fees	758	758	760	(2)
Covenant control	7,200	10,500	10,490	10
Landscape maintenance	28,000	28,000	27,849	151
Landscape improvements	5,000	-	-	-
Repairs and maintenance	2,000	33,400	33,308	92
Irrigation repair	5,000	5,700	5,687	13
Snow removal	10,000	12,000	11,899	101
Fence repairs	2,000	-	-	-
Utilities	12,000	22,400	22,309	91
Contingency	5,000	-	-	-
Emergency reserves	3,497	-	-	-
Total Expenditures	<u>129,955</u>	<u>177,258</u>	<u>176,089</u>	<u>1,169</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(13,377)</u>	<u>(60,680)</u>	<u>(54,956)</u>	<u>5,724</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	30,944	30,944	-
Total other financing sources (uses)	<u>-</u>	<u>30,944</u>	<u>30,944</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(13,377)</u>	<u>(29,736)</u>	<u>(24,012)</u>	<u>5,724</u>
FUND BALANCE - BEGINNING OF YEAR	<u>19,332</u>	<u>29,829</u>	<u>29,829</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,955</u>	<u>\$ 93</u>	<u>\$ 5,817</u>	<u>\$ 5,724</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 – DEFINITION OF REPORTING ENTITY

Highline Crossing Metropolitan District (District), a quasi-municipal corporation, is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in Arapahoe County, Colorado. The District was established to provide financing for the acquisition, construction, installation and/or operation of street improvements, water, sanitation, safety protection, park and recreation and transportation services. A majority of the facilities constructed by the District have been conveyed to the City of Aurora for perpetual maintenance except certain common-area, street-scape and median landscape areas monument signs, and detention ponds.

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

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set 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 District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District, the difference between the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, being reported as net position.

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.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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 related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property and specific ownership taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. 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 District amended its annual budget for the year ending December 31, 2022 for General Fund.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Pooled Cash and Investments

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 single bank account. 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 funds' average equity balance in total cash.

Capital Assets

Capital assets, which include infrastructure improvements, are reported in the governmental activities column 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at historical cost or acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Any construction in process that will be dedicated to another entity is not depreciated.

As applicable, the District's capital assets are being depreciated using the straight-line method over the following useful lives:

Monument signage	30 years
Walls and fencing	20 years
Irrigation system	30 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 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are 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 of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Deferred Inflows/Outflows of Resources

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

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

inflows of resources, represents an acquisition of net position or fund balance 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 only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues are property taxes levied for the ensuing year.

Debt Issue Costs and Original Issue Discount/Premium

In the government-wide financial statements, debt premiums and discounts are deferred and amortized over the life of the debt using the effective interest method, with the unamortized amount included as a component of the debt. Debt issuance costs are treated as a period cost and expensed in the year incurred.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances – Governmental Funds

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

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

Unassigned fund balance—amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

Operations and Transfer Fees

The District has imposed an Operations Fee in the amount of up to \$1,000 per year on each residential lot within the District, billed quarterly in amounts of \$250 and is to be used for operations and maintenance costs.

The District has imposed a Transfer Fee in order to offset administrative costs associated with a transfer of ownership of any unit located within the District. The Transfer Fee is \$300 per lot and is due and payable at the time of any sale, transfer or re-sale of any single-family dwelling which has a certificate of occupancy.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Cash and investments - unrestricted	\$ 19,629
Cash and investments - restricted	424,871
	<u>\$ 444,500</u>

Cash and investments as of December 31, 2022, consist of the following:

Deposits with financial institutions	\$ 252,584
Investments	191,916
	<u>\$ 444,500</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. 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 for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. 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.

As of December 31, 2022, the District's cash deposits had a bank balance of \$252,109 and carrying balance of \$252,584.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Investments

The District has not adopted a formal investment policy; however, the District follows State Statutes regarding investments.

