



## AGENDA

### MANAGEMENT AND FINANCE POLICY COMMITTEE

April 26, 2022

1:00 pm

#### WebEx Meeting

Public Participant Dialing Instructions  
Dial Access Number: 1-408-418-9388  
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Council Member Gardner, Chair  
Council Member Murillo, Vice Chair  
Council Member Zvonek  
Deputy City Manager Roberto Venegas  
Finance Director Terri Velasquez

The Management and Finance Committee oversees the following Council goal and objectives:  
**PROVIDE A WELL-MANAGED AND FINANCIALLY STRONG CITY**

- Ensure the delivery of high-quality services to residents in an efficient and cost-effective manner.
- Maintain superior financial reporting, financial controls, appropriate reserves, budgeting financial management, and transparency, and invest in capital and infrastructure to support efficient and effective long-term provision of services.
- Maintain a high financial credit (bond) rating, maintain debt policies and debt practices that allow the assessment of appropriate debt levels, and periodically review debt and debt service to minimize costs.
- Provide appropriate stewardship of natural resources to ensure long-term sustainability for the city.

**Pages**

1. **Call to Order**
2. **Approval of Minutes** 1
3. **Consent Items**
  - 3.a. **March 2022 Sales Tax Chart** 14

Presenter: Greg Hays, Budget Officer (5 minutes)
4. **General Business**

<b>4.a.</b>	<b>ERP and GERP Plan Amendments</b>	18
	Presenter: Nancy Wishmeyer, Controller Jessica Culotti, Reinhart Attorneys at Law (10 minutes)	
<b>4.b.</b>	<b>2023 Re-Warding Update</b>	25
	Presenter: Kadee Rodriguez, City Clerk (5 minutes)	
<b>4.c.</b>	<b>Tallyn’s Reach Metropolitan District Consolidation</b>	37
	Presenter: Cesarina Dancy, Sr Project Manager (5 minutes)	
<b>4.d.</b>	<b>Aurora Crossroads MD No.3 Amended and Restated Service Plan</b>	44
	Presenter: Cesarina Dancy, Sr Project Manager (5 minutes)	
<b>4.e.</b>	<b>Buckley MD Nos. 1-4 Amended Service Plan</b>	96
	Presenter: Cesarina Dancy, Sr Project Manager (5 minutes)	
<b>4.f.</b>	<b>2022 Heavy Fleet Financing Ordinance</b>	105
	Presenter: Teresa Sedmak, City Treasurer (10 minutes)	
<b>4.g.</b>	<b>City of Aurora Debt Policy</b>	113
	Presenter: Teresa Sedmak, City Treasurer (10 minutes)	
<b>4.h.</b>	<b>2021 External Audit Engagement and Pre-Audit Letters</b>	149
	Presenter: Nancy Wishmeyer, Controller (5 minutes)	
	.	
<b>4.i.</b>	<b>Quarterly Report on the Audit of Mayor and Council Expenses</b>	174
	Wayne C. Sommer, Internal Audit Manager (5 minutes)	
<b>4.j.</b>	<b>Q1 2022 Internal Audit Quarterly Report</b>	177
	Wayne C. Sommer, Internal Audit Manager (10 minutes)	

**5. Miscellaneous Matters for Consideration**

**6. Adjournment**

*Total projected meeting time: 75 minutes*

**MF POLICY COMMITTEE MEETING**

March 22, 2022

Members Present: Council Member Gardner – Chair, Council Member Zvonek, Council Member Murillo

Others present: T. Velasquez, G. Hays, M. Franks, N. Wishmeyer, J. Giddings, K. Rodriguez, S. Newman, T. McCain, J. Ehmann, J. Moore, F. Gray, M. Clark, R. Weber, J. Patterson, M. Noble, S. Irvin, C. Zapata, N. Peykov, A. Barnes, J. Ehmann, T. McCain, M. Smith, S. Gonzales, B. Kever, A. Jamison, M. Noble, A. Jamison, R. Lantz, B. Bell, J. Hancock, R. Lantz, T. Sedmak, D. Brotzman, D. Hudson, W. Sommer, J. Bajorek, K. Skaggs T. Hoyle, and D. Sisneros.

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**INTRODUCTIONS AND MINUTES**

February 25, 2022 minutes were approved.

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**FEBRUARY 2022 SALES TAX CHART**

Summary of Issue and Discussion

An update on February Sales Tax was given by Greg Hays. Sales tax was up 13% both in January and February 2022. Compared to 2021, February sales tax is 7.9% higher considering inflation. Staff is currently tracking month to month inflation as well.

Building materials, auto dealers and parts, and utilities have high inflation, and the city is seeing revenue benefits from these areas. Meat prices in grocery stores are expected to go up. However, this will not add to the city’s revenue because groceries are not taxed.

Committee Discussion

Council Member Gardner: That inflation that you're tracking, is it based upon an index? What is that based on?

G. Hays: It is. It's the CPIU. The inflation for all goods and services that Urban consumers purchase.

Outcome

Information only.

Follow-up Action

No follow-up needed.

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**2022 SPRING SUPPLEMENTAL: FOR AN ORDINANCE OF THE CITY OF AURORA, COLORADO APPROPRIATING SUMS OF MONEY IN ADDITION TO THOSE APPROPRIATED IN ORDINANCE NOS. 2019-82, 2020-44, AND 2020-68 FOR THE 2020 FISCAL YEAR AND ORDINANCE NO 2020-53 FOR THE 2021 FISCAL**Summary of Issue and Discussion

Mike Franks, Finance and Budget Manager, presented this item. The Spring Supplemental is an opportunity for the city to make adjustments to both 2021 and 2022. It also allows the city to make adjustments in 2022 for items that were not included in the budget.

Staff has identified adjustments in 2021. These include the appropriation of \$265.2 million for the First-Lien Water Refunding Revenue Bonds, \$20.3 million for acquisitions in the water fund, \$14.1 million from the General Fund to the Capital Projects Fund, and \$13.4 million for the equity liability cases among others.

Staff also identified adjustments in 2022. These include the appropriation of \$30 million for the federal and state portion of the build multimodal surface transportation grants received for the I-70 Piccadilly Interchange Project and \$13.1 million to pay off the Hogan parkway debt which will free up money for the annual \$2.4 million contribution to the transportation maintenance among others.

Outcome

Information only.

Follow-up Action

No follow-up needed.

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**PARKSIDE AT CITY CENTRE BUSINESS IMPROVEMENT DISTRICT PETITION FOR EXCLUSION OF PROPERTY**Summary of Issue and Discussion

Nancy Wishmeyer gave background on this item. This ordinance is to exclude residential property from the boundaries of the Parkside at City Center Business Improvement District. The BID was formed in conjunction with the Parkside at City Centre Metropolitan District. The BID is intended to facilitate commercial development and the Metro District will facilitate residential development. The mixed-use building was condominiumized and the multi-family portion of that mixed-use building can now be excluded from the BID's property.

Parkside BID bonds were issued in 2019 and state that the multifamily residential units are not subject to the bids debt service, mill levy and are not included within the BID's tax base to finance the bonds. The BID debt is not secured by the residential property that's being removed.

Outcome

The Committee recommended the item move forward to Study Session.

Follow-up Action

Staff will forward the item to the next Study Session.

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**2023 RE-WARDING UPDATE**Summary of Issue and Discussion

Kadee Rodriguez, City Clerk, and Daniel Krzyzanowski, from the Planning Department, presented this item. Re-warding is done to ensure that each ward has approximately the same number of residents. The wards were reviewed prior to every regular municipal election in years held ending three and nine. The new ward boundaries must be completed no later than 180 days before the next regular municipal election. Staff will ensure that sitting council members are not moved outside of their ward and to minimize impact on residents. For boundaries, natural or manmade boundaries will be used. County precinct boundaries will be maintained if possible.

In July, the annual population estimate is completed by our planning department which will be used to determine the number of people in each ward. This schedule coincides with the US Census Bureau's estimate schedule. After this, a meeting with Ward Council Members will be held to discuss proposed lines and criteria. Public will be engaged through public meetings and Engage Aurora. On October 1<sup>st</sup>, the Election Commission will approve the new wards and approve a plan. Staff will then come back to the M&F Policy Committee to review the initial plan and have it approved. Final updates will be reviewed in January should there be any changes. The plan will then be presented on the February 2023 Study Session. Two readings dated March 2023 and April 2023 for this ordinance will be needed. The deadline to adopt the new boundaries is on May 11, 2023.

Based on the December 31<sup>st</sup> population estimate, there is a large discrepancy in population between the Ward VI, the largest ward, and Ward V, the smallest ward. In a balanced city, population in each ward would be 66,720 people each. Ward VI and Ward II are well over the 66,000 mark and the other four wards are smaller than the average.

Committee Discussion

Council Member Gardner: I have a couple of questions. Council Member Murillo, do you have questions so far?

Council Member Murillo: I do not.

Council Member Gardner: Council Member Zvonek?

Council Member Zvonek: Kadee, this timeline, is it required to be pushed out this far? It seems like we're going well into what will be an election year before we actually have maps finalized. Given that there might be people who want to run, I mean, I know that I personally was in the race in February of that year, and we're talking about not even having maps drawn. I obviously didn't run under ward, but there could be candidates who want to. I just wonder, is this timeline

set in the charter or an ordinance or can we move it up so they can be finished before the end of the year?

K. Rodriguez: Right. So, this actually mirrors the calendar that was done in 2019 re-warding. The reason that it does seem like it's pushed out so far is because we don't have our annual population estimate until July 2022. We also want to give time for the Election Commission, M&F Committee, Council, and the public to provide input on the new ward boundaries. Some of this might go faster if M&F Committee approves the new ward boundaries at the initial review and we don't have to have a second meeting for final approval. In the charter, it does state that a qualified candidate will be able to run for council if they fail to meet the one-year residency status because of this adjustment. So that is one stipulation in the charter that kind of helps when you're running for council in a three or nine year.

Council Member Zvonek: Right. So why do we not have the annual population estimate until July?

K. Rodriguez: The next part of this presentation will be by our planning department, and they'll be able to answer those questions for you.

Council Member Zvonek: Okay. That's all I have right now.

Council Member Gardner: Okay. I appreciate Council Member Zvonek asking the question about the May time frame because that's pretty late in the year. I mean, obviously I didn't run under ward either, but by May I was already out walking. And so I just have some concerns about someone that might live on a border and get moved and what that process would look like. Can you go back a couple of slides, Kadee? Let's see. Right here. That was actually my question. So that 180 days that is set by charter?

K. Rodriguez: Yes.

Council Member Zvonek: That says, "no later than," correct?

Council Member Gardner: No later than. Yes.

K. Rodriguez: Yes. We can revisit the calendar and see if there's anything that we can push up. We're trying to meet the deadlines of when policy committees meet, Election Commission meets, and give adequate time for Ward Council Members and the public to provide input. And then again, it does need to go to three different council meetings for approval.

Council Member Gardner: Yes. Okay. So when it says city clerk, election commission, Ward Council Members meet, is that all of those as a group or what is that process like or who do they meet with?

K. Rodriguez: Yes. So, it will be the city clerk, the entire Election Commission, and all the Ward Council Members. So after this meeting, I'll be reaching out to try to schedule a time for the

Ward Council Members to be able to meet with the entire Election Commission. So it would be a public meeting.

Council Member Gardner: Okay. And then on this timeline, going back to the first line of questioning. What will come forward to study session? Will that be one map or multiple maps? I'm just trying to get a sense of when people will have a pretty good idea of what's going to come forward.

K. Rodriguez: So by the time we get to the study session, we will have one map. We'll have multiple maps for ward council members and the public to review for input. The Election Commission will review the maps and approve one plan, which will come back to M&F Policy Committee for review and approval. If they approve of it, then that will be the only meeting we need. If you want to see different options, we can tweak the ward lines, come back for your approval, and then go to study session. So by the time it gets to full council, we should have one plan and it won't be multiple different maps.

Council Member Gardner: Yes. Okay. And then my last question, I think. Can you talk a little bit more about the public input process? I'd like to mention there's a website called [representable.org](http://representable.org). They used it in Denver for their redistricting process and it allows the community to draw maps and make sure that we maintain communities of interest and things like that. I'm just curious, what tools do we have or what are we going to use for people to provide feedback. Our residents, do they have the opportunity to draw maps? This tool allows them to do it. It's free, which is always a good thing. But just curious what that public input process is going to look like since it's on the calendar.

K. Rodriguez: Right. I would like to have a few different public meetings. We might just have one if that's the consensus of the Ward Council Members and Election Commission. We'll actually go out to the public. We haven't set the destinations or the place yet so if anybody has advice or any places that you think would be a great area for us to go get public input in person, we'll welcome that feedback. And then also, like I said, we're going to use Engage Aurora. It's similar to what Denver uses, except I don't believe that it has the ability for the public to draw their own map lines. So that's something that we haven't considered. We can toss that idea around, but Engage Aurora will be what we'll use for the public to give us input.

Council Member Gardner: Okay. Well, I'd be curious to see if staff could look into representable and just see what thoughts there are on it. I don't know if that's the right tool or the wrong tool. I just know it's what Denver use. I think they had quite a bit of success with it and got a lot of public input. As far as meetings, I mean, I guess maybe that's up to the Ward Council Members, but I would think we probably would want to have one in each ward. I don't know why we would just have one. I think it would be easier to have one in each ward or if not, then at a central location like the municipal center.

K. Rodriguez: Okay. That will be something that we will ask during the meeting with the Election Commission and with the Ward Council Members. We'll get a consensus around what they would like us to do for public comment in the wards.

Council Member Murillo: I was just wondering if there was a way to move up this timeline. I think you might have alluded to that. But I just wanted to be clear that that would be my specific request. I'm seeing some head nods and comments. So if there's any way that we could explore moving this up because May is pretty late. That would be my request.

