

EAST CREEK METROPOLITAN DISTRICT NO. 1

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Lakewood, Colorado 80228-1898
Tel: 303-987-0835 • 800-741-3254
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<https://www.colorado.gov/eastcreekmd>

NOTICE OF A SPECIAL MEETING AND AGENDA

| <u>Board of Directors:</u> | <u>Office:</u> | <u>Term/Expiration:</u> |
|----------------------------|---------------------|-------------------------|
| Michele Trujillo | Treasurer | 2022/May 2022 |
| Matthew Larsen | Secretary | 2023/May 2023 |
| Greg Wright | Assistant Secretary | 2023/May 2022 |
| Cameron Nelson | Assistant Secretary | 2022/May 2022 |
| VACANT | | 2022/May 2022 |

DATE: July 29, 2021

TIME: 6:00 P.M.

PLACE: DUE TO CONCERNS REGARDING THE SPREAD OF THE CORONAVIRUS (COVID-19) AND THE BENEFITS TO THE CONTROL OF THE SPREAD OF THE VIRUS BY LIMITING IN-PERSON CONTACT, THIS DISTRICT BOARD MEETING WILL BE HELD BY ZOOM WITHOUT ANY INDIVIDUALS (NEITHER DISTRICT REPRESENTATIVES NOR THE GENERAL PUBLIC) ATTENDING IN PERSON. IF YOU WOULD LIKE TO ATTEND THIS MEETING, THE LINK IS BELOW. If you experience technical difficulties, email Peggy Ripko at pripko@sdmsi.com. Please email Peggy Ripko if there are any issues (pripko@sdmsi.com).

Join Zoom Meeting

<https://us02web.zoom.us/j/82606813733?pwd=Zms0L1JHM21hUzUwQ3lJdVU1Uzg3Zz09>

Meeting ID: 826 0681 3733

Passcode: 375313

Dial in: 1-253-215-8782

I. ADMINISTRATIVE MATTERS

A. Confirm Quorum and Present Conflict Disclosures.

B. Approve Agenda, confirm location of the meeting, posting of meeting notice.

C. Discuss vacancy on Board and consider appointment of District Eligible Elector.

D. Consider appointment of Officers:

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

E. Review and approve Minutes of the June 21, 2021 special meeting (enclosure).

F. Discuss meeting schedule.

II. PUBLIC COMMENTS (Items Not on the Agenda. As a courtesy to others, public comments limited to three minutes per person. Please state and spell your name before speaking and wait for confirmation before proceeding in order to facilitate notes).

A. _____

III. FINANCIAL MATTERS

A. Review and consider approval of 2020 Audit and authorize execution of Representations Letter (enclosures).

IV. LEGAL MATTERS

A. Discuss deed from Meritage Homes of Colorado, Inc. to the District conveying certain Tracts in East Creek Subdivision Filing No. 1 and acceptance of same.

B. Review Bill of Sale from Meritage Homes of Colorado, Inc. to the District for conveyance of certain public improvements and acceptance of same (to be distributed).

C. Review and consider approval of First Amendment to Resolution No. 2018-06-08; Resolution Regarding Colorado open Records Act Requests (enclosure).

V. COMMUNITY MANAGERS REPORT / COVENANT MATTERS

- A. Discuss the Rules and Regulations regarding rentals in the community (enclosure).
-

B. Landscape Maintenance.

1. Discuss funding for landscape maintenance (enclosure).
-

2. Review proposal from Metco Landscape, LLC and consider approval of Service Agreement for said services (enclosure).
-

- C. Discuss resident fencing.
-

- D. Review and consider approval of proposal from Animal and Pest Control Specialist, In. for Prairie Dog removal and authorize execution of Service Agreement for said services (enclosure).
-

VI. CONSTRUCTION MATTERS

- A. Discuss status of development.
-

VII. OTHER BUSINESS

- A. _____
-

- VIII. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR OCTOBER 18, 2021.**

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE EAST CREEK METROPOLITAN DISTRICT NO. 1 (THE “DISTRICT”) HELD JUNE 21, 2021

A special meeting of the Board of Directors of the East Creek Metropolitan District No. 1 (the “District”) was convened on Monday, June 21, 2021 at 5:00 p.m. Due to concerns regarding the spread of the Coronavirus (COVID-19) and the benefits to the control of the spread of the virus by limiting in-person contact, this District Board Meeting was held by conference call without any individuals (neither District Representative nor the general public) attending in-person. The meeting was open to the public via conference call.

Directors In Attendance Were:

Michelle Trujillo
Matthew Larsen
Greg Wright
Cameron Nelson

Also In Attendance Were:

Peggy Ripko, Ryan Williams and Jim Ruthven; Special District Management Services, Inc. (“SDMS”)

Paula Williams, Esq. and Tim O’Connor; McGeady Becher P.C.

Dawn Schilling; Schilling & Company, Inc.

Lisa Albers; Meritage Homes

Sherzod Khatamov, Laura F., M. Martin, Tony and Yuliya, Kevin Doty, William Bidinger and Stephen Doherty; Residents

**DISCLOSURE OF
POTENTIAL
CONFLICTS OF
INTEREST**

The Board noted that disclosures of potential conflict of interest statements for Directors Trujillo and Larsen were filed with the Secretary of State seventy-two hours in advance of the meeting. Attorney Williams requested that the Directors consider whether they had any additional conflicts of interest to disclose. Attorney Williams noted for the record that there were no new disclosures made by the

RECORD OF PROCEEDINGS

Directors present at the meeting and incorporated for the record those applicable disclosures made by the Board Members prior to this meeting and in accordance with the statutes.

ADMINISTRATIVE MATTERS

Agenda: The Board reviewed the proposed Agenda for the District's special meeting.

Following discussion, upon motion duly made by Director Nelson, seconded by Director Wright and, upon vote, unanimously carried, the Board approved the Agenda, as presented.

Approval of Meeting Location: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. Following discussion, upon motion duly made by Director Nelson, seconded by Director Wright and, upon vote, unanimously carried, the Board determined that due to concerns regarding the spread of the Coronavirus (COVID-19) and the benefits to the control of the spread of the virus by limiting in-person contact, this District Board Meeting was held by conference call without any individuals (neither District Representative nor the general public) attending in-person. The Board further noted that notice of this location was duly posted within the boundaries of the District and the District has not received any objections to the location or any requests that the meeting place be changed by taxpaying electors within the District's boundaries.

Designation of 24-Hour Posting Location: Following discussion, upon motion duly made by Director Nelson, seconded by Director Wright, 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 within the boundaries of the District as least 24 hours prior to each meeting at the following location: On the corner of South Airport Boulevard and East Alameda Drive.

Resignation of Director: The Board acknowledged the resignation of Director Nier effective as of November 20, 2020.

Vacancy on the Board of Directors: The Board deferred discussion.

Appointment of Officers: The Board entered into discussion regarding the appointment of officers. No Action was taken.

Minutes: The Board reviewed the minutes of the October 26, 2020 special meeting.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Nelson, seconded by Director Wright and, upon vote, unanimously carried, the Board approved the minutes of the October 26, 2020 special meeting.

**PUBLIC
COMMENTS**

Homeowners present asked questions regarding landscaping and District operations.

**FINANCIAL
MATTERS**

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

| Fund | Period Ending Nov.12, 2020 | Period Ending Dec.31, 2020 | Period Ending Jan. 4, 2021 | Period Ending Feb. 28, 2021 |
|---------------------|-------------------------------|-------------------------------|-------------------------------|--------------------------------|
| General | \$ 12,079.65 | \$ 9,136.49 | \$ 7,385.48 | \$ 8,696.39 |
| Debt Service | \$ -0- | \$ -0- | \$ -0- | \$ -0- |
| Capital Projects | \$ -0- | \$ -0- | \$ -0- | \$ -0- |
| Total Claims | \$ 12,079.65 | \$ 9,136.49 | \$ 7,385.48 | \$ 8,696.39 |

| Fund | Period Ending March 31, 2021 | Period Ending April 30, 2021 | Period Ending May 31, 2021 | Period Ending June 10, 2021 |
|---------------------|---------------------------------|---------------------------------|-------------------------------|--------------------------------|
| General | \$ 8,274.20 | \$ 23,676.20 | \$ 7,108.34 | \$ 10,915.28 |
| Debt Service | \$ -0- | \$ 7,000.00 | \$ -0- | \$ -0- |
| Capital Projects | \$ -0- | \$ -0- | \$ -0- | \$ -0- |
| Total Claims | \$ 8,274.20 | \$ 30,676.20 | \$ 7,108.34 | \$ 10,915.28 |

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

Financial Statements and Schedule of Cash Position: Mr. Ruthven presented to the Board the unaudited financial statements dated March 31, 2021 and schedule of cash position statement ending March 31, 2021.

Following review and discussion, upon motion duly made by Director Wright, seconded by Director Nelson and, upon vote unanimously carried, the Board accepted the unaudited financial statements dated March 31, 2021 and schedule of cash position statement ending March 31, 2021.

2020 Audit: Ms. Schilling reviewed with the Board the 2020 Audited Financial Statements.

Directors Trujillo and Larson left the meeting at this time, therefore there was no quorum.

RECORD OF PROCEEDINGS

LEGAL MATTERS

Deed from Meritage Homes of Colorado, Inc. to the District conveying certain Tracts in East Creek Subdivision Filing No. 1: Discussion was deferred due to lack of quorum.

Bill of Sale from Meritage Homes of Colorado, Inc. to the District for Conveyance of Certain Public Improvements: Discussion was deferred due to lack of quorum.

First Amendment to Resolution No. 2018-06-08; Resolution Regarding Colorado open Records Act Requests: Discussion was deferred due to lack of quorum.

**COMMUNITY
MANAGEMENT**

Rules and Regulations Regarding Rentals in the Community: No action taken due to lack of quorum.

Landscape Maintenance: No action taken due to lack of quorum.

Funding for Landscape Maintenance: No action taken due to lack of quorum.

Proposal from Metco Landscape, LLC: No action taken due to lack of quorum.

Resident Fencing: No action taken due to lack of quorum.

Proposal from Animal and Pest Control Specialist, In. for Prairie Dog Removal: No action taken due to lack of quorum.

