

MOUNTAIN BROOK METROPOLITAN DISTRICT

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
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<https://mountainbrookmd.com>

NOTICE OF A SPECIAL MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Kevin Mulshine	President	2023/May 2023
Kenneth Spencer	Treasurer	2023/May 2023
Conley Smith	Secretary	2023/May 2023
VACANT		2025/May 2023
VACANT		2025/May 2023

DATE: March 6, 2023
TIME: 9:00 a.m.
PLACE: Zoom

<https://us02web.zoom.us/j/86267550643?pwd=V3RnRGRtWkRyUjZzc1VMWTJFZjFHdz09>

Meeting ID: 862 6755 0643
Passcode: 987572
Call In: 1-719-359-4580

I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

B. Approve Agenda, confirm location of meeting and posting of notices.
Amend agenda to add 2022 audit and requisition 6

II. *CONSENT AGENDA - These items listed below are a group of items to be acted on with a single motion and vote by the Board. An item may be removed from the consent agenda to the regular agenda by any Board member. Items on the consent agenda are then voted on by a single motion, second, and vote by the Board.

- Review and approve the Minutes of the October 24, 2022 and the December 20, 2022 Regular Meetings (enclosures).
-

III. PUBLIC COMMENTS

A. _____

IV. FINANCIAL MATTERS

A. Review and ratify approval of the payment of claims as follows (to be distributed):

Fund	Period Ending March 4, 2023
General	\$ 122,698.97
Debt	\$ -0-
Capital	\$ -0-
Total	\$ 122,698.97

B. Review and accept unaudited financial statements through the period ending _____ (to be distributed).

C. Review draft 2022 audit (amend agenda to add)

V. LEGAL MATTERS

A. Review and consider adoption of Fee Resolution (enclosure).

B. Review and consider adoption of a resolution establishing an Amenity Center Operations Committee (to be distributed).

VI. CAPITAL IMPROVEMENT MATTERS

A. Consider Approval of Bid Award Recommendation for Mountain Brook Filing 1 & 2 Subdivision Public Landscape Improvements.

B. Discuss and consider approval of Reimbursement Agreement and Construction Acceptance by the City of Longmont.

C. Review and consider approval of Requisition No. 6 in the amount of \$108,953.25 (amended to add)

VII. OTHER BUSINESS

A. _____

VIII. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR APRIL 24, 2023.**

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE MOUNTAIN BROOK METROPOLITAN DISTRICT HELD OCTOBER 24, 2022

The regular meeting of the Board of Directors of the Mountain Brook Metropolitan District (referred to hereafter as the “Board”) was convened on Monday, the 24th day of October, 2022, at 9:00 a.m. The District Board meeting was held via Zoom. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Kevin Mulshine, President
Kenneth Spencer, Treasurer
Conley Smith, Secretary

Also In Attendance Were:

Peggy Ripko; Special District Management Services, Inc.

Alan Pogue, Esq.; Icenogle Seaver Pogue, P.C.

Diane Wheeler; Simmons & Wheeler, P.C.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Attorney Pogue noted that disclosures of potential conflict of interest statements for each of the Directors were filed with the Secretary of State seventy-two hours in advance of the meeting. Attorney Pogue requested that the Directors consider whether they had any additional conflicts of interest to disclose. Attorney Pogue noted for the record that there were no new disclosures made by the 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. It was noted that disclosure statements had been timely filed for all Directors.

ADMINISTRATIVE MATTERS

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

Following discussion, upon motion duly made by Director Smith, seconded by Director Mulshine and, upon vote unanimously carried, the agenda was approved, as presented.

RECORD OF PROCEEDINGS

Approval of Meeting Location: The Board entered into a discussion regarding the requirements of §32-1-903(1), C.R.S., concerning the location of the District's Board meeting.

Following discussion, upon motion duly made by Director Mulshine, seconded by Director Smith and, upon vote, unanimously carried, the Board determined this District Board Meeting was held via Zoom. The Board further noted that notice of this meeting format was duly posted and that it has not received any objections to the meeting format or any requests that the meeting format be changed by taxpaying electors within the District boundaries.

Acknowledge Appointment of Peggy Ripko as Secretary of the Board: The Board acknowledged the appointment of Peggy Ripko as Secretary of the Board of Directors and the appointment of Conley Smith as Assistant Secretary to the Board of Directors.

CONSENT AGENDA **Consent Agenda:** The Board considered the following actions:

- Approve the Minutes of the August 22 2022 Regular Meeting.

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

PUBLIC COMMENTS There were no public comments.

FINANCIAL MATTERS **Claims:** The Board considered ratifying the approval of the payment of claims as follows:

Fund	Period Ending Sept. 30, 2022
General	\$ \$31,056.93
Debt	\$ -0-
Capital	\$ -0-
Total	\$31,056.93

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

RECORD OF PROCEEDINGS

2022 Audit: The Board considered the engagement of Hiratsuka & Associates for preparation of 2022 Audit, in an amount not to exceed more than a 10% increase over last year.

Following review and discussion, upon motion duly made by Director Mulshine, seconded by Director Smith and, upon vote, unanimously carried, the Board authorized the engagement of Hiratsuka & Associates for preparation of 2022 Audit, in an amount not to exceed more than a 10% increase over last year.

2022 Budget Amendment Hearing: The President opened the public hearing to consider the Resolution to Amend the 2022 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of a Resolution to Amend the 2022 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing. No public comments were received, and the public hearing was closed.

Following review, the Board determined that an amendment was not necessary.

2023 Budget Hearing: The President opened the public hearing to consider the proposed 2023 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2023 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing. No public comments were received and the public hearing was closed.

Ms. Wheeler reviewed the estimated 2022 expenditures and the proposed 2023 expenditures with the Board.

Following discussion, the Board considered the adoption of the Resolution No. 2022-10-01 to Adopt the 2023 Budget and Appropriate Sums of Money and Resolution No. 2022-10-02 to Set Mill Levies, for the General Fund at 50.000 Mills, Debt Service Fund at 0.000 Mills and Other Funds at 0.000 Mills for a total Mill Levy of 50.000. Upon motion duly made by Director Smith, seconded by Director Mulshine and, upon vote, unanimously carried, the Resolutions were adopted, as discussed, and execution of the Certification of Budget and Certification of Mill Levies was authorized, subject to receipt

RECORD OF PROCEEDINGS

of final Certification of Assessed Valuation from the county on or before December 10, 2022. Ms. Ripko was authorized to transmit the Certification of Mill Levies to the Board of County Commissioners of Arapahoe County not later than December 15, 2022. Ms. Ripko was also authorized to transmit the Certification of Budget to the Division of Local Government not later than January 31, 2023. Copies of the adopted Resolutions are attached to these minutes and incorporated herein by this reference.