Council Member Zvonek: I was just curious. I was thinking back. I know the state just went through redistricting, 65 House seats, 35 State Senate seats, and they did it in four months. And so it just seems like we're talking about annual population in July, not getting final maps, eight plus nine months, and we're drawing six wards. I feel like this can be and it should be. And it's in part because of the fact that there are going to be people who want to run and giving them the ability to get their campaign and especially against incumbents. This could be seen as a way for us to protect incumbents, which I know it's not, but it could very easily be construed that way if we don't, I think, shorten this timeline significantly.

Council Member Gardner: Well, and along the same lines as what Council Member Zvonek mentioned. Again, going back to Denver's redistricting process, their process from start to finish was about eight months and this is a 14-month timeline. So what I would propose to the committee, and I'll see if you both agree, I would like to have a monthly update, even if it's 5 minutes or whatever on this process. I'd like to have it as a standing item for the rest of the year. What I would ask for is that staff come back at our April meeting with a proposal for kind of an accelerated timeline. And I'm curious what Council Member Zvonek or Murillo think about that.

Council Member Murillo: I would be okay with that.

Council Member Zvonek: Me, too.

Council Member Gardner: Okay. Kadee, is that is that okay to just have kind of a monthly standing item and then but it's specific for next month for the April meeting, maybe a proposal for kind of a more accelerated timeline or what? And maybe we're going to hear about it in a little bit why July is so hard and fast, but certainly curious to see what we can do to move it up. Because even the process between the annual population estimate and the election commission, that's what, four months? I know we have to build in some wiggle room for changes and things, but just curious what we can do to get that done sooner. So let's plan on that, Terri, every month having a standing update on redistricting or re-warding, and then we'll have that update from Kadee next month on a new calendar.

Terri Velasquez: That sounds good. Thank you.

Council Member Gardner: So I have two questions to make sure I understand the rebalancing of the wards. The only two that are outside of the metric is Ward V and VI. Is that right?

D. Krzyzanowski: Yes. Those are the ones that are that do exceed that 10% deviation from a perfectly balanced.

Council Member Gardner: And then my other question, so you just touched on it, but what is different about how we were able to come up with this estimate as of December 31st and what

we have to wait for July for? I guess I'm not understanding why we could come up with this as of December 31st, but we couldn't come up with it as of March 31st, for example. Obviously, once we get after March 31st.

D. Krzyzanowski: Sure. Yes. This is the methodology that we use for our internal population estimates. We start with the new year and add those new units and new population to get the new population estimates. So it's an identical or very similar methodology that could be applied at any point we have that data about how many new homes have been built. This one is done through December 31st. We report out on new home builds every month. And so whatever estimate date we wanted to target, we could provide a best estimate for.

Council Member Gardner: Okay. So then I think that answers the concern that I think all three of us had. So, what I'm hearing and please correct me if I'm wrong, we could actually do this same estimate as of March 31st and use that as our population number rather than waiting for July. Am I understanding that right? Or is it required to use that July population study?

D. Krzyzanowski: I will check if there's anything in ordinance or charter about requiring that. But in terms of doing the estimate, we could provide that estimate at any month that we have that that data for the city council and the committee.

K. Rodriguez: There's no stipulation in the city code or charter that says we have to use the July estimate. That's just what we have historically used. So if council feels comfortable with us using a number from March 31st, that could be something we can do.

Council Member Gardner: Okay. Well, I think what I would propose, and I'll defer to Council Member Zvonek and Murillo after for questions and comments. At the next meeting, we get an accelerated timeline using the July numbers and then an accelerated timeline using the March 31st numbers and then we can decide as a committee what path we want to move forward with. What are your thoughts on that, Council Member Murillo and Zvonek?

Council Member Zvonek: I would be comfortable using the March. I mean, I know again, using whether it's congressional and legislative across the country, they use census data from the actual census, which is immediately dated once it's done. And because we have this ability for deviation and obviously, we want to try to get as close to the 66,720. I'd like to see us use the March and because that one that speeds up from July to March, so that lops off three months and then even within that accelerated with a goal of trying to get these maps finalized by the end of the year would be my preference. But again, I would love to hear what Council Member Murillo has to say as well.

Council Member Gardner: So, Council Member Murillo, would you be okay with that, where we use the March 31st population estimate and then we have a calendar based on that presented to us in April?

Council Member Murillo: Would this need to go to the larger council to be approved or would it be approved final through this committee?

K. Rodriguez: So the criteria doesn't need to be approved by full council. We just want to get, like I said, the consensus of Council and Election Commission to make sure that we're moving forward in the right direction because we don't want to get to the end of this project or further down the road and realize this is not what the Council would like and that's not what they're going to approve.

Council Member Murillo: Sorry, Kadee, I'm not clear. Does the full council need to approve the timeline or no, we would approve that here.

K. Rodriguez: It would be the consensus of M&F Policy Committee and Election Commission because again, in the Charter, the Election Commission is the one who recommends the proposed ward boundaries to Council.

Council Member Murillo: Okay. I'm okay with March. I just want the full council just to be aware of that change that we are proposing that it go start with the numbers in March. I'm not running next year, so it doesn't really impact me. I just, you know, from a collegial perspective, letting folks know of the changes the larger council know.

Council Member Gardner: All right. So it sounds like then, Kadee, can we use the March 31st numbers and then get a timeline based upon that at our next meeting in April?

K. Rodriguez: Yes.

Council Member Gardner: All right. Appreciate that. Councilmember Murillo, any additional questions on what Daniel presented?

Council Member Murillo: Not a question, just a comment. We're over 400,000 according to our population estimates. So I know that we're we were at like 375,000 last time we had an official estimate and talked about it in depth. So we're growing.

Council Member Gardner: We're getting big time. Council Member Zvonek, questions or comments on what Daniel presented?

Council Member Zvonek: No.

Council Member Gardner: All right. Anything else on your end, Daniel?

D. Krzyzanowski: No. That's all I have today. Thank you.

Council Member Gardner: All right. Appreciate your time. Kadee, anything else on this item?

K. Rodriguez: No. That's all we have so far. And then we'll come back in April with the new deadlines and the new population estimate.

### Outcome

The Committee instructed staff to use the March 31<sup>st</sup> population estimates instead of the upcoming July estimates for the re-warding process.

Follow-up Action

Staff will present an updated timeline of the re-warding process using the March 31<sup>st</sup> population estimates at the April M&F meeting.

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**ORDINANCE - IT LEASE PURCHASE AUTHORITY**

Summary of Issue and Discussion

Scott Newman presented this item. In the previous year, the IT Department brought a request to enter a resolution that would allow IT the authority to enter a lease purchase agreement. Through this, the department locked in software licensing costs for the same amount of money for the next three years. This allowed licensing costs to be consolidated into one purchase.

The IT Department are proposing to purchase items to address issues regarding aging equipment and equipment that will no longer be supported in the environment as of 2023 and 2024. The annual appropriation received by the department could not cover the items unless distributed over an extended period. The Department is working with Finance and City Legal and stated that they wanted to pursue on an ongoing basis and be allowed to make lease purchases to solve issues being faced. Bond counsel recommended IT to enter an authorizing ordinance on an annual basis where Council grants IT the authority to enter those lease purchase agreements. This will also satisfy IRS requirements around tax exempt funding for a lease purchase.

Outcome

The Committee recommended the item move forward to Study Session.

Follow-up Action

Staff will forward the item to the next Study Session.

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**Q1 2022 - INFORMATION TECHNOLOGY UPDATE**

Summary of Issue and Discussion

Scott Newman, Chief Information Officer gave an update on the IT Department. Tim McCain, Chief Information Security Officer gave a Security update.

IT tracks two service statistics namely incidents which are break fixes and service requests that are general user requests for support and help. In 2021, there was a 19% uptick and a monthly average of 674 on incidents which may be due to aging equipment that are being swapped out and the receipt of CARES appropriated laptops. There was 43% uptick in service requests with a monthly average of 2400 in 2021. These may be due to configuration issues for new equipment and software installation.

38 projects were completed in 2021 including the PCI-DSS Certification, accomplishment of the Accela Phases 1 to 3, CARES Projects, and police bodycam replacements. The IT Department

partnered with APD's Electronic Support Section on the bodycam replacement project. IT handled the software end of this. In 2021, there were 310 projects requested overall. 43 resulted in actual qualified projects which require more than 40 hours and involves multiple departments. 100 projects were classified as efforts which require between 8 to 40 hours to complete. The remaining 167 projects were classified as service requests requiring 8 hours or less to complete.

As of February 2022, IT has a total of 59 projects with 2 completed, 5 in planning, 5 in procurement, 28 in progress, and 19 on hold. Projects are put on hold when IT does not have staff to assign, IT does not have the technical footprint to assign, or the business unit themselves have staffing constraints. The IT Department is working on the computer aided dispatch replacement that's slated to go live Q3 of this year. Water Billing Replacement is also set for Q3. The End-of-Life Program which retires aging infrastructure, aging assets in the system is set for the end of the year. IT will be conducting this program since aging equipment pose a risk on cybersecurity and malfunctions. The first phase of ERP is set for the end of 2022 while the second phase is scheduled for Q3 in 2023. Accela Phase 4 was originally slated to go live in March or April 2022; however, it has since been delayed. Meetings with business stakeholders will be held to determine a more appropriate timeline. There are also business constraints causing the delays.

The department was authorized 70.5 positions in 2021 and 73.5 positions in 2022. Currently there are 12 vacancies lowering staffing levels 16.3%. One-time contracts are also not filled bringing the overall vacancy count to 20.4% for 2022. If full time positions cannot be filled through the regular recruitment process, the department hires contractors on a short-term basis. The department has seen success in this process for the end user computing group. A dozen applications were received through contracting firms. However, the same is not true for the software application group wherein no applicant was hired for the position due to skillset. IT is also considering issuing an RFQ through headhunting firms in Q2 of 2022.

Since October 2020, there were 7 resignations including those transferring to jobs with better pay and moving out of the area. There have been 5 retirements, 2 terminations, 1 transfer to APD, and 1 transfer to AFR.

Currently, IT is supporting 600 applications, have 500 servers, 400 databases, 5000 end user computing devices, and 1200 network devices. These numbers change daily due to swap in equipment, brand new equipment, turning on new applications, etc. Because of the large footprint of technology being handled, IT will change its operating strategy. IT plans to maintain current operational effectiveness through proper maintenance of equipment. The department was not able to focus on this last year and decided to bring this into focus this year. Equipment are required to be in good condition for cybersecurity purposes. Projects like Accela and CAD were unintentionally delayed addressing internal issues. Supply chain issues that caused project backlogs were also experienced when ordering additional equipment. IT also plans to improve operational efficiencies by revisiting service requests and providing quality customer service.

Consolidating to modern platforms is also needed given that in cases wherein specific technology is required to address a need and different departments requested technology for different needs. Difficulties in maintenance will arise as the footprint of technology gets larger. It

will be faster to do integrations and improve overall project delivery when there are fewer systems. IT is planning to look at platforms that can consolidate multiple functions into one platform to reduce the footprint and the amount of time, complexity, and staff for deployment. This can also be done through eliminating aging assets.

Due to COVID and remote work, there are technical strategies set in place to move to the cloud, innovate more, and have quicker time to market. Security is shifting its model and developed more security infrastructure around the user and the services that they utilize. The asset itself is being protected versus the core infrastructure. The city is working with the FBI, CIA, Secret Service, and the Department of Homeland Security. Aurora is a co-founder of the Colorado Threat Intelligence System which is a protected forum with security professionals statewide that distributes information on cybersecurity operations to small and big government agencies.

### Committee Discussion

Council Member Gardner: So one of the things that we talked about last year in M&F was enterprise-wide risk assessments as it pertains to information security and what you just talked about with some of the risks that we would face if hardware reaches end of life and some of those other things reminded me. Can you talk a little bit about what we're doing in that area? I know one of the concerns specifically that we talked about was departments, and I think in this case it was the courts department doing their own thing. And one of the things that I said was I wanted to see all information security fall under you because it's all interconnected and not having departments doing their own thing. So, can you talk a little bit about what we're doing to measure our risk and mitigate our risk and as it pertains to information security?

S. Newman: Yes, sir. That's one of the items that we were bringing to the exec session on April 4th.

Council Member Murillo: In terms of planning, what do we do with our assets at that end-of-life evaluation? What happens to that equipment?

S. Newman: So today we have a recycling program that we use. We do have some industry standards that we need to comply with again so that hard drives are typically shredded to ensure that there's no possibility of acquiring the city data. If it's a laptop or if it's a desktop, then it's typically recycled, and we get a small fee from the recycling firm for those funds. And then on the server side, we typically just dispose of them through the site recycling without looking for any re-use because again, they were a server class asset. Does that answer your question Council Member Murillo?

Council Member Murillo: Yes. Thank you.

Council Member Zvonek: As you've been toggling back and forth between these two slides, one of the things I just saw on one, you talked about 500 different servers. Do we utilize a lot of cloud-based storage? I mean, it seems like that's more and more where large organizations and government is going. And especially as we have more employees working remote, the ability to utilize cloud computing and cloud storage, it seems like that's where we should be going if we're

not already there. But I just want to make sure maybe that's where you're going with this leveraging emerging technology.

S. Newman: Yes, that's what I'm finding Council Member Zvonek. That's exactly what leverage is about, right? Today, our footprint is mostly on site. We do have some software as a service, which is basically the application running in the cloud. We have very little infrastructure as a service. So exactly to your point, that Accela issue we went into last year, it was literally we were out of server capacity. We did not have the ability to add those extra servers. And that's what took the 12 weeks to physically receive the servers and it took another week to configure them after that before the software could be put on. So, it is in our roadmap, and it is part of our strategy to migrate as much of our on prem technology into the cloud. Because at that point, exactly as you said, if we had had that exact same situation and we were already in the cloud, it would have taken about an hour, maybe half a day for that capacity in the cloud versus waiting for weeks on end to get there. I will say that Cloud technology, from a budget perspective and an operating perspective, it is a different model. When you have the equipment on site, and you know that you have a five year or a seven-year replacement cycle for things. It's easier to budget for that. If you know that this is going to be \$1,000,000 cost in five years, you can start saving up and make sure you forecast that. The one thing we have to be careful about with more cloud infrastructure, as you're probably aware, is a lot of cloud infrastructure actually charged you based on consumption.