The District follows Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities and the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Certain reverse repurchase agreements
- . Certain securities lending agreements
- . Certain corporate bonds
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

As of December 31, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Carrying Value</u>
COLOTRUST Plus+	Weighted average under 60 days	\$ <u>191,916</u>

COLOTRUST

As of December 31, 2022, the District has invested in the Colorado Local Government Liquid Asset Trust (the Trust and/or COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in three portfolios, COLOTRUST Prime (Prime), COLOTRUST Plus+ (Plus+) and COLOTRUST Edge (Edge). All portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. COLOTRUST Plus+ and COLOTRUST Edge may also invest in the highest rated commercial paper. The Prime and Plus+ portfolios are restricted to a weighted average maturity (WAM) of 60 days or less while the Edge portfolio incorporates longer-dated securities with a WAM of 60 days or more. Both Prime and Plus+ portfolios are rated AAAM by Standard and Poor's and the EDGE portfolio is rated AAf/S1 by Fitch Ratings. Information related to COLOTRUST, including the annual audited financial statements, can be found at the COLOTRUST website at www.colotruster.com.

Investment Valuation

Certain investments are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at yearend for which the investment valuations were determined as follows.

COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST at net asset value as determined by fair value. Each share of Prime and Plus is equal in value to \$1.00 and the redemption frequency is daily with no redemption notice period. Edge's net asset value is managed to approximate a \$10.00 transactional share price and the redemption frequency is five business days. The principal value of an Edge investment may fluctuate and could be greater or less than \$10.00 per share at time of purchase, prior to redemption, and at the time of redemption. There are no unfunded commitments.

Restricted Cash and Investments

As of December 31, 2022, cash and investments in the amount of \$424,871 are restricted for debt service in accordance with the indenture of trust related to the Series 2017A and 2017B General Obligation Bonds (See Note 5).

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**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in the capital assets for the year ended December 31, 2022 follows:

	Balance December 31, 2021 (Restated)	Additions	Deletions	Balance December 31, 2022
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Total capital assets, not being depreciated	6,000	-	-	6,000
Capital assets, being depreciated:				
Monument signage	65,125	-	-	65,125
Walls and fencing	241,259	-	-	241,259
Irrigation system	60,529	-	-	60,529
Total capital assets, being depreciated	366,913	-	-	366,913
Less accumulated depreciation for:				
Monument signage	(3,256)	(2,171)	-	(5,427)
Walls and fencing	(18,094)	(12,064)	-	(30,158)
Irrigation system	(3,027)	(2,017)	-	(5,044)
Total accumulated depreciation	(24,377)	(16,252)	-	(40,629)
Total capital assets, being depreciated, net	342,536	(16,252)	-	326,284
Government capital assets, net	<u>\$ 348,536</u>	<u>\$ (16,252)</u>	<u>\$ -</u>	<u>\$ 332,284</u>

Depreciation on the capital assets is reported in the general government function/program.

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2022:

	Balance December 31, 2021	Additions	Retirements	Balance December 31, 2022	Due Within One Year
General Obligation Bonds:					
2017A	\$ 1,565,000	\$ -	\$ (15,000)	\$ 1,550,000	\$ 15,000
2017B	336,000	-	-	336,000	-
Unpaid accrued interest:					
2017B bonds	133,237	36,366	-	169,603	-
Developer Advances	94,563	-	-	94,563	-
Accrued interest on Developer Advances	21,054	7,565	-	28,619	-
	<u>\$ 2,149,854</u>	<u>\$ 43,931</u>	<u>\$ (15,000)</u>	<u>\$ 2,178,785</u>	<u>\$ 15,000</u>

The detail of the District's long-term debt is as follows:

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

General Obligation Limited Tax Bonds, Series 2017A and 2017B

Series 2017A

On July 13, 2017, the District issued \$1,590,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2017A, (2017A Bonds), with interest of 5.50%. Proceeds of the 2017A Bonds were used for issuance costs and to reimburse the Developer for capital construction costs. The 2017A Bonds mature on December 1, 2047 with mandatory sinking fund payments each year beginning December 1, 2020 in varying amounts. Interest is due each June 1 and December 1, commencing December 1, 2017. The 2017A Bonds are subject to optional redemption, as a whole or in integral multiples of \$1,000 on any date, upon payment of par and accrued interest plus a redemption premium in varying rates beginning on December 1, 2022.