**CONSTRUCTION
MATTERS**

2020 Development / Construction Outlook: No discussion held due to lack of quorum.

OTHER BUSINESS

No discussion held due to lack of quorum.

ADJOURNMENT

The meeting was adjourned due to the lack of quorum.

Respectfully submitted,

By _____
Secretary for the Meeting



SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086
FAX: 720.348.2920

_____, 2021

To the Board of Directors
East Creek Metropolitan District No. 1
Arapahoe County, Colorado

We have audited the financial statements of the governmental activities and the major funds of East Creek Metropolitan District No. 1 (District) for the year ended December 31, 2020, and have issued our report thereon dated _____, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit.

Responsibilities under U.S. Generally Accepted Auditing Standards

As stated in the engagement letter dated October 8, 2020, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We generally communicate our significant findings at the conclusion of the audit. However, some matters may have been communicated sooner, particularly if significant difficulties were encountered during the audit where assistance was needed to overcome the difficulties or if the difficulties may have led to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

The audit was performed in June 2021, and we issued our report on _____, 2021.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. There were no accounting estimates that are considered particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing the audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. See Exhibit I for corrected misstatements noted during the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that there were no such disagreements during the course of the audit.

Management Representation

We have requested certain representations from management that are included in the management representation letter dated _____, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, professional standards require the consulting accountant to check with us to determine that the

consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Other Matters

We were engaged to report on supplementary information, which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on other information, which accompanies the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

SCHILLING & COMPANY, INC.

Schilling & Company, Inc.

Adj. Journal Entries
 East Creek Metro District #1
 12/31/2020

| | | |
|-----------|-------|--------|
| Done by: | Date: | Index: |
| Reviewer: | Date: | |

| AJE No. | Account Description | W/P Ref | Account Number | Debits | Credits |
|------------|---------------------------|------------|-------------------|-----------|-----------|
| 1 | Accounts Receivable | B-2 | 1-142 | | 19,276.52 |
| 1 | Prepaid Customer Balances | | 1-335 | 1,286.69 | |
| 1 | Working Capital Fee | | 1-552 | | 600.00 |
| 1 | Operations Fee | | 1-555 | 18,589.83 | |

To adjust customer receivable/prepaid balance to actual at December 31, 2020.

| | | | | | |
|---|-----------------------------|------|-------|----------|----------|
| 2 | Accounts Payable | CC-1 | 1-310 | | 1,829.08 |
| 2 | ARI taxes to City of Aurora | | 1-775 | 1,829.08 | |

To record payable to City of Aurora for 2020 ARI collections

| | | | | | |
|--|--------|--|--|-----------|-----------|
| | Totals | | | 21,705.60 | 21,705.60 |
|--|--------|--|--|-----------|-----------|

DRAFT

**EAST CREEK
METROPOLITAN DISTRICT NO. 1
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS
DECEMBER 31, 2020**

DRAFT 06/14/2021

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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
East Creek Metropolitan District No. 1
Arapahoe County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of East Creek Metropolitan District No. 1 (District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 East Creek Metropolitan District No. 1, as of December 31, 2020, 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.

Other-Matters

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.

Other 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 supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplemental 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.

The other information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Highlands Ranch, Colorado
 , 2021

BASIC FINANCIAL STATEMENTS

DRAFT 06/14/2021

EAST CREEK METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
December 31, 2020

ASSETS

| | |
|-------------------------------------|-----------|
| Cash and investments - unrestricted | \$ 35,920 |
| Cash and investments - restricted | 1,018,521 |
| Cash with County Treasurer | 510 |
| Accounts receivable | 15,230 |
| Property taxes receivable | 204,272 |
| Prepaid expense | 3,229 |
| Total assets | 1,277,682 |

LIABILITIES

| | |
|----------------------------|-----------|
| Accounts payable | 7,301 |
| Prepaid customer accounts | 8,041 |
| Accrued interest payable | 8,772 |
| Bonds and advances payable | |
| Due in more than one year | 5,285,065 |
| Total liabilities | 5,309,179 |

DEFERRED INFLOWS OF RESOURCES

| | |
|-------------------------------------|---------|
| Property tax revenue | 204,272 |
| Total deferred inflows of resources | 204,272 |

NET POSITION

| | |
|-----------------------------|----------------|
| Restricted for emergencies | 4,400 |
| Restricted for debt service | 219,384 |
| Unrestricted | (4,459,553) |
| Total net position | \$ (4,235,769) |

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

EAST CREEK METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
Year Ended December 31, 2020

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|-----------------------------|-------------------|---------------------------------|---|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | |
| General government | \$ 114,036 | \$ 98,118 | \$ 21,635 | \$ - | \$ 5,717 |
| Interest and fiscal charges | 308,531 | - | - | - | (308,531) |
| | <u>\$ 422,567</u> | <u>\$ 98,118</u> | <u>\$ 21,635</u> | <u>\$ -</u> | <u>(302,814)</u> |

General revenues:

Taxes:

| | |
|--------------------------|----------------|
| Property taxes | 102,493 |
| Specific ownership taxes | 7,263 |
| ARI taxes | 1,829 |
| Net investment income | 8,024 |
| Miscellaneous income | 2,000 |
| Total general revenues | <u>121,609</u> |

Change in net position (181,205)

Net position - beginning (4,054,564)

Net position - ending \$ (4,235,769)

-

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

**EAST CREEK METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020**

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total Governmental Funds</u> |
|---|------------------|-------------------------|-----------------------------|---|
| ASSETS | | | | |
| Cash and investments - unrestricted | \$ 35,920 | \$ - | \$ - | \$ 35,920 |
| Cash and investments - restricted | - | 547,851 | 470,670 | 1,018,521 |
| Cash with County Treasurer | 92 | 418 | - | 510 |
| Accounts receivable | 15,230 | - | - | 15,230 |
| Property tax receivable | 36,833 | 167,439 | - | 204,272 |
| Prepaid expenditures | 3,229 | - | - | 3,229 |
| TOTAL ASSETS | <u>\$ 91,304</u> | <u>\$ 715,708</u> | <u>\$ 470,670</u> | <u>\$ 1,277,682</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 7,301 | \$ - | \$ - | \$ 7,301 |
| Prepaid customer accounts | 8,041 | - | - | 8,041 |
| Total liabilities | <u>15,342</u> | <u>-</u> | <u>-</u> | <u>15,342</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred property tax revenue | 36,833 | 167,439 | - | 204,272 |
| Total deferred inflows of resources | <u>36,833</u> | <u>167,439</u> | <u>-</u> | <u>204,272</u> |
| FUND BALANCES | | | | |
| Nonspendable - prepaid items | 3,229 | - | - | 3,229 |
| Spendable: | | | | |
| Restricted for: | | | | |
| Emergencies | 4,400 | - | - | 4,400 |
| Debt service | - | 548,269 | - | 548,269 |
| Capital | - | - | 470,670 | 470,670 |
| Assigned for subsequent year's expenditures | 9,770 | - | - | 9,770 |
| Unassigned | 21,730 | - | - | 21,730 |
| Total fund balances | <u>39,129</u> | <u>548,269</u> | <u>470,670</u> | <u>1,058,068</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 91,304</u> | <u>\$ 715,708</u> | <u>\$ 470,670</u> | |

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

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 | (4,594,000) |
| Developer advances | (535,341) |
| Accrued interest payable - 2019A bonds | (8,772) |
| Accrued interest payable - 2019B bonds | (82,165) |
| Accrued interest payable - developer advances | (73,559) |
| | <u>(5,293,837)</u> |
| Net position of governmental activities | <u>\$ (4,235,769)</u> |

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

EAST CREEK METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2020

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total Governmental Funds</u> |
|---|------------------|-------------------------|-----------------------------|---|
| REVENUES | | | | |
| Property tax | \$ 17,081 | \$ 85,412 | \$ - | \$ 102,493 |
| Specific ownership tax | 1,210 | 6,053 | - | 7,263 |
| Net investment income | 4 | 4,607 | 3,413 | 8,024 |
| Operations fee | 65,418 | - | - | 65,418 |
| Working capital fee | 32,700 | - | - | 32,700 |
| ARI taxes | 1,829 | - | - | 1,829 |
| IGA revenue - East Creek Metro District No. 2 | 6,265 | 15,370 | - | 21,635 |
| Miscellaneous | 2,000 | - | - | 2,000 |
| Total revenues | <u>126,507</u> | <u>111,442</u> | <u>3,413</u> | <u>241,362</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Management fees | 20,042 | - | - | 20,042 |
| Billing and collections | 8,015 | - | - | 8,015 |
| Accounting | 14,644 | - | - | 14,644 |
| Audit | 6,252 | - | - | 6,252 |
| Legal | 10,374 | - | - | 10,374 |
| Insurance | 3,706 | - | - | 3,706 |
| Election expense | 1,872 | - | - | 1,872 |
| Miscellaneous | 5,816 | - | 358 | 6,174 |
| County Treasurer's fees | 282 | 1,281 | - | 1,563 |
| Covenant control / Community management | 16,096 | - | - | 16,096 |
| Landscape maintenance | 9,035 | - | - | 9,035 |
| Trash and recycling | 14,434 | - | - | 14,434 |
| ARI payment to City of Aurora | 1,829 | - | - | 1,829 |
| Debt service | | | | |
| Bond interest | - | 210,525 | - | 210,525 |
| Paying agent fees and other fees | - | 7,488 | - | 7,488 |
| Total expenditures | <u>112,397</u> | <u>219,294</u> | <u>358</u> | <u>324,561</u> |
| NET CHANGE IN FUND BALANCES | 14,110 | (107,852) | 3,055 | (90,687) |
| FUND BALANCES - BEGINNING OF YEAR | 25,019 | 656,121 | 467,615 | 1,148,755 |
| FUND BALANCES - END OF YEAR | <u>\$ 39,129</u> | <u>\$ 548,269</u> | <u>\$ 470,670</u> | <u>\$ 1,058,068</u> |

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

**EAST CREEK METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2020**

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 | \$ (90,687) |
| <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 payable - bonds | (47,691) |
| Change in accrued interest payable - developer advances | <u>(42,827)</u> |
| | <u>(90,518)</u> |
| Change in net position - Governmental activities | <u>\$ (181,205)</u> |