Council Member Zvonek: It's the compute charges. But there are all sorts of programs and platforms that are trying to utilize artificial intelligence to drive those costs. It makes sense. It just seems like that's where we ought to be going long term for a lot of reasons. But the infrastructure cost in and of itself, the hard costs of having servers stored in some room in the municipal center doesn't seem to make sense in 2022 anymore.

S. Newman: And again, I'm with you 100%, Council Member. That's exactly where we're at. Again, that's part of the reason on the lease purchase, because we need to establish a roadmap. Even if we had the funding today, based on that footprint, we couldn't make that transition overnight. So it's going to be a multiyear project to get us pushed out there. But for all the reasons you mentioned, being able to, number one, be more adaptive and more responsive and nimble in delivering on what we need to do. Number two, it would be able to give us a lot more granular control and visibility. So when we as a city get to concepts like priority-based budgeting, if we want to understand what is the actual cost of this program, what is the data storage cost, what is the backup cost, what is the processing cost, we can pull out those numbers through the cloud services that we can't today with the on prem equipment that we have today. Also, as you said, resiliency. It definitely improves resiliency and maximizes the ability for people to access those things no matter where they're at. It doesn't have to be specifically in a city building or across the city VPN to get to those systems. And that's definitely the strategy that we're working towards. Did that answer your question, Council Member Zvonek?

Council Member Zvonek: Yes.

Council Member Murillo: I don't have any questions, but I love to hear that we are knowledge-sharing with other organizations. I know our Water department is really cutting edge in terms of

developing processes and collaborating. So, I'd love to hear that our information technology and security is also doing the same. I think every one of our departments should have some role or some ability to do continual research and development so that we stay at the forefront of best practices and all that. So, no questions. But I'm really excited to hear that knowledge transfer and sharing.

Outcome

Information only.

Follow-up Action

No follow-up needed.

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**MISCELLANEOUS MATTERS**

Summary of Issue and Discussion

Next meeting tentatively scheduled for Tuesday, April 26 at 1:00 pm WebEx Meeting.

THESE MINUTES WERE APPROVED AS SUBMITTED

---

Date



# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> March 2022 Sales Tax Chart
<b>Item Initiator:</b> Greg Hays
<b>Staff Source/Legal Source:</b> Greg Hays, Hanosky Hernandez, Sr. Assistant City Attorney
<b>Outside Speaker:</b> N/A
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### COUNCIL MEETING DATES:

**Study Session:** N/A

**Regular Meeting:** N/A

### ITEM DETAILS:

- Agenda long title
- Waiver of reconsideration requested, and if so, why
- Sponsor name
- Staff source name and title / Legal source name and title
- Outside speaker name and organization
- Estimated Presentation/discussion time

March 2022 Sales tax Chart

Members of the M&F Committee have asked for the monthly sales tax performance chart.

Attached is the March sales tax performance chart. March of 2022 was 7.2 percent higher than March of 2021.

---

### ACTIONS(S) PROPOSED *(Check all appropriate actions)*

- |   |  |
|---|--|
| <input type="checkbox"/> Approve Item and Move Forward to Study Session   | <input type="checkbox"/> Approve Item as proposed at Study Session   |
| <input type="checkbox"/> Approve Item and Move Forward to Regular Meeting   | <input type="checkbox"/> Approve Item as proposed at Regular Meeting |
| <input checked="" type="checkbox"/> Information Only  |  |
| <input type="checkbox"/> Approve Item with Waiver of Reconsideration<br>Reason for waiver is described in the Item Details field. |  |

---

### PREVIOUS ACTIONS OR REVIEWS:

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**Policy Committee Name:** N/A

**Policy Committee Date:** N/A

**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

---

**HISTORY (Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)**

Members of the M&F Committee have asked for the monthly sales tax performance chart.

---

**ITEM SUMMARY (Brief description of item, discussion, key points, recommendations, etc.)**

Attached is the March sales tax performance chart. March of 2022 was 7.2 percent higher than March of 2021.

---

**QUESTIONS FOR COUNCIL**

Information Only

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**LEGAL COMMENTS**

The city charter requires that the city manager shall keep the council advised of the financial condition and future needs of the city and make such recommendations to the council for adoption as he may deem necessary or expedient. This item is informational only. (Aurora City Charter Art. 7-4 (f)). (Hernandez)

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**PUBLIC FINANCIAL IMPACT**

- YES       NO

**If yes, explain:** N/A

---

**PRIVATE FISCAL IMPACT**

- Not Applicable       Significant       Nominal

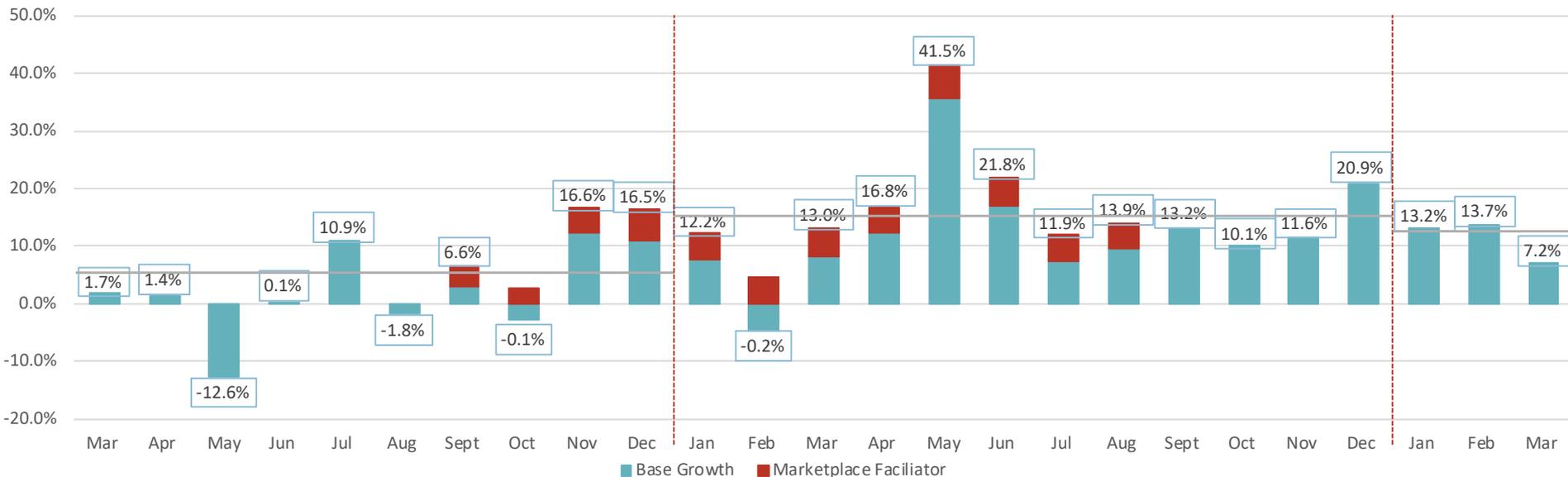
**If Significant or Nominal, explain:** N/A

# March 2022 Sales Tax Performance



## Percent Change from Prior Year By Month

March YTD Variance to Budget: \$8.2M (14.3%)  
2021: \$6.9M (11.7%)



**2020**  
5.3%

**2021**  
15.3%

**2022**  
11.7%

# March 2022 Sales Tax Performance



2022												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Monthly Sales Tax	29,967,263	18,575,070	16,874,776									
Increase (\$)	3,496,907	2,239,154	1,130,484									
Increase (%)	13.2%	13.7%	7.2%									
YoY Inflation	7.5%	7.9%	8.5%									

2021												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Monthly Sales Tax	26,470,356	16,335,916	15,744,292	21,803,394	18,994,248	19,105,339	24,284,022	19,619,225	20,002,933	22,520,104	19,665,387	21,948,396
Increase (\$)	2,879,135	(39,049)	1,812,207	3,130,042	5,569,566	3,415,214	2,584,338	2,389,143	2,338,188	2,062,637	2,043,950	4,527,809
Increase (%)	12.2%	-0.2%	13.0%	16.8%	41.5%	21.8%	11.9%	13.9%	13.2%	10.1%	11.6%	26.0%
YoY Inflation	1.4%	1.7%	2.6%	4.2%	5.0%	5.4%	5.4%	5.3%	5.4%	6.2%	6.8%	7.0%

2020												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Monthly Sales Tax	23,591,222	16,374,965	13,932,085	18,673,352	13,424,681	15,690,126	21,699,684	17,230,082	17,664,745	20,457,466	17,621,437	17,420,587
Increase (\$)	2,329,680	1,993,374	237,150	261,822	(1,942,622)	11,550	2,132,639	(316,295)	1,094,676	(25,201)	2,510,726	2,465,610
Increase (%)	11.0%	13.9%	1.7%	1.4%	-12.6%	0.1%	10.9%	-1.8%	6.6%	-0.1%	16.6%	16.5%
YoY Inflation	2.5%	2.3%	1.5%	0.3%	0.1%	0.6%	1.0%	1.3%	1.4%	1.2%	1.2%	1.4%



# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> ERP and GERP Plan Amendments
<b>Item Initiator:</b> Nancy Wishmeyer, Controller
<b>Staff Source/Legal Source:</b> Nancy Wishmeyer, Controller / Hanosky Hernandez, Assistant City Attorney
<b>Outside Speaker:</b> Jessica Culotti, Shareholder, Reinhart Boerner Van Deuren
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### COUNCIL MEETING DATES:

**Study Session:** 5/2/2022

**Regular Meeting:** 5/9/2022

### ITEM DETAILS:

- Agenda long title: ORDINANCES OF THE CITY OF AURORA, COLORADO, ADOPTING PLAN AMENDMENTS TO THE MONEY PURCHASE PLAN FOR EXECUTIVE PERSONNEL AND TO THE CITY OF AURORA GENERAL EMPLOYEES' RETIREMENT PLAN
- Waiver of reconsideration requested, and if so, why: N/A
- Sponsor name: Council Member Gardner
- Staff source name and title / Legal source name and title: Nancy Wishmeyer, Controller / Hanosky Hernandez, Assistant City Attorney
- Outside speaker name and organization: Jessica Culotti, Reinhart Boerner Van Deuren
- Estimated Presentation/discussion time: 5/5

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### ACTIONS(S) PROPOSED *(Check all appropriate actions)*

- Approve Item and Move Forward to Study Session
- Approve Item as proposed at Study Session
- Approve Item and Move Forward to Regular Meeting
- Approve Item as proposed at Regular Meeting
- Information Only
- Approve Item with Waiver of Reconsideration  
Reason for waiver is described in the Item Details field.

---

**PREVIOUS ACTIONS OR REVIEWS:**

**Policy Committee Name:** N/A

**Policy Committee Date:** N/A

**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

---

**HISTORY (Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)**

Current city code allows an employee participating in GERP, who is being promoted to an executive position or a Council appointee position, the option to either stay in the GERP or transfer to the ERP. An amendment to code is necessary to avoid the risk, under IRS rules, of taxation of benefits when an employee transfers between pension plans that have differing employer contribution rates. The employer rate for GERP is 7% and the employer rate for ERP is 10%.

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**ITEM SUMMARY (Brief description of item, discussion, key points, recommendations, etc.)**

This item is for amendments to sections of city code related to the Money Purchase Plan for Executive Personnel (Executive Retirement Plan, or ERP) and the General Employees' Retirement Plan (GERP). The proposed change to the ERP code will eliminate the option to move between GERP and ERP. The proposed changes to GERP code are necessary to align with the ERP code changes.

Executive Personnel and Council Appointees will automatically participate in ERP but only if they are not participating in GERP at the time of their appointment by Council or hire into an Executive Personnel position. Once an employee is enrolled in GERP or ERP, they will stay in the respective plan until their employment with the city ends.

The Code change also clarifies the definitions of Council Appointees and Executive Personnel regarding who is eligible to participate in ERP. Council Appointees, defined in Charter as employees appointed directly by City Council, specifically: the City Attorney, the Presiding Judge and the Court Administrator. Staff reporting to Council Appointees will no longer be eligible to participate in ERP. Executive Personnel defined in code are: the city manager, assistant city managers, deputy city managers, and department directors. The Fire Chief will only be eligible for ERP if that individual is not a participant in the Fire and Police Pension Association (FPPA) of Colorado Plan, or is a retiree and is not eligible for reenrollment in an FPPA Plan, at the time of hire into the Fire Chief position. The Police Chief is not eligible to participate in ERP because the Police Chief is eligible for the Police Pension Plan.

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**QUESTIONS FOR COUNCIL**

Does the Committee recommend forwarding this item to Study Session?

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**LEGAL COMMENTS**

N/A

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**PUBLIC FINANCIAL IMPACT**

YES       NO

**If yes, explain:** N/A.

---

**PRIVATE FISCAL IMPACT**

Not Applicable       Significant       Nominal

**If Significant or Nominal, explain:** N/A

PROPOSED AMENDMENTS TO THE  
CITY OF AURORA GENERAL EMPLOYEES' RETIREMENT PLAN

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AURORA,  
COLORADO:

**Section 1.** Amend section 102-137 in part to read as follows:

*Employee* means any person in the employ of the City for Compensation, including nonelective officers of the City and Employees appointed by the City Council, but excluding police officers, paid firefighters, temporary employees and any elected officer or member of any commission or board appointed by the City Council or any officer of the city unless the officer or member is also an Employee of the City as defined in this section. Effective September 1, 1992, the term "employee" also means each full-time employee performing work for the City, funded by a minimum one-year grant which provides for retirement benefits. Effective June 30, 2003, the term "employee" shall include the administrative staff of the general employees' retirement plan.

*Executive personnel* means any of the following persons: city manager, assistant city manager(s), deputy city manager(s) and department directors. Department directors are defined as directors who report to the City Manager.

**Commented [RBVD1]:** This addition revises the definition of Executive Personnel to clarify who is a department director.