The 2017A Bonds are payable from pledged revenue, which includes the District's covenant to levy the required mill levy on all taxable property within the District to pay for debt scheduled payments, specific ownership taxes, capital fees and any other revenues designated as such and pledged to the payment of the 2017A Bonds by a resolution adopted by the Board. Prior to the Conversion Date (first date on which both the debt to assessed ratio is 50% or less; and no amounts of principal or interest on the 2017A Bonds are due but unpaid), the District is required to impose a mill levy sufficient to pay principal and interest on the 2017A Bonds as they come due, and if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve, but (1) not in excess of 50.000 mills, and (2) for so long as the Surplus Fund is less than the Maximum Surplus Amount, not less than 50.000 mills; provided, however, that in the event the method of calculating assessed valuation is or was changed after January 1, 2004, any change in law, change in method of calculation, the minimum and maximum mill levies shall be increased or decreased to reflect such changes. On and after the Conversion Date, the District is to impose a mill levy in an amount sufficient to pay the principal and interest on the 2017A Bonds as they come due. The District levied 55.664 mills for collection in 2022 and 57.266 for collection in 2023.

Pursuant to the Indenture of Trust, the District is required to establish a Reserve Fund for the 2017A Bonds with bond proceeds in the amount of \$129,525. As of December 31, 2022, the balance was \$130,355.

Pledged revenue not required for the payment of the 2017A Bonds or the Reserve Fund shall be credited to the Surplus Fund up to a maximum amount of \$159,000. As of December 31, 2022, the balance was \$61,291.

Series 2017B

On July 13, 2017 the District issued \$336,000 Subordinate General Obligation Limited Tax Bonds, Series 2017B (2017B Bonds), with interest of 7.75%. Proceeds of the 2017B Bonds were used for issuance costs and to reimburse the Developer for capital construction costs. The 2017B Bonds mature on December 15, 2047. Interest is payable on December 15 of each year, commencing on December 15, 2017. Unpaid interest shall compound annually on December 15 of each year.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
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The 2017B Bonds are only payable in any particular year to the extent that there are amounts available in the Subordinate Pledged Revenue Fund. The Subordinate Pledged Revenue Fund is to be funded from the Subordinate Required Mill Levy, specific ownership taxes, capital fees and any other revenues designated as such and pledged to the payment of the bonds by a resolution adopted by the Board. The Subordinate Required Mill Levy is 50.000 mills less the 2017A Bond mill levy.

The District's 2017A General Obligation Bonds will mature as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 15,000	\$ 85,250	\$ 100,250
2024	20,000	84,425	104,425
2025	20,000	83,325	103,325
2026	25,000	82,225	107,225
2027	25,000	80,850	105,850
2028-2032	170,000	380,050	550,050
2033-2037	260,000	323,950	583,950
2038-2042	375,000	240,625	615,625
2043-2047	640,000	123,475	763,475
	<u>\$ 1,550,000</u>	<u>\$ 1,484,175</u>	<u>\$ 3,034,175</u>

Annual debt service requirements of the District's Subordinate General Obligation Limited Tax Bonds, Series 2017B Bonds are not currently determinable since they are payable only from funds available from Subordinate Pledged Revenue.

2016 Operation Funding Agreement

The District and Meritage Homes of Colorado, Inc (the Developer) entered into an Operation Funding Agreement on September 23, 2016, with an effective date of August 16, 2016 (2016 OFA). The 2016 OFA provides for the Developer to advance funds for ongoing operating expenses incurred by the District through December 31, 2016, in an amount not to exceed \$50,000. The District agrees to repay any advances received from any funds available after the payment of its annual debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget and appropriation. Interest shall accrue at 8% per annum. Any obligation of the District to reimburse the Developer shall expire on December 31, 2056.