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

EAST CREEK METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2020

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget - Positive (Negative) |
|---|--|---------------|---|
| REVENUES | | | |
| Property tax | \$ 17,081 | \$ 17,081 | \$ - |
| Specific ownership taxes | 1,025 | 1,210 | 185 |
| Net investment income | - | 4 | 4 |
| Operations fee | 60,000 | 65,418 | 5,418 |
| Working capital fee | - | 32,700 | 32,700 |
| ARI taxes | 1,708 | 1,829 | 121 |
| IGA revenue - East Creek Metro District No. 2 | 5,124 | 6,265 | 1,141 |
| Developer advances | 48,120 | - | (48,120) |
| Miscellaneous | - | 2,000 | 2,000 |
| Total Revenues | 133,058 | 126,507 | (6,551) |
| EXPENDITURES | | | |
| Management fees | 15,000 | 20,042 | (5,042) |
| Billing and collections | 7,200 | 8,015 | (815) |
| Accounting | 8,000 | 14,644 | (6,644) |
| Audit | 5,000 | 6,252 | (1,252) |
| Legal | 15,000 | 10,374 | 4,626 |
| Insurance | 3,500 | 3,706 | (206) |
| Election expense | 1,500 | 1,872 | (372) |
| Miscellaneous | 3,000 | 5,816 | (2,816) |
| County Treasurer's fees | 256 | 282 | (26) |
| Covenant control/ Community management | 14,345 | 16,096 | (1,751) |
| Covenant control - legal | 2,500 | - | 2,500 |
| Drainage | 2,000 | - | 2,000 |
| Landscape maintenance | 28,480 | 9,035 | 19,445 |
| Fencing | 1,500 | - | 1,500 |
| Park | 4,680 | - | 4,680 |
| Utilities | 7,500 | - | 7,500 |
| Monuments | 1,000 | - | 1,000 |
| Mailboxes | 750 | - | 750 |
| Trash and recycling | 200 | 14,434 | (14,234) |
| ARI payment to City of Aurora | - | 1,829 | (1,829) |
| Contingency | 3,000 | - | 3,000 |
| Emergency reserves | 3,838 | - | 3,838 |
| Total Expenditures | 128,249 | 112,397 | 15,852 |
| NET CHANGE IN FUND BALANCE | 4,809 | 14,110 | 9,301 |
| FUND BALANCE - BEGINNING OF YEAR | 14,994 | 25,019 | 10,025 |
| FUND BALANCE - END OF YEAR | \$ 19,803 | \$ 39,129 | \$ 19,326 |

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

EAST CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – DEFINITION OF REPORTING ENTITY

East Creek Metropolitan District No. 1 (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.

In June 2018, the District entered into a Memorandum of Understanding (the MOU) with East Creek Metropolitan District No. 2 (District No. 2). Under the MOU, the District is to provide for the financing, construction, design, operation and maintenance of public improvements, as well as overall administration of the Districts. District No. 2 is to reimburse the District for all costs incurred by the District pursuant to the MOU on an allocable basis.

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

EAST CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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, specific ownership taxes, operations and working capital fees. 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.

The Capital Projects Fund accounts for the financial resources to be used for the acquisition and construction of capital equipment and facilities.

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

EAST CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended its annual budget in the Debt Service Fund for the year ended December 31, 2020.

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 estimated fair market 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. At December 31, 2020, the District had no depreciable assets as all assets were conveyed directly the City of Aurora by Meritage Homes, Inc. (the Developer) in 2019.

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.

EAST CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 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.

EAST CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 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 \$720 per year on each residential lot within the District. The Operations Fee is billed in quarterly amounts of \$180 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, 2020 are classified in the accompanying financial statements as follows:

| | |
|-------------------------------------|----------------------------|
| Cash and investments - unrestricted | \$ 35,920 |
| Cash and investments - restricted | <u>1,018,521</u> |
| | <u><u>\$ 1,054,441</u></u> |

Cash and investments as of December 31, 2020 consist of the following:

| | |
|--------------------------------------|----------------------------|
| Deposits with financial institutions | \$ 142,352 |
| Investments | <u>912,089</u> |
| | <u><u>\$ 1,054,441</u></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.

**EAST CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

At December 31, 2020, the District's cash deposits had a bank balance of \$141,226 and carrying balance of \$142,352.

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

At December 31, 2020, the District had the following investments:

| <u>Investment</u> | <u>Maturity</u> | <u>Carrying Value</u> |
|--|--------------------------------|-----------------------|
| Colorado Local Government Liquid Asset Trust (COLOTRUST) | Weighted average under 60 days | \$ <u>912,089</u> |

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (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 COLOTRUST. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST is rated AAAM by Standard and Poor's. A designated custodial bank serves as custodian for COLOTRUST's portfolio pursuant to custodian agreements. The custodian acts as safekeeping agent for COLOTRUST's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by COLOTRUST. 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

EAST CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's 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 determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1.00 per share.

Restricted Cash and Investments

At December 31, 2020, cash and investments in the amount of \$1,018,521 are restricted for debt service and capital in accordance with the indenture of trust related to the Series 2019A and B General Obligation Bonds (See Note 4).

NOTE 4 – LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2020:

| | Balance at December 31, 2019 | Additions | Retirements | Balance at December 31, 2020 | Due Within One Year |
|------------------------------|---|------------------|--------------------|---|------------------------------------|
| General Obligation Bonds | | | | | |
| 2019A | \$ 4,010,000 | \$ - | \$ - | \$ 4,010,000 | \$ - |
| 2019B | 584,000 | - | - | 584,000 | - |
| Accrued interest on | | | | | |
| 2019B bonds | 34,474 | 47,691 | - | 82,165 | - |
| Developer Advances - Capital | 483,068 | - | - | 483,068 | - |
| Accrued interest on | | | | | |
| Developer advances | 27,423 | 38,645 | - | 66,068 | - |
| Developer Advances - Ops | 52,273 | - | - | 52,273 | - |
| Accrued interest on | | | | | |
| Developer advances | 3,309 | 4,182 | - | 7,491 | - |
| | <u>\$ 5,194,547</u> | <u>\$ 90,518</u> | <u>\$ -</u> | <u>\$ 5,285,065</u> | <u>\$ -</u> |

EAST CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

General Obligation Limited Tax Bonds, Series 2019A and 2019B

Series 2019A

On April 10, 2019, the District issued \$4,010,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2019A, (2019A Bonds), with interest of 5.250%. Proceeds of the 2019A Bonds were used for issuance costs and to reimburse the Developer for capital construction costs. The 2019A Bonds mature on December 1, 2048 with mandatory sinking fund payments each year beginning December 1, 2022 in varying amounts. Interest is due each June 1 and December 1, commencing June 1, 2019. The 2019A 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 June 1, 2024.

The 2019A 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, pledged fees from District No. 2 (see Capital Pledge Agreement below) and any other revenues designated as such and pledged to the payment of the 2019A 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 2019A Bonds are due but unpaid), the District is required to impose a mill levy sufficient to pay principal and interest on the 2019A 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 2019A Bonds as they come due. The District levied 55.664 mills for 2020 collection.

Pursuant to the Indenture of Trust, the District is required to establish a Reserve Fund for the 2019A Bonds with bond proceeds in the amount of \$320,112. At December 31, 2020, the balance was \$320,218.

Pledged revenue not required for the payment of the 2019A Bonds or the Reserve Fund shall be credited to the Surplus Fund up to a maximum amount of \$401,000. At December 31, 2020, the balance was \$0.

Series 2019B

On April 10, 2019 the District issued \$584,000 Subordinate General Obligation Limited Tax Bonds, Series 2019B (2019B Bonds), with interest of 8.00%. Proceeds of the 2019B Bonds were used for issuance costs and to reimburse the Developer for capital construction costs. The 2019B Bonds mature on December 15, 2048. Interest is payable on December 15 of each year, commencing on December 15, 2019. Unpaid interest shall compound annually on December 15 of each year.

EAST CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

The 2019B 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, pledged fees from District No. 2 (see Capital Pledge Agreement below) 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 2019A Bond mill levy. The 2019B Bonds will terminate on December 16, 2058, whereby any unpaid principal and interest will be deemed paid.

Capital Pledge Agreement

The District entered into the Capital Pledge Agreement with District No. 2. The Agreement outlines District No. 2's covenant to cause to be levied on all of the taxable property within District No. 2, commencing in December 2019, the amount of the Mandatory Capital levy of 30.000 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 maximum mill levy shall be increased or decreased to reflect such changes. The Capital Pledge Agreement will terminate on December 16, 2058 regardless of the amount of principal and interest paid prior to that date.

Facilities Funding and Acquisition Agreement

The District and the Developer entered into a Facilities Funding and Acquisition Agreement (FFA Agreement) on June 25, 2018, effective June 18, 2018.

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 date.

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 \$9,737,479. 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, 2058.

At December 31, 2020, the District owed the Developer \$483,068 in principal and \$66,068 in interest under the FFA Agreement.

**EAST CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2018 Operation Funding Agreement

The District and the Developer entered into an Operation Funding Agreement on June 25, 2018 with an effective date of June 18, 2018 (2018 OFA). The 2018 OFA provides for the Developer to advance funds for ongoing operating expenses incurred by the District through December 31, 2018 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, 2058.

On October 22, 2018, the District approved the First Amendment to the Operation Funding Agreement (the First Amendment). The First Amendment extended the term of developer advances through December 31, 2019 in an amount of \$100,000 and remains in effect until December 31, 2019.

At December 31, 2020, the District owed the Developer \$52,273 in principal and \$7,491 in interest under the 2018 OFA.