**Section 2.** Amend section 102-138 to read as follows:

~~(a) *General.* Employees who were participants in the plan on December 31, 1988 shall automatically become participants in this amended and restated plan as of January 1, 1989. Any other Employee hired on or subsequent to January 1, 1989, shall automatically become a participant upon completion of one hour of service, except for those employees who are enrolled in the Executive Money Purchase Plan established under section 102-321. Except as provided under subsection 102-138(b), A participant may not terminate participation unless employment with the city terminates. Any employee hired after December 31, 2011 who fulfills the requirements under 102-139(g) to repurchase or reestablish service credit that had been earned prior to January 1, 2012, or who qualifies under [subsection] 102-142(g) to resume pension benefits that first began prior to January 1, 2012, shall be considered to have been a participant in the plan prior to January 1, 2012.~~

~~(b) *Council appointees and executive personnel.* Council appointees, as defined in section 102-287, appointed after January 1, 1998, shall participate in the plan. Current council appointees shall have a one-time irrevocable option to participate in the plan. This option shall be exercised within 30 days after receipt of a favorable IRS letter ruling. Executive personnel shall have an option not to participate in the plan so that they can participate in the money purchase plan for executive personnel. This option shall be a one-time irrevocable option, to be exercised upon the commencement of employment in an executive personnel position or 30 days after receipt of a favorable IRS letter ruling.~~

~~An employee's election not to participate in the general employees retirement plan shall remain in effect as long as the employee remains in an executive personnel or council appointee position with the City.~~

(e) *Transfer of contribution accumulation.* This subsection applies to executive personnel and Council appointees who elected prior to [DATE] not to participate in this plan so that they can participate in the executive personnel's money purchase plan. Each participant who has completed five or more years of credited service shall make a one-time irrevocable election to (1) leave their contribution accumulation in the trust or (2) transfer their contribution accumulation, as well as all contributions made by the City to the trust on the participant's behalf into the trust for the executive personnel money purchase plan by means of a trust-to-trust transfer. Each participant who has not completed five years or more of credited service shall have his or her contribution accumulation, as well as all contributions made by the City to the trust on the participant's behalf, transferred by means of a trust-to-trust transfer to the trust for the executive personnel money purchase plan. The amount transferred according to this section shall not exceed applicable limitations of [Internal Revenue] Code Section 415. Upon transfer of a participant's contribution accumulation to the trust for the executive personnel money purchase plan, (1) the participant's credited service under this plan shall be canceled, and (2) this plan will pay no further benefits to the participant, the participant's spouse or the participant's beneficiaries, unless the participant reenters the plan due to change in employment status and earns a right to plan benefits, and (3) the amount transferred to the trust for the executive personnel money purchase plan may not be transferred back to this plan to purchase credited service under this plan.

PROPOSED AMENDMENTS TO THE  
MONEY PURCHASE PLAN FOR EXECUTIVE PERSONNEL

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AURORA,  
COLORADO:

**Section 1.** Amend section 102-323 to read as follows:

Employees who are participants in the Plan on [DATE] shall remain in the Plan until their employment with the City terminates.

Effective [DATE], The executive personnel money purchase plan shall be available to the following groups of individuals: Group 1: city manager, assistant city manager(s), deputy city manager(s), department directors; group 2: Law clerks, paralegals, assistant city attorneys, deputy city attorneys, city attorney, permanent part time judges, full time judges, presiding judge, full time public defenders, and court administrator. Any individual in group 2 hired after January 1, 1998 shall be a participant in the general employees retirement plan employees hired into one of the positions described below shall automatically participate in the Plan upon completion of one hour of service in such position:

(a) Council Appointees, defined as employees appointed directly by the City Council pursuant to Article X, Sections 10-1, 10-4(b) and 10-4(d) of the Aurora Charter, specifically, the City Attorney, the Presiding Judge and the Court Administrator;

(b) Executive Personnel, as that term is defined in section 102-137; and

(c) the Fire Chief. -

Notwithstanding the foregoing, Eligibility and participation shall be pursuant to the option made available to executive personnel as described in section 102-138 of the City Code. The executive personnel's money purchase plan shall only be available to Executive Personnel and Council Appointees, as defined above, who are not participating in the General Employees' Retirement Plan at the time of their appointment by the City Council or hire into an Executive Personnel position. Additionally, the Police Chief is not eligible to participate in the Plan because the Police Chief is eligible for the Police Pension Plan. -

The Fire Chief shall only be eligible for the Plan if the individual is not a participant in a Fire and Police Pension Association of Colorado Plan at the time of hire into the Fire Chief position. If the Fire Chief is a retiree from a Fire and Police Pension Association of Colorado Plan, the Fire Chief is only eligible to participate in the Plan if the Fire Chief is not eligible for reenrollment in the Fire and Police Pension Association of Colorado Plan at the time of hire. Once an employee is enrolled in the Executive Plan, they will remain in the Plan until their employment terminates.



## 2022-23 Calendar - REVISED

<b>March 22, 2022</b>	<b>M&amp;F Committee Meeting</b> - Informal presentation regarding the criteria that will be used
<b>March 31, 2022</b>	Population estimate
<b>April 13, 2022</b>	<b>Election Commission Meeting</b> – Review updated information and schedule meeting with Ward Council Members
<b>April 26, 2022</b>	<b>M&amp;F Committee Meeting</b> – Updated presentation with revised schedule and new population estimates
<b>May 2022</b>	City Clerk’s Office, Election Commission, and Ward Council Members meet to discuss possible changes
<b>June – August 2022</b>	Public meeting(s) in each ward with interested residents regarding the process and possible changes. Public comment will be accepted using Engage Aurora.
<b>August 17, 2022</b>	<b>Election Commission</b> – Approves a plan to recommend to Council
<b>August 23, 2022</b>	<b>M&amp;F Committee Meeting</b> – Initial review of approved plan
<b>September 27, 2022</b>	<b>M&amp;F Committee Meeting</b> - Final review of approved plan (if needed)
<b>October 17, 2022</b>	<b>Study Session</b> - The new ward boundaries are presented for Council’s approval
<b>October 24, 2022</b>	<b>Council Meeting</b> - The new boundaries are presented for first reading
<b>November 14, 2022</b>	<b>Council Meeting</b> - The new boundaries are presented for final approval
<b>November 2022</b>	The Counties are notified of the adopted changes to the ward boundaries
<b>May 11, 2023</b>	Deadline for new ward boundaries to be completed (no later than 180 days prior to the next regular municipal election) – <i>Article III, Section 3-4 of the City Charter</i>
<b>November 7, 2023</b>	Regular Municipal Election

M&F Committee requested an expedited schedule. This revised calendar will be presented on April 26, 2022.

# 2023 Re-Warding Public Comment Meeting Schedule

## Meeting #1

**Date/Time:** June 1<sup>st</sup> at 6:00 p.m.

**Location:** Moorhead Recreation Center (Ward I) – Patio View Room, Capacity-60

## Meeting #2

**Date/Time:** June 15<sup>th</sup> at 6:00 p.m.

**Location:** Beck Recreation Center (Ward II) – Ponderosa Room, Capacity-100

## Meeting #3

**Date/Time:** June 29<sup>th</sup> at 6:00 p.m.

**Location:** Central Library (Ward III) – Large Community Room, Capacity-120

## Meeting #4

**Date/Time:** July 13<sup>th</sup> at 6:00 p.m.

**Location:** Colorado Early Colleges (Ward IV)

## Meeting #5

**Date/Time:** July 27<sup>th</sup> at 6:00 p.m.

**Location:** Central Recreation Center (Ward V) – Capacity-60

## Meeting #6

**Date/Time:** August 3<sup>rd</sup> at 6:00 p.m.

**Location:** Tallyn's Reach Library (Ward VI) – TR Community Room, Capacity-60



# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> 2023 Re-Warding Update
<b>Item Initiator:</b> Kadee Rodriguez, City Clerk
<b>Staff Source/Legal Source:</b> Kadee Rodriguez, City Clerk / Dave Lathers, Senior Assistant City Attorney
<b>Outside Speaker:</b> N/A
<b>Council Goal:</b> 2012: 2.1--Work with appointed and elected representatives to ensure Aurora's interests

### COUNCIL MEETING DATES:

**Study Session:** 2/1/2023

**Regular Meeting:** 3/1/2023

### ITEM DETAILS:

- Agenda long title
- Waiver of reconsideration requested, and if so, why
- Sponsor name
- Staff source name and title / Legal source name and title
- Outside speaker name and organization
- Estimated Presentation/discussion time

Kadee Rodriguez, City Clerk / Dave Lathers, Senior Assistant City Attorney

---

### ACTIONS(S) PROPOSED *(Check all appropriate actions)*

- |   |  |
|---|--|
| <input type="checkbox"/> Approve Item and Move Forward to Study Session   | <input type="checkbox"/> Approve Item as proposed at Study Session   |
| <input type="checkbox"/> Approve Item and Move Forward to Regular Meeting   | <input type="checkbox"/> Approve Item as proposed at Regular Meeting |
| <input checked="" type="checkbox"/> Information Only  |  |
| <input type="checkbox"/> Approve Item with Waiver of Reconsideration<br>Reason for waiver is described in the Item Details field. |  |

---

### PREVIOUS ACTIONS OR REVIEWS:

**Policy Committee Name:** N/A

**Policy Committee Date:** N/A

---

**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

---

**HISTORY (Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)**

The following steps were taken in previous years and are being proposed for the 2023 re-warding process (additional information/dates are provided in the backup documentation).

- 1. The Management & Finance Policy Committee is briefed regarding the proposed criteria that will be used.**
2. The City Clerk's Office, Election Commission and Ward Council Members meet to discuss the possible changes.
3. Public input is obtained via meetings and Engage Aurora.
4. The Election Commission reviews the finalized plan and makes a recommendation to City Council.
5. The Management & Finance Policy Committee reviews the finalized plan.
6. City Council reviews/approves the new ward boundaries (adoption is done by an ordinance).

---

**ITEM SUMMARY (Brief description of item, discussion, key points, recommendations, etc.)**

The goal of re-warding is to ensure wards are contiguous and have approximately the same number of residents. Wards are reviewed prior to regular municipal elections held in years ending in '3' and '9' and any changes must be completed no later than 180 days prior to the regular municipal election. May 11, 2023 is the deadline to approve new ward boundaries for the November 7, 2023 Regular Municipal Election.

The City Clerk's Office, City Attorney's Office, Communication's Department, IT Department (GIS), and Planning & Development Services Department have gathered the needed information to begin the re-warding process (the current estimated population, target ward population, criteria to be used, and the timeline for approval).

---

**QUESTIONS FOR COUNCIL**

Informational only.

---

**LEGAL COMMENTS**

Section 54-5(b) of the City Code mandates that Ward boundaries be reviewed for election years ending in "3" and "9", and if necessary the boundaries shall be revised or altered in order to ensure that Wards are contiguous, compact, and have approximately the same number of residents. (Lathers)

---

**PUBLIC FINANCIAL IMPACT**

YES       NO

**If yes, explain:** N/A

---

**PRIVATE FISCAL IMPACT**

Not Applicable     Significant     Nominal

**If Significant or Nominal, explain:** N/A

City of Aurora

# 2023 WARD BOUNDARY CHANGES

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**OVERVIEW..... 1**

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**CITY CODE SECTION 54-5 ..... 6**

Kadee Rodriguez, City Clerk  
Cecilia Zapata, Deputy City Clerk  
Dave Lathers, Senior Assistant City Attorney  
Julie Patterson, Senior Communications Strategist

Daniel Krzyzanowski, Planning Supervisor  
Andrea Barnes, Planner II  
Marisa Noble, Planner  
William Keever, GIS Manager

## OVERVIEW & STEPS

### Overview

- Wards are reviewed prior to regular municipal elections held in years ending with ‘3’ and ‘9’ – *Section 54-5 City Code*
- New ward boundaries must be completed no later than 180 days prior to the next regular municipal election – *Article III, Section 3-4 City Charter*
- Review is done by Election Commission which makes recommendation to City Council – *Article II, Section 2-3 City Charter*
- If approved at Study Session, ordinance adopting new boundaries will be presented at Regular Council Meeting.
- Information regarding proposed adoption will be sent to distribution list and through other resources.
- Citizens affected by the move will be notified of changes, including offices they are eligible to vote on.
- Changes are sent to county clerks.
- City staff will create new ward maps.

### Steps

1. Informal presentation before the Management & Finance Policy Committee regarding the criteria that will be used
2. City Clerk’s office, Election Commissioners, and ward Council Members meet to discuss possible changes.
3. A public meeting is held with interested citizens regarding the process. Engage Aurora will be utilized for public comment.
4. The Election Commission approves a plan and staff reviews the proposal with Neighborhood Services staff to ensure communities of interest are preserved.
5. The approved plan is presented to the Management & Finance Policy Committee meeting for initial/final review.
6. The plan is presented to City Council for approval.

## Criteria

1. A 5% to 10% deviation between the least and most populous wards.
2. Divided into six wards whose boundaries are established by ordinance. - Article III, Section 3-4 City Charter
3. Maintain whole county precincts where possible. The only exception would be where a county precinct contains both a municipal and non-municipal portion.
4. Ensure that a sitting council member is not moved outside his/her ward.
  - a. CM Murillo (Ward I)
  - b. CM Sundberg (Ward II)
  - c. CM Medina (Ward III)
  - d. CM Marcano (Ward IV)
  - e. CM Coombs (Ward V)
  - f. CM Bergan (Ward VI)
5. Impact as few residents as possible.
6. Compactness of ward.
7. Use natural or man-made boundaries, such as ditches, streets.