2017 Operation Funding Agreement

On December 8, 2016, the District entered into the 2017 Operation Funding Agreement, with an effective date of January 1, 2017, with the Developer as amended by the First Amendment to the 2017 Operation Funding Agreement dated June 14, 2017; the Second Amendment to the 2017 Operation Funding Agreement dated November 7, 2017, and the Third Amendment to the 2017 Operation Funding Agreement dated December 11, 2018 (2017 OFA). The 2017 OFA provides for the Developer to advance funds for ongoing operating expenses incurred by the District through December 31, 2019, in an amount not to exceed \$105,000. The District agrees to repay any advances received from any funds available after the payment of its annual debt service obligations and annual operations and maintenance expenses, which repayment is

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

subject to annual budget and appropriation. Interest shall accrue at 8% per annum. Any obligation for the District to reimburse the Developer shall expire on December 31, 2059.

2020 Operation Funding Agreement

The District and Meritage Homes of Colorado, Inc (the Developer) entered into an Operation Funding Agreement on November 18, 2019, with an effective date of January 1, 2020 (2020 OFA). The 2020 OFA provides for the Developer to advance funds for ongoing operating expenses incurred by the District through December 31, 2020, in an amount not to exceed \$25,000. The District agrees to repay any advances received from any funds available after the payment of its annual debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget and appropriation. Interest shall accrue at 8% per annum. Any obligation of the District to reimburse the Developer shall expire on December 31, 2060.

The 2020 OFA establishes the priority of payments to reimburse the Developer. Payments shall be applied as follows a) first to the 2016 OFA accrued and unpaid interest and then to the 2016 OFA principal amount due; and then b) first to the 2017 OFA accrued and unpaid interest and then to the 2017 OFA principal amount due; and then c) first to the 2020 OFA accrued and unpaid interest and then to the 2020 OFA principal amount due pursuant to the 2020 OFA.

As of December 31, 2022, the District owed a total of \$94,563 in principal and \$28,619 in accrued interest under the 2016 OFA, 2017 OFA and 2020 OFA.

Facilities Funding and Acquisition Agreement

The District and the Developer entered into a Facilities Funding and Acquisition Agreement (FFA Agreement) on September 23, 2016, effective August 16, 2016.

Organization Costs

According to the terms of the FFA Agreement, the District shall reimburse the Developer for organization expenses incurred. Simple interest accrues on the organization expenses at a rate of 8% from the District's organization.

Construction Costs

The parties to the FFA Agreement acknowledge that the District will incur construction related expenses in connection with the construction of certain public improvements in reliance upon the Developer's commitment to provide funding. In addition, the Developer has or will design, construct and complete certain improvements for District acquisition upon completion. To the extent that the public improvements are not designed, constructed and completed by the Developer for the District's acquisition upon completion, the Developer shall advance funds to the District necessary to fund the construction related expenses up to \$12,000,000 less the aggregate amount of verified construction costs incurred by the Developer through December 31, 2020. Simple interest accrues from the date the costs are incurred by the Developer at a rate of 8%. The District anticipates payment of the developer advances and/or verified costs to be from the proceeds of debt incurred by the District. Any obligation of the District to reimburse the Developer shall expire on December 31, 2056.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

As of December 31, 2022, the District had no outstanding obligations under the FFA Agreement.