The District's 2019A General Obligation Bonds will mature as follows:

| Year Ending December 31, | Principal | Interest | Total |
|-------------------------------------|---------------------|---------------------|---------------------|
| 2021 | \$ - | \$ 210,525 | \$ 210,525 |
| 2022 | 15,000 | 210,525 | 225,525 |
| 2023 | 40,000 | 209,738 | 249,738 |
| 2024 | 50,000 | 207,638 | 257,638 |
| 2025 | 50,000 | 205,013 | 255,013 |
| 2026-2031 | 440,000 | 1,162,610 | 1,602,610 |
| 2032-2036 | 575,000 | 840,524 | 1,415,524 |
| 2037-2041 | 815,000 | 665,700 | 1,480,700 |
| 2042-2046 | 1,140,000 | 419,739 | 1,559,739 |
| 2047-2048 | 885,000 | 78,750 | 963,750 |
| | <u>\$ 4,010,000</u> | <u>\$ 4,210,762</u> | <u>\$ 8,220,762</u> |

Annual debt service requirements of the District's Subordinate General Obligation Limited Tax Bonds, Series 2019B Bonds are not currently determinable since they are payable only from funds available from Subordinate Pledged Revenue.

**EAST CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 – DEBT AUTHORIZATION

At December 31, 2020, the District had the following authorized by unissued indebtedness:

| | Authorized May 3, 2018 Election | Authorization Used * | Remaining at December 31, 2020 |
|-----------------------|--|---------------------------------|---|
| Streets | \$ 9,737,479 | \$ 1,322,709 | \$ 8,414,770 |
| Parks and recreation | \$ 9,737,479 | - | 9,737,479 |
| Water | \$ 9,737,479 | 991,100 | 8,746,379 |
| Sanitation | \$ 9,737,479 | 2,280,191 | 7,457,288 |
| Public transportation | \$ 9,737,479 | - | 9,737,479 |
| Mosquito control | \$ 9,737,479 | - | 9,737,479 |
| Safety Protection | \$ 9,737,479 | - | 9,737,479 |
| Fire Protection | \$ 9,737,479 | - | 9,737,479 |
| TV relay | \$ 9,737,479 | - | 9,737,479 |
| Security services | \$ 9,737,479 | - | 9,737,479 |
| Operations | \$ 9,737,479 | - | 9,737,479 |
| Refunding | \$ 9,737,479 | - | 9,737,479 |
| IGA Debt | \$ 9,737,479 | - | 9,737,479 |
| | <u>\$ 126,587,227</u> | <u>\$ 4,594,000</u> | <u>\$ 121,993,227</u> |

* Authorization used is based on the estimated use of proceeds

The District's service plan limits the total debt issued to \$9,737,479. In the future, the District may issue a portion or all of the remaining authorized but unissued debt.

NOTE 6 – AGREEMENTS

Intergovernmental Agreement with Aurora

The District and the City of Aurora (City) are parties to an intergovernmental agreement (City IGA) dated March 5, 2018, 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 1.113 mills for collection in 2021.

EAST CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 – FUND EQUITY

At December 31, 2020, the District reported the following classifications of fund equity.

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$3,229 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 \$4,400 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 \$548,269 is to be used exclusively for debt service requirements (see Note 4). The restricted fund balance in the Capital Projects Fund in the amount of \$470,670 is to be used exclusively for capital projects allowed by the 2019A and 2019B Bond documents (see Note 4).

NOTE 8 - NET POSITION

The District's net position consists of two components – restricted and unrestricted.

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 at December 31, 2020 is as follows:

| | |
|----------------------------------|--------------------------|
| Restricted net position: | |
| Emergency reserves (see Note 11) | \$ 4,400 |
| Debt Service | <u>219,384</u> |
| | <u><u>\$ 223,784</u></u> |

The District's unrestricted net position at December 31, 2020 totaled \$(4,459,553). This deficit amount was a result of the District being responsible for repayment of bonds issued for public improvements conveyed to other governmental entities.

NOTE 9 – RELATED PARTIES

The property with the District is being developed by the Developer. During 2020, all of the members of the Board of Directors were officers or employees for, or otherwise associated with the Developer and may have conflicts of interest in matters involving the District.

EAST CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020. 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.

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 8, 2018, the District's electors authorized the District to increase taxes \$100,000 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 2018 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.

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

SUPPLEMENTAL INFORMATION

DRAFT 06/14/2021

EAST CREEK METROPOLITAN DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2020

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual | Variance with Final Budget - Positive (Negative) |
|--|--|---------------------------------------|-------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 85,412 | \$ 85,412 | \$ 85,412 | \$ - |
| Specific ownership taxes | 5,125 | 5,125 | 6,053 | 928 |
| Net investment income | 4,000 | 4,000 | 4,607 | 607 |
| Intergovernmental revenue - District No. 2 | 15,369 | 15,369 | 15,370 | 1 |
| Total Revenues | <u>109,906</u> | <u>109,906</u> | <u>111,442</u> | <u>1,536</u> |
| EXPENDITURES | | | | |
| Bond interest | 105,263 | 210,525 | 210,525 | - |
| Paying agent and other fees | 1,500 | 7,500 | 7,488 | 12 |
| County treasurer's fees | 1,281 | 1,281 | 1,281 | - |
| Contingency | - | 30,694 | - | 30,694 |
| Total Expenditures | <u>108,044</u> | <u>250,000</u> | <u>219,294</u> | <u>30,706</u> |
| NET CHANGE IN FUND BALANCE | 1,862 | (140,094) | (107,852) | 32,242 |
| FUND BALANCE - BEGINNING OF YEAR | <u>662,009</u> | <u>662,009</u> | <u>656,121</u> | <u>(5,888)</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 663,871</u> | <u>\$ 521,915</u> | <u>\$ 548,269</u> | <u>\$ 26,354</u> |

EAST CREEK METROPOLITAN DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
Year Ended December 31, 2020

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget - Positive (Negative) |
|--|--|-------------------|---|
| REVENUES | | | |
| Net investment income | \$ 1,000 | \$ 3,413 | \$ 2,413 |
| Total Revenues | <u>1,000</u> | <u>3,413</u> | <u>2,413</u> |
| EXPENDITURES | | | |
| Miscellaneous | 469,000 | 358 | 468,642 |
| Total Expenditures | <u>469,000</u> | <u>358</u> | <u>468,642</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(468,000)</u> | <u>3,055</u> | <u>471,055</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers from other funds | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (468,000) | 3,055 | 471,055 |
| FUND BALANCE - BEGINNING OF YEAR | 468,000 | 467,615 | (385) |
| FUND BALANCE - END OF YEAR | <u>\$ -</u> | <u>\$ 470,670</u> | <u>\$ 470,670</u> |

OTHER INFORMATION

DRAFT 06/14/2021

**EAST CREEK METROPOLITAN DISTRICT NO. 1
SUMMARY OF ASSESSED VALUATION , MILL LEVY
AND PROPERTY TAXES COLLECTED
Year Ended December 31, 2020**

| 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 | |
| 2019 | \$ 480,625 | 65.277 | 0.000 | 0.000 | 65.277 | \$ 31,374 | \$ 31,374 | 100.0% |
| 2020 | \$ 1,534,415 | 11.132 | 55.664 | 1.113 | 67.909 | \$ 104,201 | \$ 104,201 | 100.0% |
| Estimated for year ending December 31, 2021 | \$ 3,008,028 | 11.132 | 55.664 | 1.113 | 67.909 | \$ 204,272 | | |

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 06/11/2021

EAST CREEK METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2020

\$4,010,000 General Obligation Limited Tax
(Convertible to Unlimited Tax) Bonds, Series 2019A
Dated April 10, 2019
Interest Rate of 5.250%
Principal Due December 1

| Year Ending December 31, | Interest Due June 1 and December 1 | | |
|-----------------------------|------------------------------------|---------------------|---------------------|
| | Principal | Interest | Total |
| 2021 | \$ - | \$ 210,525 | \$ 210,525 |
| 2022 | 15,000 * | 210,525 | 225,525 |
| 2023 | 40,000 * | 209,738 | 249,738 |
| 2024 | 50,000 * | 207,638 | 257,638 |
| 2025 | 50,000 * | 205,013 | 255,013 |
| 2026 | 60,000 * | 202,386 | 262,386 |
| 2027 | 60,000 * | 199,237 | 259,237 |
| 2028 | 70,000 * | 196,088 | 266,088 |
| 2029 | 75,000 * | 192,412 | 267,412 |
| 2030 | 85,000 * | 188,475 | 273,475 |
| 2031 | 90,000 * | 184,012 | 274,012 |
| 2032 | 100,000 * | 179,287 | 279,287 |
| 2033 | 105,000 * | 174,038 | 279,038 |
| 2034 | 115,000 * | 168,525 | 283,525 |
| 2035 | 120,000 * | 162,487 | 282,487 |
| 2036 | 135,000 * | 156,187 | 291,187 |
| 2037 | 140,000 * | 149,100 | 289,100 |
| 2038 | 155,000 * | 141,750 | 296,750 |
| 2039 | 160,000 * | 133,612 | 293,612 |
| 2040 | 175,000 * | 125,213 | 300,213 |
| 2041 | 185,000 * | 116,025 | 301,025 |
| 2042 | 200,000 * | 106,313 | 306,313 |
| 2043 | 210,000 * | 95,813 | 305,813 |
| 2044 | 230,000 * | 84,788 | 314,788 |
| 2045 | 240,000 * | 72,713 | 312,713 |
| 2046 | 260,000 * | 60,112 | 320,112 |
| 2047 | 270,000 * | 46,463 | 316,463 |
| 2048 | 615,000 | 32,287 | 647,287 |
| | <u>\$ 4,010,000</u> | <u>\$ 4,210,762</u> | <u>\$ 8,220,762</u> |

* sinking fund redemptions

EAST CREEK METROPOLITAN DISTRICT NO. 1

_____, 2021

Schilling & Company, Inc.
PO Box 631579
Highlands Ranch, CO 80163

This representation letter is provided in connection with your audit of the financial statements of East Creek Metropolitan District No. 1, which comprise the respective financial position of the governmental activities and each major fund as of December 31, 2020, and the respective changes in financial for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of the Independent Auditor's Report the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 8, 2020.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units, if any, required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) We have reviewed the attached Exhibit I of corrected misstatements and are in agreement with them. We have directed that these correcting entries be posted to the accounting records of the District.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the District and involves:
 - a) Management,
 - b) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented, if any.
- 21) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 24) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 28) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 31) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if any.
- 32) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 33) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

- 34) Components of net position (restricted and unrestricted), and components of fund balance (nonspendable, restricted, and unassigned) are properly classified and, if applicable, approved.
- 35) Investments are properly valued.
- 36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 39) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 41) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 42) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 43) The Management's Discussion and Analysis which is required supplementary information (RSI) has been omitted from the financial statements. We are aware that such information is required by accounting principles generally accepted in the United States.
- 44) With respect to the Supplementary Information as listed in the table of contents:
 - a) We acknowledge our responsibility for presenting the Supplementary Information in accordance with accounting principles generally accepted in the United States of America, and we believe the Supplementary Information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Supplementary Information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the Supplementary Information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 45) The District understands that TABOR (Section 20 of Article X of the Colorado Constitution) is complex and subject to interpretation and that many of the provisions will require judicial interpretation. We have reviewed the various provisions and interpretations and believe to the best of our knowledge at this time, the District is in compliance.