DLG-70 Mill Levy Certification Form: The Board considered authorizing the District Manager to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

Following discussion, upon motion duly made by Director Mulshine, seconded by Director Smith and, upon vote, unanimously carried, the Board authorized the Accountant to prepare and the District Manager to file the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

2024 Budget: The Board considered the appointment of the District Accountant to prepare the 2024 Budget and set the date of the Budget Hearing.

Following discussion, upon motion duly made by Director Mulshine, seconded by Director Smith and, upon vote, unanimously carried, the Board appointed the District Accountant to prepare the 2024 Budget and set the date of the Budget Hearing for October 23, 2023.

LEGAL MATTERS

Resolution No. 2022-10-03; Calling a Regular Election for Directors on May 2, 2023, Appointing the Designating Election Official (“DEO”), and Authorizing the DEO to Perform all Tasks Required for the Conduct of Mail Ballot Election: Attorney Pogue discussed with the Board Resolution No. 2021-12-02; Calling a Regular Election for Directors on May 2, 2023, Appointing the DEO, and Authorizing the DEO to Perform all Tasks Required for the Conduct of Mail Ballot Election.

Following discussion, upon motion duly made by Director Smith, seconded by Director Mulshine and, upon vote, unanimously carried, the Board adopted Resolution No. 2022-10-03; Calling a Regular Election for Directors on May 2, 2023, Appointing the DEO, and Authorizing the DEO to Perform all Tasks Required for the Conduct of Mail Ballot Election.

RECORD OF PROCEEDINGS

Resolution No. 2022-10-04; 2023 Annual Administrative Matters

Resolution: The Board reviewed Resolution No. 2022-10-03; 2023 Annual Administrative Matters Resolution.

Following discussion, upon motion duly made by Director Mulshine, seconded by Director Smith and, upon vote, unanimously carried, the Board adopted Resolution No. 2022-10-04; 2023 Annual Administrative Matters Resolution.

Resolution No. 2022-10-05; Meeting Resolution: The Board reviewed Resolution No. 2022-10-05; Meeting Resolution.

Following discussion, upon motion duly made by Director Mulshine, seconded by Director Smith and, upon vote, unanimously carried, the Board adopted Resolution No. 2022-10-05; Meeting Resolution. The Board determined the meetings will be held on the 4th Monday of every even month.

Resolution No. 2022-10-06; Third Amendment to 2020 Funding and Reimbursement Agreement and Issuance of Subordinate Note:

The Board reviewed Resolution No. 2022-10-06; Third Amendment to 2020 Funding and Reimbursement Agreement and Issuance of Subordinate Note.

Following discussion, upon motion duly made by Director Smith, seconded by Director Spencer and, upon vote, unanimously carried, the Board adopted Resolution No. 2022-10-06; Third Amendment to 2020 Funding and Reimbursement Agreement and Issuance of Subordinate Note.

Resolution No. 2022-10-07; Third Amendment to Improvement Acquisition, Advance and Reimbursement Agreement and Issuance of Subordinate Note:

The Board reviewed Resolution No. 2022-10-07; Third Amendment to Improvement Acquisition, Advance and Reimbursement Agreement and Issuance of Subordinate Note.

Following discussion, upon motion duly made by Director Smith, seconded by Director Spencer and, upon vote, unanimously carried, the Board adopted Resolution No. 2022-10-07; Third Amendment to Improvement Acquisition, Advance and Reimbursement Agreement and Issuance of Subordinate Note.

**CAPITAL
IMPROVEMENT
MATTERS**

Bid Award Recommendation for the Mountain Brook Filing 1 & 2 Subdivision Public Landscape Improvements:

The Board considered the approval of the Bid Award Recommendation for the Mountain Brook Filing 1 & 2 Subdivision Public Landscape Improvements.

RECORD OF PROCEEDINGS

The Board determined that they need to go out and bid and the developer will fund until then. No action was taken at this time.

Reimbursement Agreement and Construction Acceptance by the City of Longmont: The Board considered the approval of the Reimbursement Agreement and Construction Acceptance by the City of Longmont. No action was taken at this time.

OTHER BUSINESS

The Board cancelled the December 26, 2022 meeting.

ADJOURNMENT

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

Respectfully submitted,

By: _____
Secretary for the Meeting

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE MOUNTAIN BROOK METROPOLITAN DISTRICT HELD DECEMBER 20, 2022

The special meeting of the Board of Directors of the Mountain Brook Metropolitan District (referred to hereafter as the “Board”) was convened on Monday, the 20th day of December, 2022, at 9:00 a.m. The District Board meeting was held via Zoom. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Kevin Mulshine, President
Kenneth Spencer, Treasurer
Conley Smith, Secretary

Also In Attendance Were:

Peggy Ripko; Special District Management Services, Inc.

Alan Pogue, Esq.; Icenogle Seaver Pogue, P.C.

Diane Wheeler; Simmons & Wheeler, P.C.

JM Hinson and Don Hinson; Hinson Companies

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Attorney Pogue noted that disclosures of potential conflict of interest statements for each of the Directors were filed with the Secretary of State seventy-two hours in advance of the meeting. Attorney Pogue requested that the Directors consider whether they had any additional conflicts of interest to disclose. Attorney Pogue noted for the record that there were no new disclosures made by the 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. It was noted that disclosure statements had been timely filed for all Directors.

ADMINISTRATIVE MATTERS

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

Following discussion, upon motion duly made by Director Mulshine, seconded by Director Spencer and, upon vote unanimously carried, the agenda was approved, as presented.

RECORD OF PROCEEDINGS

Approval of Meeting Location: The Board entered into a discussion regarding the requirements of §32-1-903(1), C.R.S., concerning the location of the District's Board meeting.

Following discussion, upon motion duly made by Director Mulshine, seconded by Director Spencer and, upon vote, unanimously carried, the Board determined this District Board Meeting was held via Zoom. The Board further noted that notice of this meeting format was duly posted and that it has not received any objections to the meeting format or any requests that the meeting format be changed by taxpaying electors within the District boundaries.

LEGAL MATTERS

Execute Covenants to be Enforced by District: The Board considered authorizing the Chairman to Execute Covenants to be Enforced by the District.

Following discussion, upon motion duly made by Director Spencer, seconded by Director Smith and, upon vote, unanimously carried, the Board authorized the Chairman to Execute covenants to be enforced by the District.

Capital Acceptance Application and Resolution: The Board considered the Capital Acceptance Application and Resolution approving same.