NOTE 6 – DEBT AUTHORIZATION

As of December 31, 2022, the District had the following authorized by unissued indebtedness:

	Authorized May 3, 2016 Election	Authorization Used	Remaining December 31, 2022
Streets	\$ 10,000,000	\$ 1,066,619	\$ 8,933,381
Parks and recreation	10,000,000	-	10,000,000
Water	10,000,000	216,482	9,783,518
Sanitation	10,000,000	642,899	9,357,101
Public transportation	10,000,000	-	10,000,000
Mosquito control	10,000,000	-	10,000,000
Safety Protection	10,000,000	-	10,000,000
Fire Protection	10,000,000	-	10,000,000
TV relay	10,000,000	-	10,000,000
Security services	10,000,000	-	10,000,000
Operations	10,000,000	-	10,000,000
Refunding	10,000,000	-	10,000,000
IGA Debt	10,000,000	-	10,000,000
	<u>\$ 130,000,000</u>	<u>\$ 1,926,000</u>	<u>\$ 128,074,000</u>

The District's service plan limits the total debt issued to \$10,000,000. In the future, the District may issue a portion or all of the remaining authorized but unissued debt.

NOTE 7 – AGREEMENTS

Intergovernmental Agreement with Aurora

The District and the City of Aurora (City) are parties to an intergovernmental agreement (City IGA) dated September 23, 2016, pursuant to the requirements of the Service Plan. Under the City IGA, the District covenants to dedicate certain public improvements to the City or other appropriate jurisdiction, and covenants that all improvements will be constructed in compliance with the City's standards and specifications. The City IGA states that the District is not authorized to operate and maintain improvements, other than park and recreation improvements and landscape, access and drainage are improvements within certain tracts, unless otherwise agreed to by the City. The District is required to impose a mill levy for Aurora regional improvements (the ARI Mill Levy). The ARI Mill Levy is defined in the Service Plan as: (i) for the first 20 years (beginning in the first year of collection of a debt service mill levy by the District), one mill; (ii) for the next 20 years, five mills; and (iii) for the next 10 years, a mill levy equal to the average debt service mill levy imposed by the District in the 10 years prior to the date of repayment of the debt it issued to construct nonregional improvements. The District levied 1.114 mills for collection in 2022 and 1.146 for collection in 2023.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 – FUND EQUITY

As of December 31, 2022, the District reported the following classifications of fund equity.

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$450 is comprised of prepaid amounts which are not in spendable form.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$3,700 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 11). The restricted fund balance in the Debt Service Fund in the amount of \$414,529 is to be used exclusively for debt service requirements (see Note 5).

NOTE 9 - NET POSITION

The District's net position consists of three components – net investment in capital assets, restricted and unrestricted.

The net investment in capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2022, the net investment in capital assets was \$332,284.

The restricted portion of net position includes amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District's restricted net position as of December 31, 2022 is as follows:

Restricted net position:	
Emergency reserves (see Note 11)	\$ 3,700
Debt Service	<u>277,900</u>
	<u><u>\$ 281,600</u></u>

As of December 31, 2022, the District's had an unrestricted net position deficit of (\$2,047,143). This deficit was the result of the District being responsible for repayment of bonds issued for public improvements conveyed to other governmental entities.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2022. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool 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 11 - TAX, SPENDING AND DEBT LIMITATIONS

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

On May 3, 2016, the District's electors authorized the District to increase taxes \$10,000,000 annually or by a lesser annual amount as may be necessary to pay the District's operations and maintenance and other expenses without limitation of rate. Further the District's electors authorized the District to collect, keep and expend all District revenues received in 2016 and each year thereafter, of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

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.

NOTE 11 - RESTATEMENT

It was determined that certain capital assets had been contributed to the District in 2020, but had not been recorded by the District. Therefore, the beginning capital assets and beginning net position were restated as follows:

	<u>Capital Assets</u>	<u>Net Position</u>
Balance as previously stated December 31, 2021	\$ -	\$ (1,773,583)
Restatement	348,536	348,536
Restated balance December 31, 2021	<u>\$ 348,536</u>	<u>\$ (1,425,047)</u>