46) We have directed that all banking and savings and loan institutions be notified of our assigned number which identifies that our deposits are subject to the respective Public Deposit Protection Act.

EAST CREEK METROPOLITAN DISTRICT NO. 1

Member of the Board of Directors

District Manager

Adj. Journal Entries
 East Creek Metro District #1
 12/31/2020

| | | |
|-----------|-------|--------|
| Done by: | Date: | Index: |
| Reviewer: | Date: | |

| AJE No. | Account Description | W/P Ref | Account Number | Debits | Credits |
|---|-----------------------------|------------|-------------------|-----------|-----------|
| 1 | Accounts Receivable | B-2 | 1-142 | | 19,276.52 |
| 1 | Prepaid Customer Balances | | 1-335 | 1,286.69 | |
| 1 | Working Capital Fee | | 1-552 | | 600.00 |
| 1 | Operations Fee | | 1-555 | 18,589.83 | |
| To adjust customer receivable/prepaid balance to actual at December 31, 2020. | | | | | |
| 2 | Accounts Payable | CC-1 | 1-310 | | 1,829.08 |
| 2 | ARI taxes to City of Aurora | | 1-775 | 1,829.08 | |
| To record payable to City of Aurora for 2020 ARI collections | | | | | |
| Totals | | | | 21,705.60 | 21,705.60 |

**FIRST AMENDMENT TO RESOLUTION NO. 2018-06-08
EAST CREEK METROPOLITAN DISTRICT NO. 1
REGARDING COLORADO OPEN RECORDS ACT REQUESTS**

A. On June 25, 2018, East Creek Metropolitan District No. 1 (the “**District**”) adopted Resolution No. 2018-06-08 Regarding Colorado Open Records Act Requests (the “**Resolution**”).

B. The District desires to amend the Resolution due to a change in the District’s Official Custodian.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of East Creek Metropolitan District No. 1, Arapahoe County, Colorado:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Resolution.

2. Amendment to Section 1 of Resolution. Section 1 of the Resolution is hereby deleted in its entirety, and substituted in lieu thereof shall be the following:

“1. Special District Management Service, Inc., the Manager for the District, is hereby designated as the “**Official Custodian**” of the public records of the District, as such term is defined in Section 24-72-202(2), C.R.S. Contact information for the Official Custodian is: Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood, Colorado 80228; (303) 987-0835.”

3. Except as expressly set forth herein, the Resolution continues to be effective without modification.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO FIRST AMENDMENT TO RESOLUTION REGARDING
COLORADO OPEN RECORDS ACT REQUESTS]**

RESOLUTION APPROVED AND ADOPTED ON _____, 2021.

**EAST CREEK METROPOLITAN
DISTRICT NO. 1**

By: _____
President

Attest:

Secretary

From: [Karen Steggs](#)
To: [Karen Steggs](#)
Subject: FW: East Creek Rental regulations
Date: Friday, June 11, 2021 1:29:45 PM


From: Marti Corley <MCorley@cbuildersinc.com>
Sent: Monday, January 11, 2021 3:24 PM
To: Ryan Williams <rwilliams@sdmsi.com>
Cc: Peggy Ripko <pripko@sdmsi.com>; cameron.n.c.nelson@gmail.com
Subject: East Creek Rental regulations

To whom it may concern

While talking with code enforcement, about the enclosed building permit, that clearly states on the permit that the none of the improvements are be rented.

During our conversation, it was brought to my attention :

1. That Metro District Rules & regulation do not promote or adhere to the the R2 zoning regulations set force by the City of Aurora and need to be amended to coincide. EastCreek subdivision is zoned: R2- single family. Not multi-family. Which means renting the entire home but not portions of the home. The exception is the commercially zoned area at Airport Rd.

 **BUILDING PERMIT**
City of Aurora Colorado

Permit#: 2020-1818795 LT
Date: June 25, 2020

Colorado's only IAS Accredited Building Department

Address of Job: 473 S NORFOLK WAY
Contractor: HOMEOWNER SOLOMON GEBERE
Work: BUILDINGONLINE | BASEMENT FINISH (825 SQ. FEET) KITCHEN, LIVING ROOM, BATHROOM, THREE BEDROOMS
INCLUDES (2) NEW EGRESS WINDOWS AND NEW EXTERIOR ENTRANCE WITH METAL AWNING

Conditions: SLAB ON GRADE CONCRETE BASEMENT FLOOR NOTE: PER COA ZONING CODE SEC 146-1229 I IS UNLAWFUL FOR MORE THAN ONE FAMILY TO LIVE IN A DWELLING UNIT. THIS BASEMENT CANNOT BE USED AS A RENTAL UNIT.

Inspections: Mechanical Electrical Plumbing Structural

This permit has been issued for compliance using the 2015 I-Codes/Aurora Muni Code/2017-NEC Other inspections may be required. Additional inspections for Zoning, Grading and Engineering may be required before a Certificate of Occupancy can be issued. All exterior work must be completed within one year.

Regards & Thanks

Marti Corley
Christofferson Comm.Builders
719-491-5889

From: [Karen Steggs](mailto:Karen.Steggs@meritagehomes.com)
To: [Karen Steggs](mailto:Karen.Steggs@meritagehomes.com)
Subject: FW: East Creek
Date: Friday, June 11, 2021 1:29:01 PM

From: Fantasky, Gary <Gary.Fantasky@meritagehomes.com>
Sent: Wednesday, February 3, 2021 10:10 AM
To: Peggy Ripko <pripko@sdmsi.com>
Cc: Trujillo, Michele <Michele.Trujillo@meritagehomes.com>; Yourick, Paul <Paul>Yourick@meritagehomes.com>; Schutzius, Natalie <Natalie.Schutzius@meritagehomes.com>; Albers, Lisa <Lisa.Albers@meritagehomes.com>
Subject: RE: East Creek

Peggy,

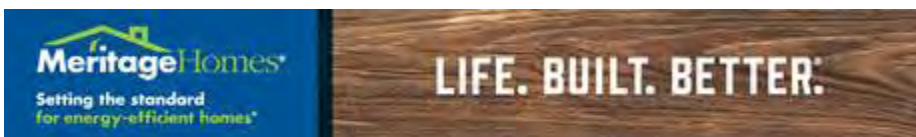
Meritage Homes intends to turnover the East Creek community landscaping to the HOA spring 2021. Since the HOA has been collecting dues from the homeowners for the year 2020 and not paying for any landscape maintenance Meritage Homes was hoping that the HOA could contribute to the 2020 landscape maintenance cost. This is what I thought you and Glenn discussed and agree to in the email below.

Thanks,

Gary Fantasky
Land Development Field Manager

8400 E. Crescent Parkway, Suite 200
Greenwood Village, CO 80111

O: 303.406.4329 | C: 303.906.7623
gary.fantasky@meritagehomes.com



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From: Peggy Ripko <pripko@sdmsi.com>
Sent: Wednesday, February 3, 2021 9:55 AM
To: Fantasky, Gary <Gary.Fantasky@meritagehomes.com>
Cc: Trujillo, Michele <Michele.Trujillo@meritagehomes.com>; Yourick, Paul <Paul>Yourick@meritagehomes.com>; Schutzius, Natalie <Natalie.Schutzius@meritagehomes.com>; Albers, Lisa <Lisa.Albers@meritagehomes.com>
Subject: RE: East Creek

Sorry, Gary- I only show receiving the e-mail below on the 5th. I didn't know the timeline you needed it and have been focusing on some of the January statutory compliance deadlines.

This is the first time I have had this kind of request, so I am a little confused regarding the invoice. If Meritage is paying through spring, wouldn't the District just take over payments at that point?

Peggy Ripko

District Manager & Community Management Division Manager

Special District Management Services, Inc.

141 Union Boulevard, Suite 150

Lakewood, CO 80228-1898

pripko@sdmsi.com

Phone: 303-987-0835

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From: Fantasky, Gary <Gary.Fantasky@meritagehomes.com>

Sent: Wednesday, February 3, 2021 9:43 AM

To: Peggy Ripko <pripko@sdmsi.com>

Cc: Trujillo, Michele <Michele.Trujillo@meritagehomes.com>; Yourick, Paul <Paul.Yourick@meritagehomes.com>; Schutzius, Natalie <Natalie.Schutzius@meritagehomes.com>; Albers, Lisa <Lisa.Albers@meritagehomes.com>

Subject: RE: East Creek

Peggy,

Can you please respond to the email below? I have tried to contact you several times without success.

Thanks,

Gary Fantasky

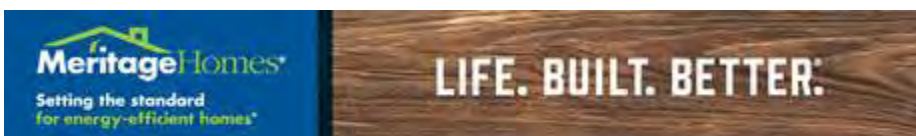
Land Development Field Manager

8400 E. Crescent Parkway, Suite 200

Greenwood Village, CO 80111

O: 303.406.4329 | C: 303.906.7623

gary.fantasky@meritagehomes.com



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From: Fantasky, Gary
Sent: Tuesday, January 5, 2021 5:51 PM
To: Peggy Ripko <pripko@sdmsi.com>
Cc: Trujillo, Michele <Michele.Trujillo@meritagehomes.com>; Yourick, Paul <Paul.Yourick@meritagehomes.com>
Subject: RE: East Creek

Peggy,

Meritage Homes continues to pay for landscaping maintenance at East Creek prior to it being turned over to the HOA. The last few tracts will be completed in the spring when weather permits. Can we send you an invoice for the budgeted \$28,480 for landscaping and \$5,000 for park improvements per the email below?