Following discussion, upon motion duly made by Director Spencer, seconded by Director Smith and, upon vote, unanimously carried, the Board approved the capital acceptance application and adopted the Resolution. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

ADJOURNMENT

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

Respectfully submitted,

By: _____
Secretary for the Meeting

Mountain Brook Metropolitan District
 Claims for 10/23/2022- 03/04/23

Vendor	Chart of account	Invoice #	Invoice Date	Invoice Amount
Splashtacular Waterslides and Water	1800 - Capital Improvements	33222#3	12/8/2022	77,881.00
Splashtacular Waterslides and Water	1800 - Capital Improvements	33222#2	12/8/2022	25,961.00
Special District Management Services, Inc.	9100 - District Management	10 31 2022	10/31/2022	1,288.00
Special District Management Services, Inc.	9100 - District Management	12 31 22	12/31/2022	621.40
Special District Management Services, Inc.	9100 - District Management	11 30 22	11/30/2022	368.77
Special District Management Services, Inc.	9100 - District Management	01 31 23	1/31/2023	384.00
Simmons & Wheeler	9050 - Accounting	34644	12/31/2022	1,388.75
Simmons & Wheeler	9050 - Accounting	34234	10/31/2022	931.00
Simmons & Wheeler	9050 - Accounting	34410	11/30/2022	681.00
Simmons & Wheeler	9050 - Accounting	34920	1/31/2023	315.00
Prairie Mountain Media	9450 - Miscellaneous	324481	9/30/2022	32.77
Permontes Group	7100 - Planning & Engineering	284.001-07	1/4/2023	3,311.25
Permontes Group	7100 - Planning & Engineering	284.001-06	11/2/2022	985.00
Hiratsuka & Associates LLP	9050 - Accounting	23947	9/30/2022	5,200.00
Basham & Lucas Design Group Inc	7100 - Planning & Engineering	9158	10/25/2022	1,550.00
Basham & Lucas Design Group Inc	7100 - Planning & Engineering	9312	2/20/2023	900.00
Basham & Lucas Design Group Inc	7100 - Planning & Engineering	9185	11/18/2022	900.00
			Total	<u>122,698.94</u>

DRAFT 3-4-2023

MOUNTAIN BROOK METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2022

with

Independent Auditor's Report

DRAFT 3-4-2023

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DRAFT 3-4-2023

MOUNTAIN BROOK METROPOLITAN DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2022

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Net Position
ASSETS						
Cash and investments - restricted	\$ 1,980	\$ 2,195,240	\$ 3,401,245	\$ 5,598,465	\$ -	5,598,465
Taxes due from County	61	-	-	61	-	61
Accounts receivable - developer	27,871	-	-	27,871	(27,871)	-
Prepaid expenses	2,571	-	-	2,571	-	2,571
Property taxes receivable	197,951	-	-	197,951	-	197,951
Capital assets not being depreciated	-	-	-	-	5,349,062	5,349,062
Total Assets	<u>\$ 230,434</u>	<u>\$ 2,195,240</u>	<u>\$ 3,401,245</u>	<u>\$ 5,826,919</u>	<u>5,321,191</u>	<u>11,148,110</u>
LIABILITIES						
Accounts payable	\$ 32,483	\$ -	\$ 96,053	\$ 128,536	-	128,536
Accrued interest on bonds	-	-	-	-	45,490	45,490
Long-term liabilities:						
Due in more than one year	-	-	-	-	11,685,560	11,685,560
Total Liabilities	<u>32,483</u>	<u>-</u>	<u>96,053</u>	<u>128,536</u>	<u>11,731,050</u>	<u>11,859,586</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>197,951</u>	<u>-</u>	<u>-</u>	<u>197,951</u>	<u>-</u>	<u>197,951</u>
Total Deferred Inflows of Resources	<u>197,951</u>	<u>-</u>	<u>-</u>	<u>197,951</u>	<u>-</u>	<u>197,951</u>
FUND BALANCES/NET POSITION						
Fund balances:						
Restricted:						
Emergencies	2,084	-	-	2,084	(2,084)	-
Debt service	-	2,195,240	-	2,195,240	(2,195,240)	-
Capital	-	-	3,305,192	3,305,192	(3,305,192)	-
Unassigned	<u>(4,655)</u>	<u>-</u>	<u>-</u>	<u>(4,655)</u>	<u>4,655</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>2,195,240</u>	<u>3,305,192</u>	<u>5,500,432</u>	<u>(5,500,432)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 230,434</u>	<u>\$ 2,195,240</u>	<u>\$ 3,401,245</u>	<u>\$ 5,826,919</u>		
Net Position:						
Restricted for:						
Emergencies					2,084	2,084
Debt service					2,195,240	2,195,240
Capital projects					3,305,192	3,305,192
Unrestricted					<u>(6,411,943)</u>	<u>(6,411,943)</u>
Total Net Position (Deficit)					<u>\$ (909,427)</u>	<u>(909,427)</u>

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

DRAFT 3-4-2023

MOUNTAIN BROOK METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting and audit	\$ 13,908	\$ -	\$ -	\$ 13,908	\$ -	\$ 13,908
Insurance/SDA dues	3,281	-	-	3,281	-	3,281
Legal	36,282	-	-	36,282	-	36,282
Miscellaneous expense	329	-	-	329	-	329
Management	8,882	-	-	8,882	-	8,882
Treasurer fees	120	-	-	120	-	120
Bond interest	-	523,130	-	523,130	22,745	545,875
Paying agent fees	-	6,000	-	6,000	-	6,000
Capital expenditures	-	-	5,346,095	5,346,095	(5,346,095)	-
Total Expenditures	62,802	529,130	5,346,095	5,938,027	(5,323,350)	614,677
GENERAL REVENUES						
Property taxes	7,966	-	-	7,966	-	7,966
Specific ownership taxes	799	-	-	799	-	799
Interest income	23	39,374	114,229	153,626	-	153,626
Total General Revenues	8,788	39,374	114,229	162,391	-	162,391
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	(54,014)	(489,756)	(5,231,866)	(5,775,636)	5,323,350	(452,286)
OTHER FINANCING SOURCES (USES)						
Transfer (to) from other funds	-	13,507	(13,507)	-	-	-
Developer advances	54,014	-	-	54,014	(54,014)	-
Total Other Financing Sources (Uses)	54,014	13,507	(13,507)	54,014	(54,014)	-
NET CHANGES IN FUND BALANCES						
	-	(476,249)	(5,245,373)	(5,721,622)	5,721,622	
CHANGES IN NET POSITION						
					(452,286)	(452,286)
FUND BALANCES/NET POSITION						
BEGINNING OF YEAR	-	2,671,489	8,550,565	11,222,054	(11,679,195)	(457,141)
END OF YEAR	\$ -	\$ 2,195,240	\$ 3,305,192	\$ 5,500,432	\$ (6,409,859)	\$ (909,427)