## 2022-23 Calendar

<b>March 22, 2022</b>	Informal presentation before the <b>Management &amp; Finance Policy Committee</b> regarding the criteria that will be used
<b>TBD</b>	City Clerk's Office, Election Commission, and Ward Council Members meet to discuss possible changes
<b>TBD</b>	Public meeting with interested residents regarding the process
<b>October 1, 2022</b>	<b>Election Commission</b> approves a plan
<b>November 2022</b>	The approved plan is presented to the <b>M&amp;F Policy Committee</b> for initial review
<b>January 2023</b>	The approved plan is presented to the <b>M&amp;F Policy Committee</b> for final review
<b>February 2023</b>	The new ward boundaries are presented at a <b>Study Session</b> for Council's approval
<b>March 2023</b>	The new boundaries are presented at a <b>Council Meeting</b> for first reading
<b>April 2023</b>	The new boundaries are presented at a <b>Council Meeting</b> for final approval
<b>April 2023</b>	The Counties are notified of the adopted changes to the ward boundaries
<b>May 11, 2023</b>	Deadline for new ward boundaries to be completed (no later than 180 days prior to the next regular municipal election) – <i>Article III, Section 3-4 of the City Charter</i>
<b>November 7, 2023</b>	Regular Municipal Election

## 2023 Re-Warding Information

	Census Population	CO'ed Units	Est. Population Increase since Census	12/31/21 Est. New Population	+/- Target Ward Population
<b>Ward I</b>	61,520	810	2,284	63,804	-2,915
<b>Ward II</b>	65,192	2,051	5,784	70,976	4,256
<b>Ward III</b>	64,026	637	1,796	65,822	-897
<b>Ward IV</b>	65,553	75	212	65,765	-955
<b>Ward V</b>	59,457	58	164	59,621	-7,099
<b>Ward VI</b>	70,571	1,333	3,759	74,330	7,610
<b>Total</b>	<b>386,319</b>	<b>4,964</b>	<b>13,998</b>	<b>400,317</b>	

**Total Population: 400,317**

**Target Ward Population (1/6 of total population): 66,720**

- **Census Population** - Determined by the Census Bureau's Redistricting Count for Colorado, as of April 1, 2020.
- **CO'ed Units** - All of the certificates of occupancy the city issued from April 1, 2020 to December 31, 2021.
- **Estimated Population Increase since Census** - Determined by using the Census Bureau's average household size estimate (2.82) multiplied by the CO'ed units.
- **Estimated New Population** – Determined by adding the April 1, 2020 Census Bureau's count and the estimated population increase from the CO'ed units.
- **+/- Target Ward Population** – Deviation from the target ward population of 66,720.

## 2019 Re-Warding Information

Staff developed an algorithm to determine the municipal population by county precinct within each ward using data from the Census Bureau, community surveys, and several permit types.

- US Census published population numbers in May 2018 with estimates as of July 1, 2017.
- Staff took all of the certificates of occupancy the city issued since July 1, 2017 to July 1, 2018 to produce a local estimate of the population. All certificates of occupancy were assumed 100% occupied. That number was used and divided by 6. That was the target number they used to try and get each ward to plus or minus 5-10% deviation.

## Calendar

<b>M&amp;F Policy Committee</b> Informal Presentation	April 25, 2018
<b>Election Commission</b> Approved Plan	October 11, 2018
<b>M&amp;F Policy Committee</b> Initial Review of Approved Plan	November 27, 2018
<b>M&amp;F Policy Committee</b> Review of Revised Plan	January 16, 2019
<b>Study Session</b>	February 2019
<b>Regular Council Meeting</b>	
<b>Deadline to Adopt Boundaries</b> 180 days prior to election	May 9, 2019
<b>Election Day</b>	November 5, 2019

## City Code Section 54-5

- a) The city is divided into six wards, numbered consecutively as I, II, III, IV, V and VI. The boundaries of each ward shall be depicted and set forth on the official ward map of the City, a copy of which is on file in the office of the city clerk and incorporated by reference into this chapter. In determining the boundaries established for each ward, whenever a common boundary between wards lies in any public street or right-of-way, the boundary of such wards shall be deemed to go to the centerline of the street.
- b) Ward boundaries within the city shall be reviewed for election years ending in "3" and "9" using the United States Census Data and Community Surveys which update the census data, and, if necessary, the boundaries shall be revised or altered in order to ensure that wards are contiguous, compact, and have approximately the same number of residents.
- c) In the event of significant changes to the population in years ending in numbers other than "3" and "9", the election commission may review the ward boundaries and make recommendations to city council.
- d) In addition to the revisions made to the ward boundaries pursuant to subsection (b) of this section, ward boundaries may be revised or altered as necessary to bring them into conformance with county precinct boundaries.
- e) Notwithstanding any City Code provision(s) to the contrary, an otherwise qualified individual who fails to meet the one-year registered elector and residency status applicable to ward council member elections, shall nevertheless be eligible to run for the office of ward council member when the change in ward boundaries occurs solely as a result of the City Code semi-decennial required ward boundary adjustment.



# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> Tallyn’s Reach Metropolitan District Consolidation
<b>Item Initiator:</b> Cesarina Dancy, Senior Development Project Manager, Office of Development Assistance
<b>Staff Source/Legal Source:</b> Cesarina Dancy, Senior Development Project Manager, Office of Development Assistance/ Brian Rulla, Assistant Attorney II
<b>Outside Speaker:</b>
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### COUNCIL MEETING DATES:

**Study Session:** 5/2/2022

**Regular Meeting:** 5/9/2022

### ITEM DETAILS:

- Tallyn’s Reach Metropolitan District Consolidation
- No waiver requested
- No Sponsor
- Cesarina Dancy, Senior Development Project Manager/ Brian Rulla, Assistant City Attorney II
- No outside speaker
- Estimated Presentation/discussion time 5/5

---

### ACTIONS(S) PROPOSED *(Check all appropriate actions)*

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Approve Item and Move Forward to Study Session  | <input type="checkbox"/> Approve Item as proposed at Study Session   |
| <input type="checkbox"/> Approve Item and Move Forward to Regular Meeting   | <input type="checkbox"/> Approve Item as proposed at Regular Meeting |
| <input type="checkbox"/> Information Only   |  |
| <input type="checkbox"/> Approve Item with Waiver of Reconsideration<br>Reason for waiver is described in the Item Details field. |  |

---

### PREVIOUS ACTIONS OR REVIEWS:

**Policy Committee Name:** Management & Finance

**Policy Committee Date:** 4/26/2022

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**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

---

**HISTORY (Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)**

Tallyn's Reach Metropolitan Districts Nos. 1-3 were originally approved by City Council in 1998. The Service Plan was amended in 2003. In 2018, the board member representatives of the developer dissolved Tallyn's Reach Metropolitan District No. 1 as part of the transition of the Districts to full resident board member control. In order for the Districts to continue providing consistent operations and maintenance services within the community, the Tallyn's Rach Authority was created by the Districts. Since its inception, the Authority was always intended to fill a temporary role as the Districts worked towards consolidation.

---

**ITEM SUMMARY (Brief description of item, discussion, key points, recommendations, etc.)**

Tallyn's Reach Metropolitan Districts Nos. 2 and 3 are requesting written approval from the City to enable the Districts to move forward with a November 8, 2022 election for consolidation. Per the original Service Plan, districts shall not file a request with the district court to consolidate with another district without the prior written approval of the City of Aurora. The consolidation process is governed by Title 32 and requires various court filings prior to the election. The City does not approve the consolidation, only provides the approval to further the process.

---

**QUESTIONS FOR COUNCIL**

Does the committee wish to move this item to the next Study Session?

---

**LEGAL COMMENTS**

Section VIII of the Consolidated Service Plan for Tallyn's Reach Metropolitan Districts Nos. 2 and 3 provides that the Districts shall not file a request with the district court to consolidate with another district without the prior written approval of Aurora. (Rulla)

---

**PUBLIC FINANCIAL IMPACT**

- YES       NO

**If yes, explain:** N/A

---

**PRIVATE FISCAL IMPACT**

- Not Applicable       Significant       Nominal

**If Significant or Nominal, explain:** The consolidation will result in a tax structure that is simplified and generates a cost savings to the community.

RESOLUTION NO. R2022-\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AURORA,  
COLORADO, CONSENTING TO THE CONSOLIDATION OF TALLYN'S REACH  
METROPOLITAN DISTRICT NOS. 2 AND 3

WHEREAS, Tallyn's Reach Metropolitan District Nos. 2 and 3 (the "Districts") were organized under an original Consolidated Service Plan, dated September 2, 1998 (the "Original Service Plan"), which was amended by a First Modification to the Consolidated Service plan for Tallyn's Reach Metropolitan District Nos. 1-3, approved by the City of Aurora (the "City") on August 11, 2003 (the "First Modification") (collectively, the Original Service Plan and the First Modification shall be referred to herein as the "Service Plan") to serve the Tallyn's Reach Community (the "Community").

WHEREAS, the Districts created the Tallyn's Reach Authority (the "Authority") in order for the Districts to provide uniform and consistent operations and maintenance services within the Community; and

WHEREAS, the Districts' primary purpose is to service the outstanding debt that was issued to pay for the public infrastructure within the Community; and

WHEREAS, the Authority is a governmental entity that possess the same powers as the Districts and has a board of directors that is comprised of residents who have been appointed by the Districts; and

WHEREAS, the Authority operates as an umbrella entity providing administration, operations and maintenance services for the entire Community and receives a portion of its revenue in the form of a pledge from the Districts; and

WHEREAS, currently there are multiple layers of "governance" in the Community with a homeowners association, the Districts, and the Authority which has, at times, created confusion among the residents in the Community; and

WHEREAS, due to the existing governance structure resident tax and fee revenue is being utilized to administer three separate entities as each of the entities has their own administrative and annual compliance requirements that are in many ways redundant; and

WHEREAS, consolidation of the districts into a single district will eliminate the need to administer three separate entities and result in a more efficient use of the Community's tax and fee revenue; and

WHEREAS, the consolidated metropolitan district will be solely responsible for both the debt service and administration, operations and maintenance obligations of the Community; and

WHEREAS, the Boards of Directors of the Districts and the Authority are fully supportive of this consolidation effort and on their behalf, and have requested that the City provide the written approval to proceed with a consolidation; and

WHEREAS, pursuant to Section VIII of the Original Service Plan, “[t]he Districts shall not file a request with the district court to consolidate with another district without the prior written approval of Aurora”; and

WHEREAS, the consolidation process is governed by Title 32 of the Colorado Revised Statutes and requires voter approval by the residents of the Districts; and

WHEREAS, upon approval by the City, the Districts intend to proceed with a November 8, 2022 election (the “Election”); and

WHEREAS, the Districts are in the process of engaging a public relations consultant that will assist with public education and outreach efforts over the next several months leading up to the Election

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AURORA:

Section 1. Pursuant to Section VIII of the Original Service Plan., the City hereby finds it is in the best interests of the Districts to consolidate and the City hereby consents to the consolidation of the Districts.

Section 2. All prior resolutions or any parts thereof, to the extent that they are inconsistent with this Resolution, are hereby rescinded.

RESOLVED AND PASSED this \_\_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
MIKE COFFMAN, Mayor

ATTEST:

\_\_\_\_\_  
KADEE RODRIGUEZ, City Clerk

APPROVED AS TO FORM:

 RLA  
\_\_\_\_\_  
BRIAN J. RULLA, Assistant City Attorney

WILLIAM P. ANKELE, JR.  
JENNIFER GRUBER TANAKA  
CLINT C. WALDRON  
KRISTIN BOWERS TOMPKINS  
ROBERT G. ROGERS  
BLAIR M. DICKHONER  
GEORGE M. ROWLEY



OF COUNSEL:  
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TRISHA K. HARRIS  
ZACHARY P. WHITE  
HEATHER L. HARTUNG  
MEGAN J. MURPHY

EVE M. G. VELASCO  
AUDREY G. JOHNSON  
CAREY S. SMITH V  
ERIN K. STUTZ  
JON L. WAGNER  
NELSON G. DUNFORD  
RUTH O. BORNE

March 22, 2022

Brian J. Rulla  
Aurora City Attorney's Office  
15151 East Alameda Parkway, 5<sup>th</sup> Floor  
Aurora, Colorado, 80012

RE: Consolidation of Tallyn's Reach Metropolitan District Nos. 2 and 3

Dear Mr. Rulla:

Tallyn's Reach Metropolitan District Nos. 2 and 3 (the "**Districts**") are quasi-municipal corporations and political subdivisions of the State of Colorado that serve the Tallyn's Reach Community (the "**Community**"). They are operated under an original Consolidated Service Plan, dated September 2, 1998 (the "**Original Service Plan**"), which was amended by a First Modification to the Consolidated Service plan for Tallyn's Reach Metropolitan District Nos. 1-3, approved by the City of Aurora (the "**City**") through Resolution No. R2003-51, dated August 11, 2003 (the "**First Modification**") (collectively, the Original Service Plan and the First Modification shall be referred to herein as the "**Service Plan**").

The board member representatives of the developer (Brookfield Residential) dissolved Tallyn's Reach Metropolitan District No. 1 in 2018 as part of the transition of the Districts to full resident board member control. In order for the Districts to continue providing uniform and consistent operations and maintenance services within the Community, the Tallyn's Reach Authority (the "**Authority**") was created by the Districts. The Authority is a governmental entity that possess the same powers as the Districts and has a board of directors that is comprised of residents who have been appointed by the Districts. Since its inception, the Authority was always intended to fill a temporary role as the Districts worked towards consolidation.

Pursuant to Section VIII of the Original Service Plan, "[t]he Districts shall not file a request with the district court to consolidate with another district without the prior written approval of Aurora." Assuming written approval is given by the City, the Districts intend to proceed with a November 8, 2022 election (the "**Election**"). The Districts are in the process of engaging a public relations consultant that will assist with public education and outreach efforts over the next several

March 22, 2022

Page 2

RE: Consolidation of Tallyn's Reach Metropolitan District Nos. 2 and 3

months leading up to the Election. The consolidation process is governed by Title 32 and requires various court filings prior to the Election. In order to ensure that the Districts have adequate time to meet court filing deadlines as well as engage in sufficient outreach to the Community prior to the Election, we are requesting that the City work expeditiously to provide written approval of this consolidation.