Thanks,

Gary Fantasky
Land Development Field Manager

8400 E. Crescent Parkway, Suite 200
Greenwood Village, CO 80111

O: 303.406.4329 | C: 303.906.7623
gary.fantasky@meritagehomes.com



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From: Peggy Ripko <pripko@sdmsi.com>
Sent: Friday, November 13, 2020 12:40 PM
To: Nier, Glenn <Glenn.Nier@meritagehomes.com>; Fantasky, Gary <Gary.Fantasky@meritagehomes.com>
Subject: RE: East Creek

We had budgeted \$28,480 for landscaping. We also have \$5,000 for park improvements, which we can use for this.

From: Nier, Glenn <Glenn.Nier@meritagehomes.com>

Sent: Thursday, November 12, 2020 4:52 PM

To: Peggy Ripko <pripko@sdmsi.com>; Fantasky, Gary <Gary.Fantasky@meritagehomes.com>

Subject: FW: East Creek

Peggy,

I was off by \$17,000, it's actually \$62,000. See below and attached.

Thanks

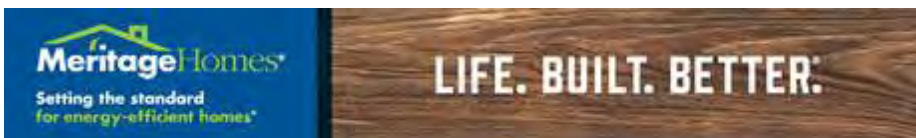
Glenn Nier

Vice President - Land Planning and Development

8400 E. Crescent Parkway, Suite 200 | Greenwood Village, CO 80111

O: 303.406.4323 | C: 303.257.9629 | F: 720.482.0222

www.meritagehomes.com



From: Fantasky, Gary <Gary.Fantasky@meritagehomes.com>

Sent: Thursday, November 12, 2020 4:21 PM

To: Nier, Glenn <Glenn.Nier@meritagehomes.com>

Subject: FW: East Creek

Glenn,

FYI. The additional year of maintenance at East Creek is \$62,000. If we can get the HOA to fund \$45,000 that would be great.

Thanks,

Gary Fantasky

Land Development Field Manager

8400 E. Crescent Parkway, Suite 200

Greenwood Village, CO 80111

O: 303.406.4329 | C: 303.906.7623

gary.fantasky@meritagehomes.com



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use, distribution, or disclosure by others is strictly prohibited. If you have received this communication in error, please notify the sender immediately by email and delete the message and any file attachments from your computer.

From: Nier, Glenn <Glenn.Nier@meritagehomes.com>
Sent: Thursday, November 12, 2020 4:03 PM
To: Peggy Ripko <pripko@sdmsi.com>; Fantasky, Gary <Gary.Fantasky@meritagehomes.com>;
Trujillo, Michele <Michele.Trujillo@meritagehomes.com>
Cc: Paula Williams (<pwilliams@specialdistrictlaw.com> <pwilliams@specialdistrictlaw.com>
Subject: East Creek

Peggy,

Can you tell me if there are enough funds in the East Creek district to assume landscaping maintenance beginning in the spring of 2021. Gary has a proposal from Metco for approx. \$45,000 for another year of maintenance that I believe should be funded by the district. If you could let us know by tomorrow I would appreciate it.

Thank you,

Glenn Nier
Vice President - Land Planning and Development

8400 E. Crescent Parkway, Suite 200 | Greenwood Village, CO 80111
O: 303.406.4323 | C: 303.257.9629 | F: 720.482.0222
www.meritagehomes.com





2200 Rifle Street Aurora, CO 80011 (303) 421-3100 Office (303) 421-1120 Fax

Owner/Management

Special District Management Services Inc.
141 Union Boulevard Suite 150
Lakewood CO 80228
Manager: Peggy Ripko
Phone:
Email:

Client/Property

East Creek Metropolitan District
East Alameda Ave & S. Norfolk Way
Aurora CO 80011
Contact:
Phone:
Email:

LANDSCAPE MAINTENANCE AGREEMENT

This Landscape Maintenance Agreement (hereinafter referred to as the "Agreement") is entered this 19th day of May, by and between East Creek Metropolitan District **c/o Special District Management Services Inc.**, (hereinafter referred to as the "Client") and **Metco Landscape, LLC.** (hereinafter referred to as the "Contractor") for site-specific landscape maintenance services at East Creek Metropolitan District located at **East Alameda Ave & S. Norfolk Way**, Aurora CO 80011 (hereinafter referred to as the "Premises"). All Billing will be submitted to Special District Management Services Inc. at 141 Union Boulevard Suite 150, Lakewood CO 80228. *(If the client requests services outside of the term of this contract and after the contract has been signed, the provisions of this contract shall apply.)*

For and in consideration of the mutual promises contained in this Agreement, the parties agree as follows:

I. CONTRACT TERM

The term of this Agreement shall be for a period commencing June **1, 2021** and expiring December **31, 2021** (the "Initial Term") unless the contract is terminated in accordance with the provisions of this Agreement. Upon mutual agreement between Client and Contractor, Client shall have the option to renew this Agreement for an additional one (1) year period (the "Renewal Term"), on the same terms and conditions as the Initial Term. When used in this Agreement, the word "Term" includes the Initial Term and any Renewal Term.

II. GENERAL REQUIREMENTS

- A. It is hereby mutually agreed and understood that for and in consideration of the sums to be paid to the Contractor by the Client as set forth in this Agreement, the Contractor shall furnish all labor, materials, and equipment to perform landscape management operations in accordance with the requirements herein specified. Client agrees that Contractor may enter into subcontract agreements for the provision of some or all of the work identified in this Agreement.
- B. Contractor will perform its services in a good and workmanlike manner consistent with reasonable industry standards.
- C. Client agrees to fully cooperate with Contractor regarding the operations to be conducted under this Agreement, including but not limited to prompt responses to communication and compliance with all other obligations under this Agreement.

- D. Contractor shall be solely responsible for any damages caused by its workforce while performing its obligations under this Agreement. Contractor shall provide labor and materials for the repair or replacement of these damages.
- E. Contractor will hold Client harmless for all costs incurred or associated with liens of whatever type that may attach to the Premises as a result of the Contractor's failure to pay all sums due or claimed for materials, labor, or services associated with this Agreement.
- F. Client agrees that Contractor shall have no responsibility or liability for damages or injuries due to existing conditions on the Premises, including but not limited to those arising from previous neglect, Acts of God, and winter die-back.

III. SPECIFICATIONS

A. Mowing - Turf Areas

- 1. All sod areas to be mowed on a weekly basis at an approximate height of three (3) to four (4) inches during the active growing season (May through September). All sod areas to be mowed a minimum of one time when the turf is growing at a slower rate (April and October).
- 2. Grass clippings will be mulched and excessive clumps will be distributed or gathered and removed from the Premises. Catchers will be used as Contractor deems necessary. Grass clippings will be swept or blown from walks, porches, and curbs.
- 3. The Contractor reserves the right to postpone service until the next visit any area(s) deemed unsafe due to conditions such as:
 - Excessive water
 - Areas with large concentrations of pet droppings
 - Areas under construction
 - Areas in use at the time of mowing by residents, children, or special groups

B. Mowing - Native Areas:

- 1. Native area maintenance includes litter pick-up, mowing, and weed control. Additional requested services shall be performed upon approval from the Client at the hourly rates as outlined in Exhibit "A" attached hereto.
 - a. Native area mowing and litter pick-up: Yes: x No: Frequency: 2
 - b. Native area chemical weed control: Yes: No: Frequency: .
- 2. Native Area Fertilization is not included as a part of this Agreement. Native areas shall receive fertilization approval from the Client at the hourly rates as outlined in Exhibit "A" attached hereto.

C. Trimming

- 1. All turf areas will be trimmed by mechanical means as necessary so as to present a well-groomed appearance.

D. Edging

1. Concrete walks adjacent to turf areas are to be edged bi-weekly during the growing season with a steel-bladed edger.
2. Concrete curbs and drain pans adjacent to turf areas are to be edged twice during the growing season with a steel-bladed edger.

E. General Clean-Up

1. All turf, shrub, rock, and garden areas shall be policed for the removal of debris and weeds over three (3) inches in height at the time of mowing.

F. Pet Waste Stations:

1. Pet waste station maintenance includes removal/replacement of trash bags and refilling dog bag dispenser(s). Additional requested services shall be performed upon approval from the Client at the hourly rates as outlined in Exhibit "A" attached hereto.

Pet Station Maintenance: Yes: _____ No: x Number of Stations: _____

All stations will be emptied and stocked on as-needed basis throughout the term of this Agreement. Pet Waste bags are not included in the price of the Agreement and will be billed to the Client at \$30.00 per box or provided to the Contractor by the Client.

G. Fertilization

1. All irrigated turf areas will be fertilized three (2) times during the growing season with a slow release, granular product.

H. Aeration

1. All irrigated turf areas will core aerated one (1) time in the Spring.

I. Spring Clean-up

1. The Contractor shall remove leaves and litter from all landscaped areas within the Premises one (1) time. Debris will be removed from Premises.
2. Concrete walks adjacent to turf areas will be edged with a steel-bladed edger.
3. Perennial grasses will be cut back to approximately 1' to promote new growth.

J. Fall Clean-up

1. The Contractor shall remove leaves and litter from all landscaped areas within the Premises one (1) time. The Client understands that this service will be performed after the majority of leaves have fallen and will be completed by November 30th, or as weather conditions permit. Debris will be removed from Premises.

2. In the event the Client requests additional fall clean-up services, the Contractor shall perform approved services at the hourly rates as outlined in Exhibit "A" attached hereto.