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

DRAFT 3-4-2023

MOUNTAIN BROOK METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2022

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 17,880	\$ 7,966	\$ (9,914)
Specific ownership taxes	894	799	(95)
Interest income	-	23	23
Total Revenues	<u>18,774</u>	<u>8,788</u>	<u>(9,986)</u>
EXPENDITURES			
Accounting and audit	12,000	13,908	(1,908)
Insurance/SDA dues	3,500	3,281	219
Legal	30,000	36,282	(6,282)
Miscellaneous expense	-	329	(329)
Management	10,000	8,882	1,118
Treasurer fees	268	120	148
Contingency	10,509	-	10,509
Emergency Reserve	<u>1,673</u>	<u>-</u>	<u>1,673</u>
Total Expenditures	<u>67,950</u>	<u>62,802</u>	<u>5,148</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(49,176)	(54,014)	(4,838)
OTHER FINANCING SOURCES			
Developer advances	<u>49,176</u>	<u>54,014</u>	<u>4,838</u>
Total Other Financing Sources	<u>49,176</u>	<u>54,014</u>	<u>4,838</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE:			
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

MOUNTAIN BROOK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies

The accounting policies of Mountain Brook Metropolitan District, located in Boulder County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

Mountain Brook Metropolitan District (“the District”) was organized for the purpose of financing and constructing public improvements and for dedicating, when appropriate, such public improvements to the City of Longmont or to such other entity as appropriate for the use and benefit of the District’s residents and property owners. The creation of the District was approved by the eligible electors of the District on May 5, 2020. The District was organized pursuant to an order and decree issued by the District Court in Boulder County issued on May 20, 2020, and recorded on June 4, 2020. The District's primary source of revenues is bond proceeds, and is expected to be property taxes in the future. The District is governed by an elected Board of Directors.

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

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

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

Basis of Presentation

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

MOUNTAIN BROOK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

DRAFT 3-4-2023

MOUNTAIN BROOK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

The District reports the following major governmental funds:

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

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

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

Budgetary Accounting

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

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

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

MOUNTAIN BROOK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

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

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

DRAFT 3-4-2023

MOUNTAIN BROOK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

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 taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Long-Term Obligations

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

Fund Equity

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$2,084 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$2,195,240 is restricted for the payment of the debt service costs (see Note 4).

MOUNTAIN BROOK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

The restricted fund balance in the Capital Projects Fund in the amount of \$3,305,192 is restricted for the payment of the costs for capital improvements within the District.

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

Net Position

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

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

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

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

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

DRAFT 3-4-2023

MOUNTAIN BROOK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Note 2: Cash and Investments

As of December 31, 2022, cash and investments is classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments - restricted	\$ <u>5,598,465</u>
Total	\$ <u>5,598,465</u>

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

Deposits with financial institutions	\$ 1,980
Investments - COLOTRUST	<u>5,596,485</u>
	\$ <u>5,598,465</u>

Deposits

Custodial Credit Risk

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

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

Investments

Credit Risk

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

MOUNTAIN BROOK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Custodial and Concentration of Credit Risk

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

Interest Rate Risk

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

Investment Valuation

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

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

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2022, the District had \$5,596,485 invested in COLOTRUST.

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MOUNTAIN BROOK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Note 3: Capital Assets

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

Governmental Type Activities:	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
Capital assets not being depreciated:				
Construction in progress	\$ 2,967	\$ 5,346,095	\$ -	\$ 5,349,062

Note 4: Long-Term Debt

The following is an analysis of changes in long-term debt for the year ending December 31, 2022:

	Balance 1/1/2022	Additions	Reductions	Balance 12/31/2022	Current Portion
<u>General Obligation Bonds:</u>					
Series 2021(3)	\$ 11,645,000	\$ -	\$ -	\$ 11,645,000	\$ -
<u>Other:</u>					
Developer advances	-	40,560	-	40,560	-
	-	40,560	-	40,560	-
	\$ 11,645,000	\$ 40,560	\$ -	\$ 11,685,560	\$ -

A description of the long-term obligations as of December 31, 2022, is as follows:

Funding and Reimbursement Agreement (Operations)

The District and Mountain Brook Partners, LLC (the “Developer”) entered into a Funding and Reimbursement Agreement (Operation Costs) on August 24, 2020, as amended November 16, 2020 to evidence the District’s reimbursement obligation to the Developer for operations and maintenance costs (“O&M Agreement”). The O&M Agreement sets forth the terms pursuant to which the Developer is to provide monetary advances to the District, in an amount not to exceed \$150,000 (the “maximum O&M Amount”), for operations and maintenance costs associated with the public improvements constructed or to be constructed within or without the boundaries of the District, with the funding of such advances to be available through December 31, 2022. In consideration for such advances, the District agrees to pay reimbursement, plus interest at a rate not to exceed the Federal Reserve Prime Rate per the Wall Street Journal plus 1%. As of December 31, 2022, \$40,560 was due under this agreement.

MOUNTAIN BROOK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Improvement Acquisition, Advance and Reimbursement Agreement

The District and the Developer have entered into a Improvement Acquisition, Advance and Reimbursement Agreement dated August 24, 2020, as amended November 16, 2020, to evidence the District's acquisition, advance and reimbursement obligation to the Developer for public improvements. Pursuant to this agreement the Developer is to construct or cause to have constructed the public improvements which the District will acquire after they have been completed or initially fund the construction and installation of the public improvements by the District subject to reimbursement by the District. The District is also to reimburse the Developer for the costs associated with the organization of the District. Advances are available to the District in one or a series of installments through December 31, 2022 up to a maximum amount of \$9,000,000. The District's repayment obligation shall terminate on the date that is 40 years after the agreement execution date, even if any portion of the Principal amount remains outstanding. Amounts advanced or recognized under this agreement as of December 31, 2022 was \$0.