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

DRAFT 6/9/2023
SUBJECT TO REVISION

**HIGHLINE CROSSING METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2022**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 159,492	\$ 159,493	\$ 1
Specific ownership taxes	7,600	10,069	2,469
Net investment income	400	3,553	3,153
Total Revenues	<u>167,492</u>	<u>173,115</u>	<u>5,623</u>
EXPENDITURES			
Bond principal	15,000	15,000	-
Bond interest	86,075	86,075	-
Paying agent and other fees	5,500	5,648	(148)
County treasurer's fees	2,443	2,396	47
IGA - Aurora	3,082	3,082	-
Miscellaneous	250	-	250
Contingency	10,000	-	10,000
Total Expenditures	<u>122,350</u>	<u>112,201</u>	<u>10,149</u>
NET CHANGE IN FUND BALANCE	45,142	60,914	15,772
FUND BALANCE - BEGINNING OF YEAR	<u>350,720</u>	<u>353,615</u>	<u>2,895</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 395,862</u></u>	<u><u>\$ 414,529</u></u>	<u><u>\$ 18,667</u></u>

OTHER INFORMATION

DRAFT 6/9/2023
SUBJECT TO REVISION

**HIGHLINE CROSSING METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION , MILL LEVY
AND PROPERTY TAXES COLLECTED
Year Ended December 31, 2021**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied				Property Taxes		Percentage Collected to Levied
		General	Debt	ARI	Total	Levied	Collected	
2017	\$ 461,013	65.000	0.000	0.000	65.000	\$ 29,966	\$ 29,966	100.0%
2018	\$ 591,861	14.000	55.277	1.106	70.383	\$ 41,657	\$ 41,658	100.0%
2019	\$ 1,578,497	14.000	55.277	1.106	70.383	\$ 111,100	\$ 111,100	100.0%
2020	\$ 2,552,213	18.000	55.664	1.114	74.778	\$ 190,849	\$ 190,849	100.0%
2021	\$ 2,587,213	18.000	55.664	1.114	74.778	\$ 193,467	\$ 193,467	100.0%
2022	\$ 2,809,048	18.000	55.664	1.114	74.778	\$ 210,055	\$ 210,056	100.0%
Estimated for year ending December 31, 2023	\$ 2,759,220	18.000	57.266	1.146	76.412	\$ 210,837		

NOTE: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

DRAFT 6/13/2023
SUBJECT TO REVISION

**HIGHLINE CROSSING METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2022**

**\$1,590,000 General Obligation Limited Tax
(Convertible to Unlimited Tax) Bonds, Series 2017A
Dated July 13, 2017
Interest Rate of 5.500%
Principal Due December 1**

Year Ending December 31,	Interest Due June 1 and December 1		
	Principal	Interest	Total
2023	\$ 15,000 *	\$ 85,250	\$ 100,250
2024	20,000 *	84,425	104,425
2025	20,000 *	83,325	103,325
2026	25,000 *	82,225	107,225
2027	25,000 *	80,850	105,850
2028	30,000 *	79,475	109,475
2029	30,000 *	77,825	107,825
2030	35,000 *	76,175	111,175
2031	35,000 *	74,250	109,250
2032	40,000 *	72,325	112,325
2033	45,000 *	70,125	115,125
2034	50,000 *	67,650	117,650
2035	50,000 *	64,900	114,900
2036	55,000 *	62,150	117,150
2037	60,000 *	59,125	119,125
2038	65,000 *	55,825	120,825
2039	70,000 *	52,250	122,250
2040	75,000 *	48,400	123,400
2041	80,000 *	44,275	124,275
2042	85,000 *	39,875	124,875
2043	90,000 *	35,200	125,200
2044	95,000 *	30,250	125,250
2045	100,000 *	25,025	125,025
2046	110,000 *	19,525	129,525
2047	245,000	13,475	258,475
	<u>\$ 1,550,000</u>	<u>\$ 1,484,175</u>	<u>\$ 3,034,175</u>

* sinking fund redemptions