Consolidation of the Districts provides several benefits to the Community. Currently there are multiple layers of "governance" in the Community with a homeowners association, the Districts and the Authority. The Districts' primary purpose is to service the outstanding debt that was issued to pay for the public infrastructure within the Community. The Authority operates as an umbrella entity providing administration, operations and maintenance services for the entire Community and receives a portion of its revenue in the form of a pledge from the Districts. This multi-layered structure has, at times, created confusion among the residents in the Community. If consolidation of the Districts is achieved, the consolidated metropolitan district will be solely responsible for both the debt service and administration, operations and maintenance obligations of the Community. The consolidation will result in a governance structure that is both simplified and generates a cost savings to the Community. Currently, resident tax and fee revenue is being utilized to administer three separate entities. Each of the entities has their own administrative and annual compliance requirements that are in many ways redundant. The simplification that will come with a consolidation will eliminate the need to administer three separate entities and result in a more efficient use of the Community's tax and fee revenue.

The Boards of Directors of the Districts and the Authority are fully supportive of this consolidation effort and on their behalf, we hereby request that the City provide the written approval to proceed with a consolidation that is required by the Original Service Plan. Should you have any questions or concerns regarding this matter, please contact me at your earliest convenience.

Sincerely,

WHITE BEAR ANKELE TANAKA & WALDRON

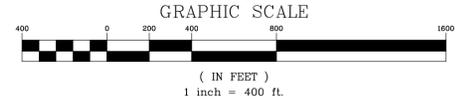
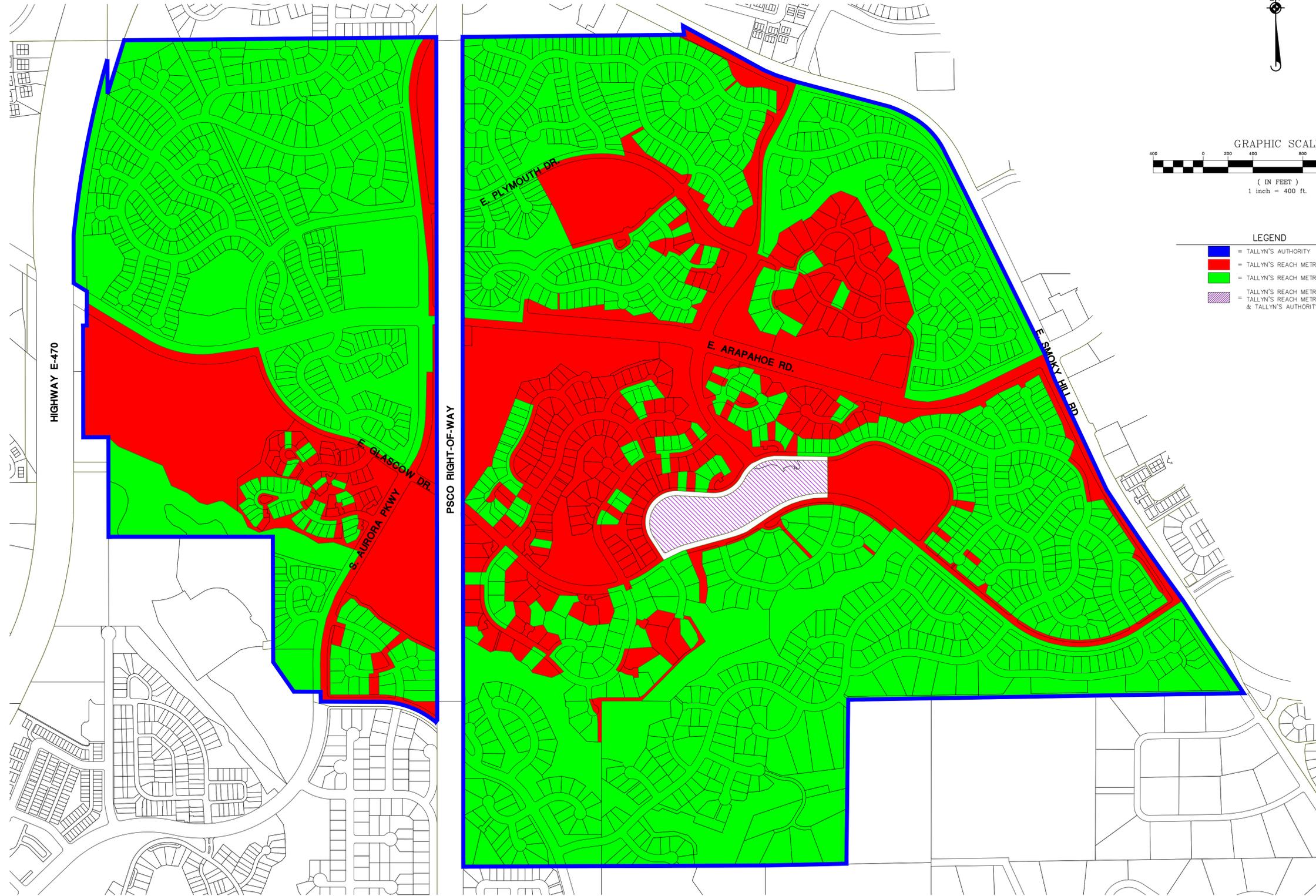


Blair M. Dickhoner  
Shareholder

CC: Jacob Cox  
Cesarina Dancy

# TALLYN'S REACH AUTHORITY MAP

TALLYN'S REACH METROPOLITAN DISTRICTS  
 LOCATED IN SECTIONS 29, 30, 31, AND 32, TOWNSHIP 5 SOUTH, RANGE 65 WEST AND SECTION 25, TOWNSHIP 5 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN,  
 CITY OF AURORA, COUNTY OF ARAPAHOE, STATE OF COLORADO



- LEGEND**
- █ = TALLYN'S AUTHORITY
  - █ = TALLYN'S REACH METRO DISTRICT #2
  - █ = TALLYN'S REACH METRO DISTRICT #3
  - █ = TALLYN'S REACH METRO DISTRICT #2, #3, & TALLYN'S AUTHORITY



DATE	REVISIONS	DRAWN BY
05/30/19	REVISED PER CLIENT COMMENTS	GDP

**Manhard CONSULTING**  
 7600 East Orchard Road, Suite 100, Greenwood Village, CO 80111, ph: 303.778.0900, manhard.com  
 Civil Engineering & Geospatial Services | GIS | Construction Management | Water Resource Management

TALLYN'S REACH METROPOLITAN DISTRICTS  
 CITY OF AURORA, ARAPAHOE COUNTY, STATE OF COLORADO  
 TALLYN'S REACH AUTHORITY MAP

PROJ. MGR.: JMR  
 PROJ. ASSOC.: BJP  
 DRAWN BY: GDP  
 DATE: 05/30/19  
 SCALE: 1" = 400'

SHEET  
**1** OF **1**  
 TRM.ACC001.00

May 31, 2019 - 15:22 Dwg Name: P:\Trm\acc001\Year\Sun\Final Drawings\A04 Responsibility Map\TRM.ACC001.00-DM.dwg Updated By: GDPskent

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# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> Aurora Crossroads MD No.3 Amended and Restated Service Plan
<b>Item Initiator:</b> Cesarina Dancy, Senior Development Project Manager, Office of Development Assistance
Staff Source/Legal Source: Cesarina Dancy, Senior Development Project Manager, Office of Development Assistance/ Brian Rulla, Assistant City Attorney II
<b>Outside Speaker:</b>
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### COUNCIL MEETING DATES:

**Study Session:** 5/2/2022

**Regular Meeting:** 5/9/2022

### ITEM DETAILS:

- Agenda long title
- Waiver of reconsideration requested, and if so, why
- Sponsor name
- Staff source name and title / Legal source name and title
- Outside speaker name and organization
- Estimated Presentation/discussion time
- Aurora Crossroads MD No. 3 Amended and Restated Service Plan
- No Waiver of reconsideration requested
- No Sponsor
- Cesarina Dancy, Senior Development Project Manager, Office of Development Assistance/ Brian Rulla, Assistant City Attorney II
- No outside speaker
- Estimated Presentation/discussion time 5/5

---

### ACTIONS(S) PROPOSED *(Check all appropriate actions)*

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Approve Item and Move Forward to Study Session  | <input type="checkbox"/> Approve Item as proposed at Study Session   |
| <input type="checkbox"/> Approve Item and Move Forward to Regular Meeting   | <input type="checkbox"/> Approve Item as proposed at Regular Meeting |
| <input type="checkbox"/> Information Only   |  |
| <input type="checkbox"/> Approve Item with Waiver of Reconsideration<br>Reason for waiver is described in the Item Details field. |  |

---

**PREVIOUS ACTIONS OR REVIEWS:**

**Policy Committee Name:** Management & Finance

**Policy Committee Date:** 4/26/2022

**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

---

**HISTORY (Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)**

The Amended and Restated Service Plan for the Aurora Crossroads Metropolitan District Nos. 1-3 was approved by City Council in April 2020. District No. 3 is generally located at the southeast corner of Colfax Avenue and Picadilly Road. The districts were originally intended to be developed all by the same developer with the need for coordinated and cohesive services among the Districts. However, a different builder is in the process of purchasing the property located in District No. 3 and no longer has the desire or need for coordinated services among the Districts.

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**ITEM SUMMARY (Brief description of item, discussion, key points, recommendations, etc.)**

The Aurora Crossroads Metropolitan District No. 3 is seeking to bifurcate the original service plan in order to better serve the development needs of the property located within its boundaries. There are no residents residing within or owning property within the District as the project is being developed for commercial purposes. District No. 3 has received no proceeds from the debt that was issued for District No. 2 in 2020 and needs to issue debt for its own project under a separate debt limit.

In addition, District No. 3 is also in the process of formally changing its name to Crossroads East Metropolitan District in order to further distinguish itself from District 1 and 2.

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**QUESTIONS FOR COUNCIL**

Does the Committee wish to move this item forward to the next Study Session?

---

**LEGAL COMMENTS**

Title 32, Article 1, C.R.S., as amended, and Section 122-36(b) of the City Code each provide that material modifications to an approved metropolitan district service plan may be made by the board of directors of a district only by petition to and approval by the City Council in substantially the same manner as provided for in the approval for an original service plan.

As the proposed Amended and Restated Intergovernmental Agreement is with another governmental entity, a resolution is required to authorize its execution. (City Charter Section 10-12.)

(Rulla)

---

**PUBLIC FINANCIAL IMPACT**

YES       NO

**If yes, explain:** : Approval of the district will allow the cost of providing district infrastructure and certain operating costs to be passed on to the district property owners via metropolitan district taxes and fees.

---

**PRIVATE FISCAL IMPACT**

Not Applicable       Significant       Nominal

**If Significant or Nominal, explain:** Metropolitan Districts provide a mechanism for developers to finance infrastructure for new development and redevelopment by recovering the associated cost through metropolitan district taxes and fees.

RESOLUTION NO. R2022 - \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AURORA,  
COLORADO, APPROVING THE FIRST AMENDED AND RESTATED  
SERVICE PLAN FOR AURORA CROSSROADS METROPOLITAN  
DISTRICT NO. 3 AND AUTHORIZING THE EXECUTION OF AN  
INTERGOVERNMENTAL AGREEMENT BETWEEN THE CITY OF  
AURORA, COLORADO AND THE DISTRICT

WHEREAS, the City Council (the “Council”) of the City of Aurora, Colorado (the “City”), has adopted Chapter 122 of the City’s Municipal Code (the “Code”), which Chapter establishes procedures for the review and approval of proposals to modify service plans for Title 32 special districts located within the City’s boundaries; and

WHEREAS, the City Council approved the Service Plan for Aurora Crossroads Metropolitan District Nos. 1-3 (the “Districts”) on April 3, 2020 (the “Original Service Plan”); and

WHEREAS, the Aurora Crossroads Metropolitan District No. 3 (the “District”) is seeking to bifurcate the Original Service Plan in order to better serve the development needs of the property located within its boundaries; and

WHEREAS, the property within the Districts was originally anticipated to be developed by the same developer with the need for cohesive and coordinated services among the Districts; and

WHEREAS, a different developer is in the process of purchasing the property with the District and no longer has the desire or need for coordinated services among the Districts; and

WHEREAS, there are no residents residing within or owning property within the District and the project is being developed for commercial purposes; and

WHEREAS, in 2020, Aurora Crossroads Metropolitan District No. 2 (“District No. 2”) issued debt in the amount of \$45 Million (the debt limit set forth in the Original Service Plan) to finance, in part, public infrastructure necessary for a medical facility (the “2020 Bonds”); and

WHEREAS, the 2020 Bonds only impact the properties located within District No. 2 and the District has no obligations with regard to the 2020 Bonds; and

WHEREAS, the District received no proceeds from the 2020 Bonds for infrastructure benefitting the District; and

WHEREAS, in order to finance the public infrastructure necessary to serve the property within its boundaries, the District needs to issue debt for its project under a separate debt limit; and

WHEREAS, to further distinguish itself from Aurora Crossroads Metropolitan No. 1 (“District No. 1”) and District No. 2, the District has started the process to formally change its name to Crossroads East Metropolitan District; and

WHEREAS, pursuant to Section 32-1-207, C.R.S., as amended, and Section 122-36 of the City Code, the First Amended and Restated Service Plan (the “First Amended and Restated Service Plan”) for the District has been submitted to the City Council; and

WHEREAS, nothing in the Amended Service Plan shall change the terms of the Original Service Plan, as may be amended, as it relates to the District No. 1 or District No. 2; and

WHEREAS, Title 32, Article 1, C.R.S., as amended, and Section 122-36(b) of the Code each provide that material modifications to an approved service plan may be made by the District’s board of directors only by petition to and approval by the Council in substantially the same manner as provided for in the approval for the original service plan; and

WHEREAS, pursuant to the provisions of Title 32, Article 1, C.R.S., as amended, and Chapter 122 of the City Code, the City Council held a public hearing on the First Amended and Restated Service Plan for the District; and

WHEREAS, notice of the hearing before the City Council was duly published in *The Aurora Sentinel*, a newspaper of general circulation within the City and the District, as required by law, and mailed to owners of record of all property within the District, to the Division of Local Government, and to the governing body of each municipality and title 32 district that has levied an ad valorem tax within the next preceding tax year and that has boundaries within a radius of three miles of the District; and

WHEREAS, the City Council has considered the First Amended and Restated Service Plan, and all other testimony and evidence presented at the hearing; and

WHEREAS, City Council finds that such amendments are in the best interests of both the City and the District’s taxpayers; and

WHEREAS, the City Council finds that the First Amended and Restated Service Plan should be approved unconditionally, as permitted by Section 32-1-207, C.R.S., as amended, and Section 122-36 of the City Code.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AURORA, COLORADO, THAT:

Section 1. The City Council hereby finds and determines that all of the requirements of Title 32, Article 1, Part 2, C.R.S., as amended, and Chapter 122-36 of the City Code relating to the filing of the First Amended and Restated Service Plan for the District have been fulfilled and that notice of the hearing was given in the time and manner required by law;

Section 2. All pertinent facts, matters, and issues were submitted at the public hearing, all interested parties were heard or had the opportunity to be heard, and evidence satisfactory to the Council of each of the following was presented:

- a. There is still sufficient existing and projected need for organized service in the area served by the District;
- b. The existing service in the area served by the District remains inadequate for present and projected needs;
- c. The District is capable of providing economical and sufficient services to the area within its boundaries;
- d. The area included within the District has, or will have, the financial ability to discharge the indebtedness proposed by the First Amended and Restated Service Plan on a reasonable basis;
- e. Adequate service is not, or will not be, available to the area through the City, county, or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;
- f. The facility and service standards of the District are compatible with the facility and service standards of the City;
- g. The First Amended and Restated Service Plan is in substantial compliance with the comprehensive plan adopted by the City;
- h. The First Amended and Restated Service Plan is in compliance with any duly-adopted City, regional, or state long-range water quality management plan for the area; and
- i. The First Amended and Restated Service Plan is in the best interests of the area served by the District.