\$11,645,000 Limited Tax General Obligation Bonds, Series 2021⁽³⁾

On December 16, 2021, the District issued \$11,645,000 of Limited Tax General Obligation Bonds, Series 2021⁽³⁾ ("Series 2021 Bonds") for the purpose of financing or reimbursing a portion of the costs of acquiring, constructing, and installing certain public infrastructure and paying for the costs of issuance of the Series 2021 Bonds. The Series 2021 Bonds consisted of \$2,905,000 in Term Bonds with interest at 4.500% maturing December 1, 2041, and \$8,740,000 in Term Bonds with interest at 4.750% maturing December 1, 2051. Interest is payable semi-annually on June 1 and December 1 commencing on June 1, 2022, to the extent of Pledged Revenue with mandatory redemptions beginning December 1, 2028. The 2021 Bonds are subject to early redemption at the option of the District commencing December 1, 2026, with a redemption premium of 1% to 3% until December 1, 2029 at which time the bonds may be redeemed without redemption premium. The 2021 Bonds are limited tax general obligations of the District secured by and payable solely from the Pledged Revenue, consisting of moneys derived by the District from the following sources: the Required Mill Levy, the portion of Specific Ownership Tax related to the Required Mill Levy, and any other moneys determined by the District. In the event that any bond principal or interest remains outstanding and due on October 8, 2059 this remaining amount shall be discharged.

Events of Default as defined in the Series 2021 Bond Indenture are 1) the failure of the District to impose the Required Mill levy, 2) the failure of the District to apply the Pledged Revenue as required by the Indenture, 3) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indenture, and 4) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds. Failure to pay the principal of or interest on the Series 2021 Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2021 Bonds is not an available remedy for an Event of Default.

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MOUNTAIN BROOK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2021 Bonds.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 545,875	\$ 545,875
2024	-	545,875	545,875
2025	-	545,875	545,875
2026	-	545,875	545,875
2027	-	545,875	545,875
2028-2032	365,000	2,708,900	3,073,900
2033-2037	1,035,000	2,568,275	3,603,275
2038-2042	2,010,000	2,253,050	4,263,050
2043-2047	3,290,000	1,672,475	4,962,475
2048-2051	<u>4,945,000</u>	<u>678,063</u>	<u>5,623,063</u>
Total	<u>\$11,645,000</u>	<u>\$ 12,610,138</u>	<u>\$ 24,255,138</u>

Debt Authorization

On May 5, 2020, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$225,000,000. After the issuance of the 2021(3) Bonds, the remaining authorization is \$213,355,000. Per the District's Service Plan, the District cannot issue debt in excess of \$25,000,000. \$13,355,000 of the Service Plan authorization remains as of December 31, 2022.

Note 5: Related Parties

All of the Board members are owners or members of or are otherwise associated with the Developer. Management believes that all potential conflicts, if any, have been disclosed to the Board.

Note 6: Tax, Spending and Debt Limitations

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

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.

MOUNTAIN BROOK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

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

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

On May 5, 2020, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Note 7: Risk Management

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

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

Note 8: Interfund Transfers

The transfer of \$13,507 from the Capital Projects Fund to the Debt Service Fund was transferred as a result of excess cost of issuance funds.

MOUNTAIN BROOK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Note 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

- 1) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds and developer advances payable and accrued interest payable are not due and payable in the current period and, therefore, are not in the funds.

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

- 1) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 3) governmental funds report developer advances and/or bond proceeds as revenue; and,
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

DRAFT 3-4-2023

SUPPLEMENTAL INFORMATION

DRAFT 3-4-2023

MOUNTAIN BROOK METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2022

	Original and Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES			
Interest income	\$ -	\$ 39,374	\$ 39,374
Total Revenues	<u>-</u>	<u>39,374</u>	<u>39,374</u>
EXPENDITURES			
Bond principal	-	-	-
Bond interest	529,813	523,130	6,683
Paying agent fees	<u>4,500</u>	<u>6,000</u>	<u>(1,500)</u>
Total Expenditures	<u>534,313</u>	<u>529,130</u>	<u>5,183</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(534,313)	(489,756)	44,557
OTHER FINANCING SOURCES (USES)			
Transfer (to) from other funds	<u>-</u>	<u>13,507</u>	<u>13,507</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>13,507</u>	<u>13,507</u>
NET CHANGE IN FUND BALANCE	(534,313)	(476,249)	58,064
FUND BALANCE:			
BEGINNING OF YEAR	<u>2,589,852</u>	<u>2,671,489</u>	<u>81,637</u>
END OF YEAR	<u>\$ 2,055,539</u>	<u>\$ 2,195,240</u>	<u>\$ 139,701</u>

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

DRAFT 3-4-2023

MOUNTAIN BROOK METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2022

	Original and Final		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES			
Interest income	<u>\$ 90,000</u>	<u>\$ 114,229</u>	<u>\$ 24,229</u>
Total Revenues	<u>90,000</u>	<u>114,229</u>	<u>24,229</u>
EXPENDITURES			
Capital expenditures	9,000,000	5,346,095	3,653,905
Cost of issuance	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>9,000,000</u>	<u>5,346,095</u>	<u>3,653,905</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,910,000)	(5,231,866)	3,678,134
OTHER FINANCING SOURCES (USES)			
Transfer (to) from other funds	<u>-</u>	<u>(13,507)</u>	<u>(13,507)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(13,507)</u>	<u>(13,507)</u>
NET CHANGE IN FUND BALANCE	(8,910,000)	(5,245,373)	3,664,627
FUND BALANCE:			
BEGINNING OF YEAR	<u>8,910,000</u>	<u>8,550,565</u>	<u>(359,435)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 3,305,192</u>	<u>\$ 3,305,192</u>

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

DRAFT 3-4-2023

MOUNTAIN BROOK METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2022

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>			<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
		<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Levied</u>	<u>Collected</u>	
2021	\$ 168,739	50.000	-	50.000	\$ 8,437	\$ 8,437	100.00%
2021	\$ 357,596	50.000	-	50.000	\$ 17,880	\$ 7,966	44.55%
Estimated for year ending December 31, 2023	\$ 3,959,022	50.000	0.000	50.000	\$ 197,951		

NOTE

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

**RESOLUTION OF THE BOARD OF DIRECTORS OF
MOUNTAIN BROOK METROPOLITAN DISTRICT**

A RESOLUTION IMPOSING AN OPERATIONS AND MAINTENANCE FEE ON REAL PROPERTY IN THE DISTRICT

WHEREAS, on October 8, 2019, the City Council of the City of Longmont, Colorado approved the Service Plan for Mountain Brook Metropolitan District (the “Service Plan”); and

WHEREAS, the Mountain Brook Metropolitan District (the “District”) was formed pursuant to the Special District Act, §§ 32-1-101 *et seq.*, C.R.S., as amended (the “Act”), by order of the District Court for Boulder County, Colorado, and after approval of the eligible electors of the District at an organizational election held on May 5, 2020; and