K. Chemical Weed Control

1. The Contractor shall provide a chemical program for the control of weeds. The Client understands that "weed free" is not a reasonable expectation. Control of weeds and grasses is not guaranteed. The program shall provide preventative control where required, as well as curative chemical control. The Contractor shall be selective in the chemical controls used as to insure against an improper application that may cause further damage to turf, trees, or shrubs. The Contractor shall be responsible for meeting all Colorado State and Environmental Protection Agency (EPA) licensing requirements. Commercial applicators are licensed by the Colorado Department of Agriculture.
 - a. One (1) pre-emergent application to mulch bed and problem turf areas is included in this Agreement.
 - b. Three (3) post-emergent herbicide applications to irrigated turf areas are included in this Agreement
2. Non-selective herbicides including but not limited to "Round-Up" will be applied as necessary to sidewalk cracks, curb lines, and mulch beds. Paved area weed control will be coordinated and approved with the Client and billed at the hourly rates outlined in Exhibit "A" attached hereto.
3. Consistent with industry standards, a buffer area will be established by chemical application around all trees and wooden fence-lines in irrigated turf two (2) times during the growing season. The Client must notify the Contractor if a buffer area is to be established by other means.
4. Turf insect, pests, and disease control is not included in this agreement.

L. Tree and Shrub Care

1. Pruning shall be performed consistent with reasonable industry standards to provide a well-groomed appearance.
2. The Contractor shall perform esthetic pruning of all deciduous and evergreen shrubs within the Premises. Flowering shrubs will be pruned once in fall after blooming. Evergreen and non-flowering shrubs will be pruned two (2) times during the growing season. Pruning will be scheduled and performed pursuant to environmental conditions as the Contractor deems necessary in order to provide a well-groomed appearance. The Contractor will provide recommendations to the Client if environmental conditions warrant additional pruning cycles. Additional pruning cycles will be performed upon approval from the Client at the hourly rates as outlined in Exhibit "A" attached hereto.
3. Nuisance growth, including suckers, from shrubs and trees will be pruned as needed during the growing season to maintain reasonable access on walkways and parking areas.
4. Trees will be pruned as needed to maintain sidewalk and roadway clearance up to a height of 10'.

5. Debris resulting from pruning operations shall be collected and removed by Contractor at the time of pruning.
6. Structural, renewal, deadwood, or corrective pruning, is not included in this Agreement. These services are available at the hourly rates as outlined in Exhibit "A" attached hereto.
7. Chemical insect control by spraying, injection, or granular applications are not included in this Agreement. Fertilization by spraying, injection or granular applications are not included in this Agreement. These services are available at the hourly rates as outlined in Exhibit "A" attached hereto.
8. Dead trees and shrubs will be removed after notification from the Customer and will be billed at the hourly rates as outlined in Exhibit "A" attached hereto.

M. Irrigation Management and Operation

1. Contractor shall activate the irrigation system in the spring, in accordance with any governmental restrictions and regulations when the environmental conditions allow or when agreed upon by the Client and Contractor.
2. Contractor shall inspect the irrigation system to ensure proper operation. Pattern adjustments and controller programming will be performed as the Contractor deems necessary. Watering schedules shall be set in accordance with governmental restrictions and regulations, irrigation system capabilities, and reasonable industry standards.
3. Irrigation system repairs are not included as a part of this Agreement. This includes raising or lowering heads, clearing of plugged lines, and replacement of broken or missing heads due to circumstances other than those related to the services of the Contractor in this Agreement. Other services that are not included: backflow certification, design, irrigation system evaluation, valve location, electrical work, and anything that requires digging or excavation.
 - a. Irrigation system repairs shall be performed as needed at the hourly rates outlined in Exhibit "A" attached hereto, plus materials and additional equipment costs, if required. **Client agrees the Contractor shall immediately perform irrigation repairs that do not exceed \$500.00 per occurrence unless otherwise specified by Client.**

Client alternative specified irrigation repair amount: _____

In the event that an irrigation system repair is estimated to exceed the agreed upon amount, the Contractor will contact the Client for approval.

- b. In the event of an after-hours irrigation emergency, call (720) 610-6344. Emergency irrigation issues will be addressed within 4 hours of reported damage and billed at the emergency hourly rates as outlined in Exhibit "A" attached hereto.
- c. Non-Emergency irrigation will be repaired within three (3) business days of reported damage.

All repairs to the irrigation system will be billed to the Client and not to any third parties. The Client is responsible for collecting on third party claims.

4. Contractor shall winterize the irrigation system in the fall, in accordance with any governmental restrictions and regulations, prior to November 1st or when agreed upon by the Client and Contractor.
5. Wrapping the above ground backflow prevention devices prior to winterization is not included in the Agreement. The Contractor will wrap above ground backflow prevention devices upon Client approval at \$75.00 per device.

Initial here for approval: _____

6. Testing backflow prevention devices is not included in the Agreement. The Contractor will test backflow prevention devices upon Client approval at \$150.00 per device.

Initial here for approval: _____

- a. Municipal/City fees are not included as a part of this service and will be billed to the Client.
- b. Repairs are not included as a part of this service and shall be performed at the hourly rates as outlined in Exhibit "A" attached hereto.

N. Winter Season Services

1. Weekly policing or observations of landscaped areas November through March are not included in this Agreement.
2. Monthly site inspections of the Premises December through March are not included in this Agreement.

O. Miscellaneous Services

1. Flower design, installation and maintenance are not included as a part of this Agreement. This service is available through a separate Color Management Agreement upon request of the Client.
2. Snow Management is not included as a part of this Agreement. This service is available to existing landscape management customers through a separate Snow Management Agreement upon request of the Client.
3. Work performed in accordance with this Agreement shall be done at the hourly rates as outlined in Exhibit "A" attached hereto. If requested by the Client, the Contractor will provide a proposal for additional services not included in this Agreement.

IV. INSURANCE

Contractor agrees to maintain insurance current and in force during the term of this Agreement. Contractor will obtain a Certificate of insurance prior to the start of the work stated in this Agreement and deliver it to the Client.

Contractor shall also have its employees covered by a Worker's Compensation and Employer's Liability Policy: The minimum limits of insurance are as follows:

- General Liability: Minimum requirements are \$1,000,000 per occurrence/\$1,000,000 general aggregate.
- Automobile Liability: Minimum requirements are \$1,000,000 combined single limit.
- Worker's compensation: Statutory amount.
- Employer's Liability: \$ 1,000,000 each employee/accident/disease

V. LIMITATIONS, ADDITIONAL TERMS AND CONDITIONS

- A. Undersigned agrees that it has authority to execute this Agreement on behalf of the identified Client.
- B. The Property Owner and Management Company, if any, identified above, shall be jointly and severally liable for any non-performance by Client under this Agreement.
- C. Client agrees to indemnify and hold Contractor harmless for any and all claims brought against Contractor, arising out of or in connection with Contractor's work under this Agreement, which relate to or arise from causes and conditions which pre-existed this Agreement or for which Contractor had no control or right of control.
- D. Client shall notify Contractor in writing within three (3) days of any issue relating to Contractor's work under this Agreement. If Client fails to provide such notice, all claims and damages asserted by Client related to that issue are completely and irrevocably waived.
- E. Force Majeure: If performance of this Agreement or any obligation under this Agreement is prevented, restricted, or interfered with by causes beyond Contractor's reasonable control (force majeure), and if the Contractor is unable to carry out its obligations and gives the Owner prompt written notice of such event, then the obligations of the Contractor shall be suspended to the extent necessary. The term "force majeure" shall include, without limitation, acts of God, pandemics, fire, explosion, vandalism, storm or other similar occurrence, orders or acts of military or civil authority or by national emergencies, insurrections, riots, or wars or strikes, lockouts, work stoppages, or other labor disputes, or supplier failures. Contractor shall use reasonable efforts under the circumstances to avoid or remove such causes of nonperformance and shall proceed to perform with reasonable dispatch whenever such causes are removed or ceased.
- F. With the exception of actions by Contractor to recover amounts due and owing, all other disputes or claims arising from this Agreement shall be submitted first to non-binding mediation, and then to binding arbitration if mediation is unsuccessful. Arbitration shall be conducted by a single arbitrator, mutually chosen by the parties from the Judicial Arbiter Group in Denver, Colorado. If the parties cannot agree on an arbitrator, a party seeking enforcement of this arbitration agreement may request, as part of a petition for enforcement, that a District Court judge appoint an arbitrator. The award rendered by the arbitrators shall be final, and judgment may be entered upon it in any Court having jurisdiction thereof.
- G. THE PARTIES KNOWINGLY, VOLUNTARILY, IRREVOCABLY AND INTENTIONALLY WAIVES THE RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION ARISING OUT OF OR PERTAINING TO THE AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PERSON OR PARTY RELATED TO THIS AGREEMENT; THIS IRREVOCABLE WAIVER OF THE RIGHT TO A JURY TRIAL BEING A MATERIAL INDUCEMENT FOR THE PARTIES TO ENTER INTO THIS CONTRACT.
- H. This Agreement is solely for the benefit of Client and Contractor and is not intended for the benefit of any other person or parties.
- I. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado.

J. Each provision of this Agreement shall be construed as if both Parties mutually drafted this Agreement. If a provision is held by a court to be invalid, the remaining provisions of the Agreement and will be reformed/enforced. This Agreement records the entire Agreement of the Parties. All documents/exhibits referred to in this Agreement are an integral part of the Agreement and are incorporated by reference. In the event of a conflict among the Agreement documents, these terms and conditions shall control, govern, and take precedence.

VI. TERMINATION

Either party may terminate this Agreement by giving notice in writing by certified mail to the other party at the respective addresses stated below. Notice shall be given at least thirty (30) days prior to the effective date of such termination.

If notice to Client: Special District Management Services Inc.
Attn: Peggy Ripko
141 Union Boulevard Suite 150
Lakewood CO 80228

If notice to Contractor: Metco Landscape, LLC.
Attn: Stuart Griffith
2200 Rifle Street
Aurora, CO 80011

Client and Contractor agree that the work performed is proportionally greater during the growing season rather than the winter months. In the event of termination by either party, full payment for actual services performed and materials provided become due and payable to the Contractor on or before date of termination. In the event of pre-payment of services and materials not provided, a refund will be due and payable to the Client on the termination date.