Section 3. The First Amended and Restated Service Plan is hereby approved as submitted.

Section 4. The Mayor and the City Clerk are hereby authorized to execute, on behalf of the City, the IGA in substantially the form presented at this meeting, with such technical additions, deletions, and variations as the City Attorney may deem necessary or appropriate and not inconsistent with this Resolution.

Section 5. The District shall not be authorized to incur any bonded indebtedness until such time as the Districts have approved and executed the IGA.

Section 6. This Resolution shall be filed in the records of the City Clerk and a certified copy thereof submitted to the District.

Section 7. All prior resolutions or any parts thereof, to the extent that they are inconsistent with this Resolution, are hereby rescinded.

RESOLVED AND PASSED this \_\_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
MIKE COFFMAN, Mayor

ATTEST:

\_\_\_\_\_  
KADEE RODRIGUEZ, City Clerk

APPROVED AS TO FORM:

 RLA  
\_\_\_\_\_  
BRIAN J. RULLA, Assistant City Attorney

WILLIAM P. ANKELE, JR.  
JENNIFER GRUBER TANAKA  
CLINT C. WALDRON  
KRISTIN BOWERS TOMPKINS  
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ERIN K. STUTZ  
JON L. WAGNER  
NELSON G. DUNFORD  
RUTH O. BORNE

April 12, 2022

City of Aurora  
Office of Development Assistance  
Attn: Cesarina Dancy  
15151 E. Alameda Parkway, Suite 5200  
Aurora, CO 80012

RE: Aurora Crossroads Metropolitan District No. 3

Dear Ms. Dancy:

Enclosed for review by the City of Aurora (the “**Aurora**”), please find the Amended and Restated Service Plan (the “**Amended Service Plan**”) for the Aurora Crossroads Metropolitan District No. 3 (the “**District**”).

The Amended Service Plan is being submitted as a single service plan for the District, which is currently governed by the Amended and Restated Service Plan for the Aurora Crossroads Metropolitan District Nos. 1-3 (collectively, the “**Districts**”), as approved by the City Council on April 3, 2020, by Ordinance No. 2020-19 (the “**Original Service Plan**”). This Amended Service Plan replaces and supersedes the Original Service Plan as it relates to the District only. Nothing in the Amended Service Plan shall change the terms of the Original Service Plan, as may be amended, as it relates to the Aurora Crossroads Metropolitan District No. 1 (“**District No. 1**”) or the Aurora Crossroads Metropolitan District No. 2 (“**District No. 2**”).

The District is seeking to bifurcate the Original Service Plan in order to better serve the development needs of the property located within its boundaries. There are no residents residing within or owning property within the District and the project is being developed for commercial purposes. The property was originally anticipated to be developed by the same developer with the need for cohesive and coordinated services among the Districts. However, a different builder is in the process of purchasing the property and no longer has the desire or need for coordinated services among the Districts.

In 2020, District No. 2 issued debt in the amount of \$45 Million (the debt limit set forth in the Original Service Plan) to finance, in part, public infrastructure necessary for a medical facility (the “**2020 Bonds**”). The 2020 Bonds only impact the properties located within District No. 2 and the District has no obligations with regard to the 2020 Bonds. Further, the District received no proceeds from the 2020 Bonds for infrastructure benefitting the District. As such, in order to finance the public infrastructure necessary to serve the property within its boundaries, the District needs to issue debt for its project under a separate debt limit.

To further distinguish itself from District No. 1 and District No. 2, the District has started the process to formally change its name to Crossroads East Metropolitan District. It is anticipated that this process will be complete by the end of May 2022.

In compliance with Aurora City Code Sec. 122-26 – 122-36, the Amended Service Plan complies with the form and content of Aurora’s current model service plan and any and all changes from the model are clearly identified in tracked changes. A few citations were updated for consistency purposes only and are also reflected in tracked changes.

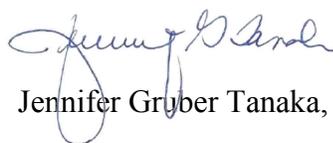
The debt limits reported in Section V.A.10 (Total Debt Issuance Limitation) and VII.A (Financial Plan – General) do include any debt associated with regional improvements as described in the last sentence of VI.C.

Name of Metro District	Aggregate Public Improvements	Aggregate Debt Limit	Debt Limit Includes ARI?	Aggregate ARI Debt Limit	Total Aggregate Debt Capacity	Organizing and Operating Reimbursement	1 <sup>st</sup> Year Operating and Maintenance
(Location in Service Plan)	V.B	V.A.10	Transmittal Letter	VI.C	Calculate	VII.I	VII.I
Aurora Crossroads Metropolitan District No. 3	\$6,500,000	\$6,500,000	No	\$6,500,000	\$6,500,000	N/A	\$50,000
Totals	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Should you have any questions or concerns regarding this letter or the Amended Service Plan, please do not hesitate to contact me at your earliest convenience.

Sincerely,

WHITE BEAR ANKELE TANAKA & WALDRON



Jennifer Gryber Tanaka, Esq.

cc: Board of Directors, Aurora Crossroads Metropolitan District No. 3

Enclosure

**AMENDED AND RESTATED SERVICE PLAN  
FOR  
AURORA CROSSROADS METROPOLITAN DISTRICT NO. 3  
CITY OF AURORA, COLORADO**

Prepared

by

**WHITE BEAR ANKELE TANAKA & WALDRON**  
Attorneys at Law  
2154 East Commons Avenue, Suite 2000  
Centennial, CO 80122  
(303) 858-1800

, 2022

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**LIST OF EXHIBITS**

<b>EXHIBIT A</b>	Legal Description
<b>EXHIBIT B</b>	Aurora Vicinity Map
<b>EXHIBIT C</b>	Initial District Boundary Map
<b>EXHIBIT D</b>	Notice of Special District Disclosure
<b>EXHIBIT E</b>	Amended and Restated Intergovernmental Agreement between the District and Aurora

## I. INTRODUCTION

### A. Purpose and Intent.

The District is an independent unit of local government, separate and distinct from the City, and, except as may otherwise be provided for by State or local law or this Service Plan, its activities are subject to review by the City only insofar as they may deviate in a material matter from the requirements of the Service Plan. It is intended that the District will provide a part or all of the Public Improvements for the use and benefit of all anticipated inhabitants and taxpayers of the District. The primary purpose of the District will be to finance the construction of these Public Improvements.

The District is not being created to provide ongoing operations and maintenance services other than as specifically set forth in this Service Plan.

This Service Plan replaces and supersedes the Original Service Plan as it relates to the District only. Nothing in this Service Plan shall change the terms of the Original Service Plan, as may be amended, as it relates to the Aurora Crossroads Metropolitan District No. 1 or the Aurora Crossroads Metropolitan District No. 2.

### B. Need for the District.

There are currently no other governmental entities, including the City, located in the immediate vicinity of the District that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction installation, relocation, redevelopment, and financing of the Public Improvements needed for the Project. Formation of the District is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.

### C. Objective of the City Regarding District's Service Plan.

The City's objective in approving the Service Plan for the District is to authorize the District to provide for the planning, design, acquisition, construction, installation, relocation and redevelopment of the Public Improvements from the proceeds of Debt to be issued by the District. All Debt is expected to be repaid by taxes imposed and collected for no longer than the Maximum Debt Mill Levy Imposition Term for residential properties and at a tax mill levy no higher than the Maximum Debt Mill Levy for commercial and residential properties, and/or repaid by Fees, as long as such Fees are not imposed upon or collected from Taxable Property owned or occupied by an End User for the purpose of creating a capital cost payment obligation as further described in Section V.A.11. Debt which is issued within these parameters and, as further described in the Financial Plan, will insulate property owners from excessive tax and Fee burdens to support the servicing of the Debt and will result in a timely and reasonable discharge of the Debt.

This Service Plan is intended to establish a limited purpose for the District and explicit financial constraints that are not to be violated under any circumstances. The primary purpose is to provide for the Public Improvements associated with development and regional

needs. Operational activities are allowed, but only through an intergovernmental agreement with the City.

It is the intent of the District to dissolve upon payment or defeasance of all Debt incurred or upon a court determination that adequate provision has been made for the payment of all Debt, and if the District has authorized operating functions under an intergovernmental agreement with the City, to retain only the power necessary to impose and collect taxes or Fees to pay for these costs.

The District shall be authorized to finance the Public Improvements that can be funded from Debt to be repaid from Fees or from tax revenues collected from a mill levy which shall not exceed the Maximum Debt Mill Levy on commercial and residential properties and which shall not exceed the Maximum Debt Mill Levy Imposition Term on residential properties. It is the intent of this Service Plan to assure to the extent possible that no commercial or residential property bear an economic burden that is greater than that associated with the Maximum Debt Mill Levy in amount and that no property developed for a residential use bear an economic burden that is greater than that associated with the Maximum Debt Mill Levy Imposition Term in duration even under bankruptcy or other unusual situations. Generally, the cost of Public Improvements that cannot be funded within these parameters are not costs to be paid by the District. With regard to Regional Improvements, this Service Plan also provides for the District to pay a portion of the cost of regional infrastructure as part of ensuring that development and those that benefit from development pay for the associated costs.

## **II. DEFINITIONS**

In this Service Plan, the following terms shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

Agreed Upon Procedures Engagement: means an attestation engagement in which a certified public accountant performs specific procedures on subject matter and reports the findings without providing an opinion or conclusion. The subject matter may be financial or nonfinancial information. Because the needs of an engaging party vary, the nature, timing, and extent of the procedures may vary, as well.

Approved Development Plan: means a Framework Development Plan or other process established by the City for identifying, among other things, Public Improvements necessary for facilitating development for property within the Service Area as approved by the City pursuant to the City Code and as amended pursuant to the City Code from time to time.

ARI or Regional Improvements: means Aurora Regional Improvements.

ARI Authority: means one or more Authorities established by an ARI Authority Establishment Agreement.

ARI Establishment Agreement: means an intergovernmental agreement establishing an ARI Authority which has, at minimum, Title 32 special districts from three (3) or more Approved Development Plan areas as parties to the Agreement.

ARI Master Plan: means one or more master plans adopted by an ARI Authority establishing Regional Improvements which will benefit the taxpayers and service users of the District which constitute such ARI Authority, which master plan will change from time to time.

ARI Mill Levy: means the following:

A. For a district with property within its boundaries developed with any residential uses means the mill levy imposed for payment of the costs of the planning, design, permitting, construction, acquisition and financing of the improvements described in the ARI Master Plan, which: (i) shall be one (1) mill for collection beginning for each district in the first year of collection of a debt service mill levy by such district and continuing in each year thereafter through the twentieth (20<sup>th</sup>) year; and (ii) shall be five (5) mills from the twenty-first (21<sup>st</sup>) year through the fortieth (40<sup>th</sup>) year or the date of repayment of the debt incurred for Public Improvements, other than Regional Improvements, which ever first occurs; and (iii) for an additional ten (10) years, the mill levy shall be equal to the average debt service mill levy imposed by such district in the ten (10) years prior to the date of repayment of the debt incurred for Public Improvements other than Regional Improvements; and

B. For a district with property within its boundaries developed solely for commercial uses means the mill levy imposed for payment of the costs of the planning, design, permitting, construction, acquisition and financing of the improvements described in the ARI Master Plan, which: (i) shall be one (1) mill for collection beginning for each district in the first year of collection of a debt service mill levy by such district and continuing in each year thereafter through the twentieth (20<sup>th</sup>) year; (ii) shall be one and one-half (1.5) mills from the twenty-first (21<sup>st</sup>) year through the date of repayment of debt incurred for Public Improvements, other than Regional Improvements; and (iii) for five (5) years thereafter, the mill levy shall be the lesser of twenty (20) mills or a mill levy equal to the average debt service mill levy imposed by such district in the ten (10) years prior to the date of repayment of debt issued for Public Improvements, other than Regional Improvements; and

C. Any district may, pursuant to any intergovernmental agreement with the City, extend the term for application of the ARI Mill Levy beyond the years set forth in A and B above. The Maximum Mill Levy Imposition Term shall include the terms set forth in A and B above and any extension of the term as approved in an intergovernmental agreement as described herein.