WHEREAS, pursuant to the Service Plan, the District has the power and authority to provide public improvements and related operation and maintenance services within and without the boundaries of the District, as well as the power to assess fees, rates, tolls, penalties, and charges as provided in the Act; and

WHEREAS, the District has acquired, constructed and/or installed, or is acquiring, constructing and/or installing amenities and facilities for the benefit of the property owners, taxpayers, and residents of the District including an amenity center, parks and trails, landscaping, irrigation, monumentation, and storm drainage improvements, facilities, and appurtenances (collectively, the “Facilities”); and

WHEREAS, the District is responsible for the upkeep, operation and maintenance of the Facilities (the “O&M Services”), and for the direct and indirect costs associated with the provision of the O&M Services (the “O&M Costs”); and

WHEREAS, pursuant to the Service Plan and § 32-1-1001(1)(j), C.R.S., the District is authorized to fix and, from time to time, increase or decrease fees, rates, tolls, penalties or charges for services, programs, or facilities furnished by the District, and until paid, all such fees, rates, tolls, penalties, or charges shall constitute a perpetual lien on and against the property served, which lien may be foreclosed in the same manner as provided by the laws of the State of Colorado for the foreclosure of mechanics’ liens; and

WHEREAS, in order to defray the O&M Costs, the Board of Directors of the District (the “Board”) has determined to establish and impose an annual operations and maintenance fee (the “O&M Fee”) on all Units (as defined herein) located within the District Boundaries (as defined herein).

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF MOUNTAIN BROOK METROPOLITAN DISTRICT AS FOLLOWS:

1. DEFINITIONS. Except as otherwise expressly provided or where the context indicates otherwise, the following capitalized terms shall have the meanings set forth below:

“District Boundaries” means the property within the boundaries of the District, as described in Exhibit A, attached hereto and incorporated herein by this reference.

“Due Date” means the date by which the O&M Fee is due, as reflected in the invoice sent to the owner of the Unit.

“Fee Schedule” or “Schedule of Fees” means the schedule of fees set forth in **Exhibit B**, attached hereto and incorporated herein by this reference, until and unless amended and/or repealed.

“Unit” means each apartment unit, condominium unit, town home, single family home, or parcel of land established by a recorded final subdivision plat and located within the District Boundaries.

2. ANNUAL OPERATIONS AND MAINTENANCE FEE. To defray the costs of the O&M Services, the Board hereby imposes an annual O&M Fee on all Units in the District Boundaries, in the amount and according to the ERU factor allocated to such Unit, as set forth in the Schedule of Fees. For purposes of clarification, to the extent a parcel of land established by a recorded final subdivision plat includes multiple Units, such as apartment units or condominium units, the parcel of land shall not be assessed a separate O&M Fee.

The Board reserves the right to decrease the amount of the O&M Fee due in the last quarter of 2023, and in the last quarter of any fiscal year thereafter that the O&M Fee is imposed, as appropriate in relation to any cost savings in the O&M Costs realized by the District throughout the year. The Board may impose and adjust the amount of the O&M Fee for any year after fiscal year 2023, as the Board determines necessary to defray a portion of the costs associated with the O&M Services and will post an updated fee schedule on its website for each year the O&M Fee is imposed after fiscal year 2023.

3. PAYMENT. The O&M Fee shall be due and payable to the District in four (4) quarterly payments, commencing: (1) on July 1, 2023, if at such time the Unit has been sold, conveyed, or transferred to a builder, and (2) after July 1, 2023, at such time as the Unit is sold, conveyed, or transferred to a builder. The District shall bill each applicable property owner quarterly with payment due to the District no later than January 15, April 15, July 15, and October 15 of each fiscal year that the O&M Fee is imposed, or such later Due Date as set forth on the invoice. The District may impose such penalties for noncompliance herewith as may be permitted by law. Without limiting the foregoing, a late charge on any past-due amounts at the rate of one percent (1%) per month, not to exceed a total of twenty-five percent (25%) of the amount due, shall accrue from the Due Date, if the O&M Fee is not paid in full within five (5) calendar days after the Due Date. Interest will accrue on any due and unpaid O&M Fee, exclusive of the late fee, at a rate of twelve percent (12%) per annum.

4. COLLECTION COSTS. The District shall be entitled to charge and collect from property owners all costs and expenses associated with collecting an unpaid O&M Fee, including attorneys’ fees. The District may institute such remedies and collection procedures as authorized

under Colorado law, including, but not limited to, foreclosure of its perpetual lien as provided in Paragraph 5 herein.

5. LIEN. Until paid, the O&M Fee, together with any late fee, interest, and costs of collection imposed and assessed hereunder, shall constitute a statutory, perpetual lien on and against the Unit, and any such lien may be foreclosed in the manner provided by the laws of the State of Colorado for the foreclosure of mechanics' liens, pursuant to § 32-1-1001(1)(j), C.R.S. Said lien may be foreclosed at such time as the District, in its sole discretion, may determine.

6. MODIFICATION/FUTURE EVENTS. The O&M Fee hereby imposed has been established based on projected budgetary requirements of the District using various assumptions regarding the O&M Costs for the O&M Services. The actual O&M Costs may differ from projections, and the District may decide to modify the O&M Fee in the future, as provided in Paragraph 2 herein.

7. ACTIONS TO EFFECTUATE RESOLUTION. The District's management and legal counsel are authorized and directed to take all actions necessary and appropriate to effectuate this Resolution and the imposition of the O&M Fee set forth herein. All actions consistent with the provisions of this Resolution heretofore taken by the members of the Board, District management, and District legal counsel directed toward effectuating the purposes stated herein are hereby ratified, approved, and confirmed.

8. SEVERABILITY. If any section, paragraph, clause or provision of this Resolution is declared by any court of competent jurisdiction to be void or unenforceable, such decision shall not affect the validity of the remaining sections, paragraphs, clauses or provisions of this Resolution, which shall remain in full force and effect.

9. RECORDING. This Resolution shall be recorded in the records of the Larimer County Clerk and Recorder against the real property located in the Fee Area Boundaries described in **Exhibit A** attached hereto and incorporated herein by reference.

10. EFFECTIVE DATE. This Resolution and the O&M Fee imposed herein shall take effect on the date and at the time of adoption and shall continue in full force and effect until amended or rescinded by the Board.

(Signature page follows.)

ADOPTED AND APPROVED THIS 6th DAY OF MARCH, 2023.