VII. PAYMENT

Payments for invoiced services are due within thirty (30) days of invoice date. Payments shall be made payable to Metco Landscape, LLC.

Client will inform the Contractor in writing of any billing discrepancies or disputes within seven (7) days of invoice date. If Client fails to provide such notice, all rights to dispute the invoice or the basis for services are completely and irrevocably waived.

The Client agrees to pay one and one-half percent (1.5%) per month interest on all past due accounts which are not paid within thirty (30) days. If payment for services rendered is delinquent by forty-five (45) days or more, Contractor may suspend any and all services to the Property and/or Premises, including snow, landscape, or any other services provided by or requested of Contractor, until the account is made current. The Contractor will provide three (3) days' notice to the Property Manager of its intent to suspend services. Contractor shall recover all expenses incurred in the enforcement of any provision of this Agreement, including but not limited to all collection agency charges, lien fees, lien foreclosure costs, costs, court costs, attorneys' fees, and all expenses incurred in collecting on any judgement.

Any services provided outside of the contract specifications shall be billed at the rates as outlined in the Agreement. A brief description including, but not limited to date, labor hours, materials, and equipment will be submitted on a separate invoice.

Pricing is based on the current market for materials and consumables. Increases in costs of materials or consumables that exceed 10% may result in surcharges applying to work.

Because of the volatile nature of petroleum and the cost of fuel, it may be necessary during this contract to impose a fuel surcharge. If the cost of fuel (regular unleaded) exceeds \$4.00 a gallon in the Denver Metro area, a 2 % surcharge will be applied to all invoices.

XI. PAYMENT SCHEDULE

This payment schedule is for the convenience of both parties and does not reflect the actual work done during a particular month.

The Client agrees to pay to the Contractor the amount of Nineteen Thousand Nine Hundred Forty Eight Dollars (**\$19,948.00**) for the Term in Six (6) installments of Three Thousand Three Hundred Twenty Five Dollars (**\$3,325.00**) per month June 2021 through December 2021.

Billing will be submitted on approximately the first (1st) of each month for services rendered.

A 25% surcharge will be added to all invoices for work requested by Client to be performed on a nationally recognized holiday.

IN WITNESS WHEREOF, THE CLIENT AND CONTRACTOR HAVE CAUSED THIS AGREEMENT TO BE DULY EXECUTED ON THE DATE FIRST HEREIN WRITTEN. ALL COPIES OF THIS EXECUTED AGREEMENT SHALL BE CONSIDERED THE ORIGINAL, FOR ALL INTENTS AND PURPOSES.

CLIENT: **East Creek Metropolitan District**
c/o Special District Management Services Inc.

CONTRACTOR: **Metco Landscape, LLC.**

By: _____

By: _____

Printed: _____

Printed: _____

Title: _____

Title: _____

Date: _____

Date: _____



Exhibit "A"
2021 Extra Work Rates

| | |
|----------|---|
| \$60.00 | Per hour, foreman with truck |
| \$50.00 | Per hour, laborer, general labor. |
| \$70.00 | Per hour, laborer with equipment. |
| \$90.00 | Per hour, native area mowing. |
| \$75.00 | Per hour, irrigation technician. |
| \$150.00 | Per backflow plus applicable fees - backflow testing. |
| \$55.00 | Per hour, irrigation helper. |
| \$105.00 | Per hour, hand watering. |
| \$125.00 | Per hour, emergency call. (2 Hour Minimum) |
| \$135.00 | Per hour, chemical application |
| \$150.00 | Per hour, landscape consultation. |

-
- o One hour minimum charge per service provided. Billable time will be rounded to nearest ½ hour.
 - o Mobilization costs, portal to portal, will be included in the hourly services for each visit.
 - o Dump fees, material costs, and equipment fees will be added to invoices as applicable.
 - o A proposal for landscape projects is available upon request.
 - o Landscape consultation charges may be removed upon approved proposal.
 - o Emergency Calls should only be made to prevent damage to persons or property (including but not limited to continuously running water). An Emergency Call is defined as a call for service outside of normal business hours, Monday through Friday 8:00 am to 5:00 pm, and holidays.



Chemical Authorization Form

I hereby give Metco Landscape LLC. authorization to email notifications pertaining to chemical applications performed at our property per our landscape maintenance contract.

East Creek Metropolitan District
East Alameda Ave & S. Norfolk Way
Aurora CO 80011

Email Address for notifications: _____

Signed: _____

Print Name and Title _____

Date: _____



Maintenance Service Contact Form

Please update our records for the most up-to-date emails regarding upcoming storms and maintenance services provided along with billing information.

East Creek Metropolitan District

Contact Name: _____

Contact Phone: (____) ____ - _____

Contact Email: _____@_____ .com

Billing Information: Please provide address and email to send all invoices along with any special instructions.

Please submit this form with your signed contract



East Creek Metropolitan District
LANDSCAPE MAINTENANCE PROPOSAL

2021 SERVICES

6/1/21

12/31/21

| MAINTENANCE SERVICE | FREQUENCY | TERM |
|---|-----------|-----------------------|
| MOW, TRIM, BLOW - IRRIGATED TURF AREAS | 24 | JUNE - DECEMBER |
| EDGING - IRRIGATED TURF AREAS (BI-WEEKLY) | 14 | JUNE - DECEMBER |
| LITTER PICK UP - LANDSCAPED AREAS (SUMMER) | 26 | JUNE - DECEMBER |
| LITTER PICK UP - LANDSCAPED AREAS (WINTER) | 24 | NOVEMBER - DECEMBER |
| SITE INSPECTIONS | 8 | NOVEMBER - DECEMBER |
| SPRING CLEAN UP - LANDSCAPED AREAS (INCLUDES CUTTING BACK PERENNIAL GRASSES) | 1 | JUNE |
| SHRUB/TREE PRUNING (UNDER 10') - AESTHETIC | 2 | JUNE & SEPTEMBER |
| CORE AERATION - IRRIGATED TURF AREAS | 1 | JUNE |
| FALL CLEAN UP - LANDSCAPED AREAS (INCLUDES CUTTING BACK PERENNIAL FLOWERS) | 1 | NOVEMBER |
| FERTILIZATION & WEED CONTROL SERVICE | FREQUENCY | TERM |
| MANUAL WEED CONTROL - LANDSCAPED BEDS | 24 | JUNE - OCTOBER |
| CHEMICAL WEED CONTROL - LANDSCAPED BEDS, SIDEWALKS AND CURB/GUTTER | 7 | JUNE - OCTOBER |
| TREE WELL MAINTENANCE (CHEMICAL APPLICATION) | 2 | JUNE - OCTOBER |
| PRE-EMERGENT APPLICATION -MULCH AND ROCK BEDS, IRRIGATED TURF AREAS AS NEEDED | 1 | APRIL |
| BROADLEAF WEED SPRAY - IRRIGATED TURF AREAS | 3 | MAY/JUNE, JULY & SEPT |
| FERTILIZATION - IRRIGATED TURF AREAS | 2 | MAY/June, JULY & SEPT |
| IRRIGATION SERVICE | FREQUENCY | TERM |
| IRRIGATION ACTIVATION | 0 | JUNE |
| IRRIGATION SITE VISITS | 16 | JUNE - OCTOBER |
| IRRIGATION WINTERIZATION | 1 | OCTOBER |
| TOTAL CONTRACT PRICE: | | \$19,948.00 |
| MONTHLY PAYMENT AMOUNT | | \$3,325.00 |

| ADDITIONAL SERVICES (NOT INCLUDED IN BASE CONTRACT PRICE) | FREQUENCY | COST |
|---|---------------|----------|
| FALL AERATION | UPON APPROVAL | |
| NATIVE AREA MAINTENANCE (MOWING, TRASH) | 2x | INCLUDED |
| NATIVE AREA WEED CONTROL | UPON APPROVAL | T & M |
| ANNUAL FLOWER INSTALLATION AND MAINTENANCE | UPON APPROVAL | T & M |
| IRRIGATION SYSTEM REPAIR | UPON APPROVAL | T & M |
| INSECT AND DISEASE CONTROL | UPON APPROVAL | T & M |
| TREE WRAP/UNWRAP | UPON APPROVAL | T & M |
| WINTER WATERING EACH | UPON APPROVAL | T & M |
| LARGE DEBRIS REMOVAL | UPON APPROVAL | T & M |

2200 Rifle Street ~ Aurora, CO 80011 ~ (303)421-3100 Office ~ (303)421-1120 Fax

Steve Castiglione



January 25, 2021

East Creek
Attn: Peggy Ripko
141 Union Boulevard, Suite 150
Lakewood, CO 80228-1898
pripko@sdmsi.com
Phone: 303-987-0835 ext 210

Re: Prairie Dog Proposal

Thank you for your interest in our services. **Animal and Pest Control Specialist** provides a service of removing nuisance wildlife from commercial and residential properties. We are licensed by the Colorado Division of Wildlife and the Colorado Department of Agriculture. We have over 20 years of experience diagnosing and presenting long-term solutions for your wildlife and general pest problems. Our staff is professional and courteous to your needs.

APCS visited the site. I estimated up to 30 holes. The property has the challenge of all homes are within 100 feet of the burrows. We can only use CO cartridges. Cartridges will need diligent retreats to be effective.

I am proposing weekly treatment for 1 month. After a month, evaluate for retreat frequency. Likely to propose monthly treatments thereafter.

Charges:

Initial treatment - \$150

Weekly treatment - \$90

Monthly treatment if needed- \$120

Other Considerations:

- **100% eradication is not guaranteed**

Payment is required upon completion of the job, unless otherwise approved. These prices good for 30 days from the above date may be extended in writing only by the approval of APCS management and any changes in the work may result in a price change by APCS. The above cost includes all material, labor, general liability insurance, and workers compensation insurance as we have in place at the time of submittal any additional requirements required by you will be an additional cost billed to you to meet your requirements .

If you have any questions, please call.

Don Scadden



Operations Manager
Animal & Pest Control Specialist, Inc.

Please sign the bottom for acceptance of bid, and fax directly to our office to expedite

Acceptance By: _____ Date: _____

3800 E. 64th Ave, Commerce City, CO 80022 - Phone 303-987-0842 Fax 303-431-4968