MOUNTAIN BROOK METROPOLITAN DISTRICT

By: Kevin Mulshine, President

EXHIBIT A
(To Resolution)

LEGAL DESCRIPTION OF DISTRICT BOUNDARIES

A PARCEL OF LAND LOCATED IN THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 AND THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 8, TOWNSHIP 2 NORTH, RANGE 69 WEST OF THE 6TH P.M., MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE C-N 1/16 CORNER (SE CORNER NE 1/4, NW 1/4) OF SAID SECTION 8, FROM WHICH THE CENTERLINE OF SAID SECTION BEARS N00°27'59"E AND FORMS THE BASIS OF BEARINGS FOR ALL LINES DESCRIBED HEREIN, THENCE ON THE SOUTH LINE OF SAID NORTHEAST 1/4 OF THE NORTHWEST 1/4, N89°30'16"W, A DISTANCE OF 532.16 FEET;

THE ON A CURVE TO THE RIGHT WITH A RADIUS OF 500.00 FEET, A DELTA OF 44°38'40", A CHORD BEARING N67°10'55"W, 379.82 FEET FOR AN ARC LENGTH OF 389.60 FEET;

THENCE N44°51'35"W, A DISTANCE OF 132.88 FEET;
THENCE N45°08'25"E, A DISTANCE OF 37.50 FEET;
THENCE N44°51'35"W, A DISTANCE OF 105.15 FEET;
THENCE N54°05'15"W, A DISTANCE OF 335.17 FEET;

THENCE ON THE EAST LINE OF THE 30-FOOT RIGHT-OF-WAY PER DEED RECORDED AT RECEPTION NUMBER 759532 (6-20-1994), AND ON A LINE PARALLEL TO AND 30.00 FEET EAST OF THE WEST LINE OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 SAID SECTION 8, N00°16'03"E, A DISTANCE OF 130.61 FEET;

THENCE ON THE SOUTH AND EAST LINES OF THE PROPERTY DESCRIBED IN DEED RECORDED AT RECEPTION NUMBER 821206 (7-15-1966) THE FOLLOWING TWO COURSES:

- 1) S89°30'30"E, A DISTANCE OF 299.96 FEET;
- 2) N00°16'16"E, A DISTANCE OF 628.00 FEET;

THENCE ON THE SOUTH LINE OF THE 35-FOOT RIGHT-OF-WAY PER DEED RECORDED AT RECEPTION NUMBER 720519 (2-26-1963), AND ON A LINE PARALLEL TO AND 35.00 FEET SOUTH OF THE NORTH LINE OF THE NORTHWEST 1/4 SAID SECTION 8, S89°30'32"E, A DISTANCE OF 330.49 FEET;

THENCE ON THE WEST, SOUTH AND EAST LINES OF 9020 ROGERS ROAD, TO BE KNOWN AS LOT 1, BLOCK 3, MOUNTAIN BROOK SUBDIVISION FILING NUMBER 1, THE FOLLOWING THREE COURSES:

- 1) S00°15'48"W, A DISTANCE OF 327.85 FEET;
- 2) S89°30'32"E, A DISTANCE OF 200.00 FEET;
- 3) N00°15'48"E, A DISTANCE OF 327.85 FEET;

THENCE ON THE SOUTH LINE OF THE 35-FOOT RIGHT-OF-WAY PER DEED RECORDED AT RECEPTION NUMBER 720519 (2-26-1963), AND ON A LINE PARALLEL TO AND 35.00 FEET SOUTH OF THE NORTH LINE OF THE NORTHWEST 1/4 SAID SECTION 8, S89°30'32"E, A DISTANCE OF 471.53 FEET;

THENCE ON THE EAST LINE OF SAID NORTHEAST 1/4 OF THE NORTHWEST 1/4, S00°27'59"W, A DISTANCE OF 351.84 FEET;

THENCE ON THE SOUTH LINE OF THE PROPERTY DESCRIBED IN DEED RECORDED AT RECEPTION NUMBER 1246482, S89°27'12"E, A DISTANCE OF 388.26 FEET;

THENCE ON THE EAST LINE OF THE PROPERTY DESCRIBED IN DEED RECORDED AT RECEPTION NUMBER 1246482, N00°15'48"E, A DISTANCE OF 351.85 FEET;

THENCE ON THE SOUTH LINE OF THE 35-FOOT RIGHT-OF-WAY PER DEED RECORDED AT RECEPTION NUMBER 720520 (2-26-1963), AND ON A LINE PARALLEL TO AND 35.00 FEET SOUTH OF THE NORTH LINE OF THE NORTHEAST 1/4 SAID SECTION 8, S89°27'17"E, A DISTANCE OF 724.71 FEET;

THENCE ON THE WEST LINE OF THE PROPERTY DESCRIBED IN DEED RECORDED AT RECEPTION NUMBER 2531886, S00°15'48"W, A DISTANCE OF 818.88 FEET;

THENCE ON THE SOUTH LINE OF THE PROPERTY DESCRIBED IN DEED RECORDED AT RECEPTION NUMBER 2531886, S89°27'12"E, A DISTANCE OF 233.29 FEET;

THENCE ON THE EAST LINE OF SAID NORTHWEST 1/4 OF THE NORTHEAST 1/4, S00°13'49"W, A DISTANCE OF 471.80 FEET;

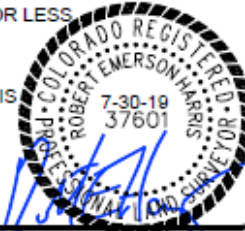
THENCE ON THE SOUTH LINE OF SAID NORTHWEST 1/4 OF THE NORTHEAST 1/4, N89°28'31"W, A DISTANCE OF 1329.86 FEET TO THE POINT OF BEGINNING, CONTAINING 60.82 ACRES, MORE OR LESS.

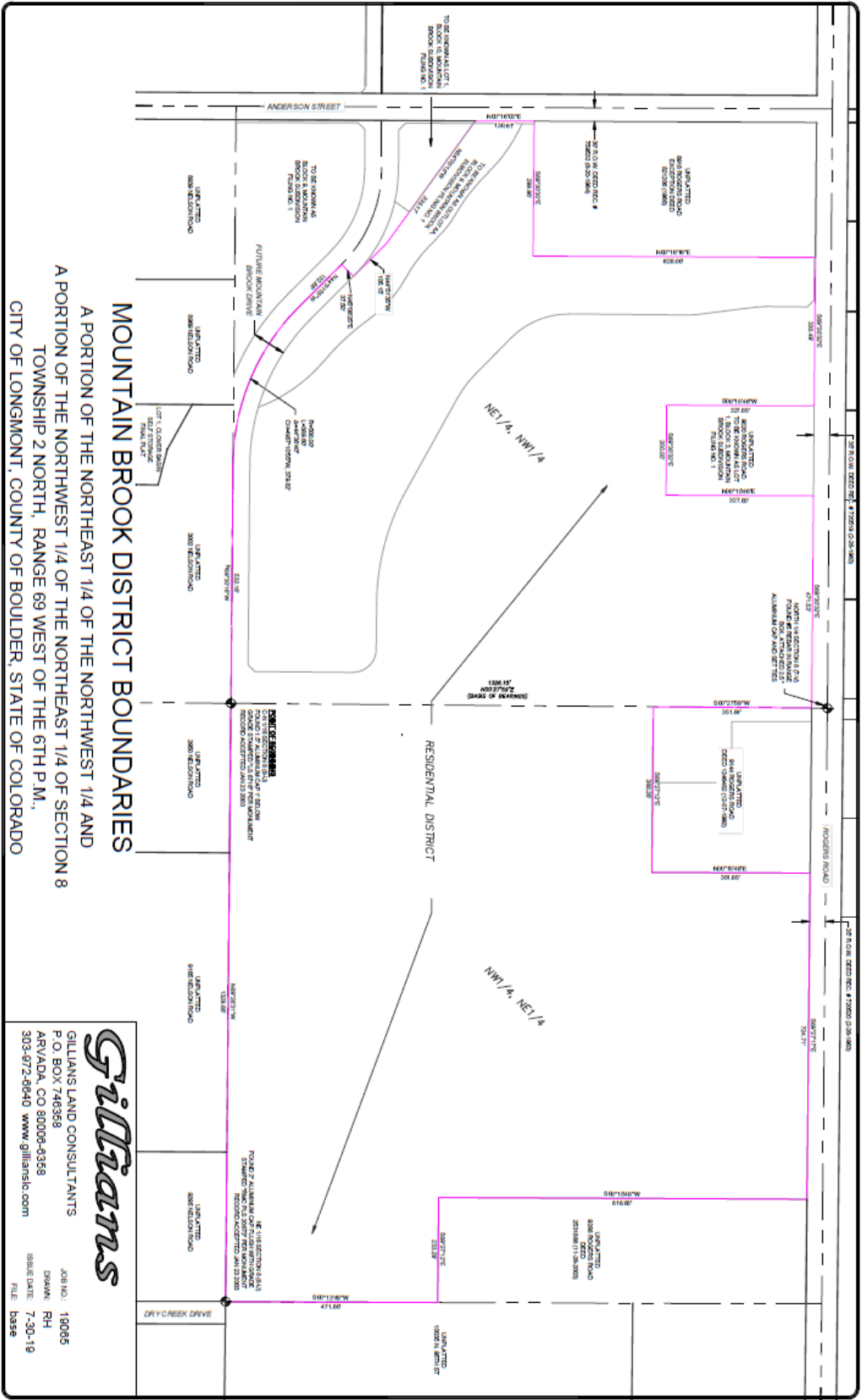
Gillians

GILLIANS LAND CONSULTANTS
P.O. BOX 746358
ARVADA, CO 80008-8358
303-972-6640 www.gillianslc.com

JOB NO.: 19065
DRAWN: RH
ISSUE DATE: 7-30-19
FILE: base

ROBERT EMERSON HARRIS
P.L.S. NO. 37601
FOR AND BEHALF OF
GILLIANS LAND
CONSULTANTS





MOUNTAIN BROOK DISTRICT BOUNDARIES
 A PORTION OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 AND
 A PORTION OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 8
 TOWNSHIP 2 NORTH, RANGE 69 WEST OF THE 6TH P.M.,
 CITY OF LONGMONT, COUNTY OF BOULDER, STATE OF COLORADO

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EXHIBIT B
(To Resolution)

SCHEDULE OF FEES

			Number of	Estimated	ERU		Units per	ERU/	(ERU/	Annual	Quarterly
	BR	Unit Name	Units	Square Feet	Factor		Category	Category	ERU Avg)	Fee	Fee
Condo	1.0	Stanford	30	979	0.45						
Condo	1.0	Syracuse	20	839	0.45		50	22.50	0.48	364.43	91.11
Condo	2.0	Cornell	10	1,073	0.55						
Condo	2.0	Oxford	20	1,095	0.55						
Condo	2.0	Princeton	40	1,143	0.55						
Condo	2.0	Columbia	20	1,174	0.55		90	49.50	0.59	445.41	111.35
Condo	3.0	Cambridge	60	1,430	0.80		60	48.00	0.85	647.87	161.97
TH*	3.0	Sterling Ranch	84	1,420	1.00						
TH	3.0	West Grange	65	2,050	1.00		149	149.00	1.07	809.84	202.46
SF**	3.5	40' Single Family	71	2,100	1.46						
SF	3.5	50' Single Family	27	2,500	1.46						
SF	3.5	70+' Single Family	12	2,700	1.46		110	160.60	1.56	1,182.37	295.59

*Townhome

**Single family home

Requisition No. 6

**MOUNTAIN BROOK METROPOLITAN DISTRICT
INDENTURE OF TRUST
DATED DECEMBER 1, 2021
GENERAL OBLIGATION BONDS, SERIES 2021⁽³⁾**

The undersigned District Representative (capitalized terms used herein shall have the meanings ascribed thereto by the above Indenture) hereby makes a requisition from the Project Fund held by UMB Bank, n.a., as Trustee under the Indenture, and in support thereof states:

1. The amount to be paid or reimbursed pursuant hereto is \$108,953.25.
2. The name and address of the person, firm, or corporation to whom payment is due or has been made is as follows:

Mountain Brook Metropolitan District

3. Payment is due to the above person for (describe nature of the obligation):
Engineering services related to public improvements and cost of splash pad
4. The amount to be paid or reimbursed pursuant hereto shall be transmitted by the Trustee as follows (wire transfer or other transmission instructions):

Wire to Mountain Brook Metropolitan District per separate wire instructions

5. The above payment obligations have been or will be properly incurred, is or will be a proper charge against the Project Fund and have not been the basis of any previous withdrawal. The disbursement requested herein will be used solely for the payment of Project Costs.

6. With respect to this requested disbursement, the District (i) certifies they have reviewed any wire instructions set forth in this written disbursement direction to confirm such wire instructions are accurate, (ii) agrees to indemnify and hold harmless the Trustee from and against any and all claim, demand, loss, liability, or expense sustained, including but not limited to attorney fees, and expenses resulting directly or indirectly as a result of making the disbursement requested, and (iii) agrees they will not seek recourse from the Trustee as a result of losses incurred by it for making the disbursement in accordance with the disbursement direction.”

IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of March, 2023.

District Representative