D. All mills described in this ARI Mill Levy definition shall be subject to adjustment as follows: On or after January 1, 2004, if there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the one (1) mill levy described above may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2004, are neither diminished nor enhanced as a result of such changes, for purposes of the foregoing, a

change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

Board: means the board of directors of the District.

Bond, Bonds or Debt: means bonds or other obligations for the payment of which the District has promised to impose an *ad valorem* property tax mill levy, and/or collect Fee revenue.

City: means the City of Aurora, Colorado.

City Code: means the City Code of the City of Aurora, Colorado.

City Council: means the City Council of the City of Aurora, Colorado.

C.R.S.: means the Colorado Revised Statutes, as the same may be amended from time to time.

District: means the Aurora Crossroads Metropolitan District No. 3

End User: means any owner, or tenant of any owner, of any taxable improvement within the District, who is intended to become burdened by the imposition of ad valorem property taxes subject to the Maximum Debt Mill Levy. By way of illustration, a resident homeowner, renter, commercial property owner, or commercial tenant is an End User. The business entity that constructs homes or commercial structures is not an End User.

External Financial Advisor: means a consultant that: (i) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (ii) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer's Municipal Market Place; and (iii) is not an officer or employee of the District and has not been otherwise engaged to provide services in connection with the transaction related to the applicable Debt.

Fees: means any fee imposed by the District for services, programs or facilities provided by the District, as described in Section V.A.11. below.

Financial Plan: means the Financial Plan described in Section VII which describes (i) how the Public Improvements are to be financed; (ii) how the Debt is expected to be incurred; and (iii) the estimated operating revenue derived from property taxes for the first budget year.

Initial District Boundaries: means the boundaries of the area described in the Initial District Boundary Map.

Initial District Boundary Map: means the map attached hereto as **Exhibit C**, describing the District's initial boundaries.

Maximum Debt Mill Levy: means the maximum mill levy the District is permitted to impose for payment of Debt as set forth in Section VII.C below.

Maximum Debt Mill Levy Imposition Term: means the maximum term for imposition of a mill levy on a particular property developed for residential uses as set forth in Section VII.D below.

Operations and Maintenance Mill Levy: means the mill levy the District projects to impose for payment of administration, operations, and maintenance costs as set forth in the Financial Plan in Section VII below.

Original Service Plan: means the Amended and Restated Service Plan for the Aurora Crossroads Metropolitan District No. 1, the Aurora Crossroads Metropolitan District No. 2, and the Aurora Crossroads Metropolitan District No. 3, as approved by the City Council on April 3, 2020, by Ordinance No. 2020-19.

Project: means the development or property commonly referred to as JAMASO.

Public Improvements: means a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, relocated, redeveloped and financed as generally described in the Special District Act, except as specifically limited in Section V below to serve the future taxpayers and inhabitants of the Service Area as determined by the Board of the District.

Regional Improvements: means Public Improvements and facilities that benefit the Service Area and which are to be financed pursuant to Section VI below.

Service Area: means the property within the Initial District Boundary Map.

Service Plan: means this service plan for the District approved by City Council.

Service Plan Amendment: means an amendment to the Service Plan approved by City Council in accordance with the City's ordinance and the applicable state law.

Special District Act: means Section 32-1-101, et seq., of the Colorado Revised Statutes, as amended from time to time.

State: means the State of Colorado.

Taxable Property: means real or personal property within the Service Area subject to ad valorem taxes imposed by the District.

### **III. BOUNDARIES**

The area of the Initial District Boundaries includes approximately fifty-seven (57) acres. A legal description of the Initial District Boundaries is attached hereto as **Exhibit A**. A vicinity map is attached hereto as **Exhibit B**. A map of the Initial District Boundaries is attached hereto as **Exhibit C**. It is anticipated that the District's boundaries may change from time to time as it undergoes inclusions and exclusions pursuant to Section 32-1-401, et seq., C.R.S., and Section 32-1-501, et seq., C.R.S., subject to the limitations set forth in Article V below.

### **IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION**

The Service Area consists of approximately fifty-seven (57) acres of vacant and commercial land. The current assessed valuation of the Service Area is \$0.00 for purposes of this Service Plan and, at build out, is expected to be sufficient to reasonably discharge the Debt under the Financial Plan. The population of the District at build-out is estimated to be approximately zero (0) people.

Approval of this Service Plan by the City does not imply approval of the development of a specific area within the District, nor does it imply approval of the number of residential units or the total site/floor area of commercial or industrial buildings identified in this Service Plan or any of the exhibits attached thereto, unless the same is contained within an Approved Development Plan.

### **V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES**

#### **A. Powers of the District and Service Plan Amendment.**

The District shall have the power and authority to provide the Public Improvements and related operation and maintenance services within and without the boundaries of the District as such power and authority is described in the Special District Act, and other applicable statutes, common law and the Constitution, subject to the limitations set forth herein.

In connection with the performance of all acts or activities hereunder, the District shall not violate any protection clauses of the United States or Colorado State Constitutions. The District shall not discriminate against any person because of race, color, religion, national origin, gender, age, military status, sexual orientation, gender identity or gender expression, marital status, or physical or mental disability, and further shall insert the foregoing provision in contracts or subcontracts let by the District to accomplish the purposes of this Service Plan.

1. Operations and Maintenance Limitation. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. The District shall dedicate the Public Improvements to the City or other appropriate jurisdiction or owners association in a manner consistent with the Approved Development Plan and other rules and regulations of the City and applicable provisions of the City Code. The District shall be authorized, but not obligated, to own, operate and maintain Public Improvements not otherwise required to be dedicated to the City or other public entity, including, but not limited to street improvements (including roads, curbs, gutters, culverts,

sidewalks, bridges, parking facilities, paving, lighting, grading, landscaping, and other street improvements), traffic and safety controls, retaining walls, park and recreation improvements and facilities, trails, open space, landscaping, drainage improvements (including detention and retention ponds, trickle channels, and other drainage facilities), irrigation system improvements (including wells, pumps, storage facilities, and distribution facilities), and all necessary equipment and appurtenances incident thereto. Any Fee imposed by the District for access to such park and recreation improvements shall not result in Non-District Aurora residents paying a user fee that is greater than, or otherwise disproportionate to, similar fees and taxes paid by residents of the District. However, the District shall be entitled to impose an administrative Fee as necessary to cover additional expenses associated with Non-District Aurora residents to ensure that such costs are not the responsibility of District residents. All such Fees shall be based upon the District's determination that such Fees do not exceed reasonable annual market fees for users of such facilities. Notwithstanding the foregoing, all parks and trails owned by the District shall be open to the general public and Non-District Aurora residents, subject to the rules and regulations of the District as adopted from time to time. Trails which are interconnected with a city or regional trail system shall be open to the public free of charge and on the same basis as residents and owners of taxable property within the District.

2. Fire Protection Limitation. The District shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City. The authority to plan for, design, acquire, construct, install, relocate, redevelop or finance fire hydrants and related improvements installed as part of the water system shall not be limited by this provision.

3. Television Relay and Translation Limitation. The District shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain television relay and translation facilities and services, other than for the installation of conduit as a part of a street construction project, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City.

4. Golf Course Construction Limitation. Acknowledging that the City has financed public golf courses and desires to coordinate the construction of public golf courses in the City's boundaries, the District shall not be authorized to plan, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain a golf course unless such activity is pursuant to an intergovernmental agreement with the City.

5. Construction Standards Limitation. The District will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City and of other governmental entities having proper jurisdiction. The District will obtain the City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

6. Privately Placed Debt Limitation. Prior to the issuance of any privately placed Debt, the District shall obtain the certification of an External Financial Advisor substantially as follows:

We are [I am] an External Financial Advisor within the meaning of the District's Service Plan.

We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

7. Inclusion Limitation. The District shall not include within its boundaries any property outside the Service Area without the prior written consent of the City.

8. Overlap Limitation. The District shall not consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of the District unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the District.

9. Initial Debt Limitation. On or before the effective date of approval by the City of an Approved Development Plan, the District shall not: (a) issue any Debt; nor (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds; nor (c) impose and collect any Fees used for the purpose of repayment of Debt.

10. Total Debt Issuance Limitation. The District shall not issue Debt in excess of Six Million Five Hundred Thousand Dollars (\$6,500,000) in the aggregate; provided however, that any Debt issued by the District for Regional Improvements shall not be included within this limitation and shall be subject to the limitations set forth in Section VI.

11. Fee Limitation. The District may impose and collect Fees as a source of revenue for repayment of debt, capital costs, and/or for operations and maintenance. No Fee related to the funding of costs of a capital nature shall be authorized to be imposed upon or collected from Taxable Property owned or occupied by an End User which has the effect, intentional or otherwise, of creating a capital cost payment obligation in any year on any Taxable Property owned or occupied by an End User. Notwithstanding any of the foregoing, the restrictions in this definition shall not apply to any Fee imposed upon or collected from Taxable Property for the purpose of funding operation and maintenance costs of the District.

12. Monies from Other Governmental Sources. The District shall not apply for or accept Conservation Trust Funds, Great Outdoors Colorado Funds, or other funds available from or through governmental or non-profit entities that the City is eligible to apply for, except pursuant to an intergovernmental agreement with the City. This Section shall not apply to specific ownership taxes which shall be distributed to and be a revenue source for the District without any limitation.

13. Consolidation Limitation. The District shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the City.

14. Bankruptcy Limitation. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy, Maximum Debt Mill Levy Imposition Term and the Fees have been established under the authority of the City to approve a Service Plan with conditions pursuant to Section 32-1-204.5, C.R.S. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

(b) Are, together with all other requirements of Colorado law, included in the “political or governmental powers” reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the “regulatory or electoral approval necessary under applicable nonbankruptcy law” as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term, shall be deemed a material modification of this Service Plan pursuant to Section 32-1-207, C.R.S. and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the City as part of a Service Plan Amendment.

15. Website. When a district is required to have a website in accordance with the requirements of Section 32-1- 104.5, C.R.S., the District shall establish, maintain and annually update a public website or provide information on a shared community website, on which the District will timely post all information and documents required by Section 32-1-104.5, C.R.S.

16. Service Plan Amendment Requirement. This Service Plan has been designed with sufficient flexibility to enable the District to provide required services and facilities under evolving circumstances without the need for numerous amendments. Actions of the District which violate the limitations set forth in V.A.1-14 above or in VII.B-G. shall be deemed to be material modifications to this Service Plan and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the District.

B. Preliminary Engineering Survey.

The District shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance, and financing of the Public Improvements within and without the boundaries of the District, to be more specifically defined in an Approved Development Plan. An estimate of the costs of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, maintained or financed was prepared based upon a preliminary engineering survey and estimates derived from the zoning on the property in the Service Area and is approximately Eighteen Million Three Hundred Twenty-Five Thousand Dollars (\$18,325,000).

All of the Public Improvements will be designed in such a way as to assure that the Public Improvements standards will be compatible with those of the City and shall be in accordance with the requirements of the Approved Development Plan. All construction cost estimates are based on the assumption that construction conforms to applicable local, State or Federal requirements.

**VI. REGIONAL IMPROVEMENTS**

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment and a contribution to the funding of the Regional Improvements and fund the administration and overhead costs related to the provisions of the Regional Improvements incurred as a result of participation in the alternatives set forth in Section VI.A, B or C below.

The District shall impose the ARI Mill Levy and shall convey it as follows:

A. If the District has executed an ARI Authority Establishment Agreement and the City has been offered the opportunity to execute an ARI Authority Establishment Agreement, the terms of which provide for the City to appoint no less than thirty percent (30%) and no more than forty-nine percent (49%) of the Board members who will serve as the board of directors of the ARI Authority to be established by such ARI Authority Establishment Agreement, regardless as to whether the City approves the execution of such ARI Authority Establishment Agreement, the revenue from the ARI Mill Levy shall be conveyed to the ARI Authority for the planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing of the Regional Improvements in the ARI Master Plan and for the operations of such ARI Authority; or

B. If the City and the District have executed an intergovernmental agreement then the revenue from the ARI Mill Levy shall be conveyed to the City for use in planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing of the Regional Improvements which benefit the service users and taxpayers of the District in accordance with such agreement; or

C. If neither Section VI.A nor VI.B above is applicable then the revenue shall be conveyed to the City and (i) the City shall place in a special account all revenues received from the ARI Mill Levy imposed in the Service Area under this Section VI and shall not expend such revenue until an intergovernmental agreement is executed between the District establishing the

terms and conditions for the provision of the Regional Improvements; and (ii) if the intergovernmental agreement is not executed within two (2) years from the date of the approval of the Service Plan by the City and neither Section VI.A nor VI.B above have occurred within two (2) years from the date of the approval of the Service Plan by the City, then the revenue from the ARI Mill Levy shall be conveyed to the City for use by the City in the planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing of the Regional Improvements which benefit the service users or taxpayers of the District as prioritized and determined by the City.

As set forth in the definition of the ARI Mill Levy, the District may, pursuant to any intergovernmental agreement with the City, extend the terms for application of the ARI Mill Levy beyond the years set forth in Sections VI.A and VI. B above. The Maximum Mill Levy Imposition Term shall include the terms and any extension of such terms, as set forth in Sections A, B and C of the definition of the ARI Mill Levy.

The Regional Improvements shall be limited to the provision of the planning, design, acquisition, construction, installation, relocation and/or redevelopment of street and transportation related improvements as defined in the Special District Act and the administration and overhead costs incurred as a result of participation in the alternative set forth in Section VI.A, B or C set forth above, unless the City has agreed otherwise in writing; provided, however in no event shall the Regional Improvements include water or sanitary sewer improvements unless such improvements are necessary as a part of completing street and transportation related improvements. The District shall cease to be obligated to impose, collect and convey to the City the revenue from the ARI Mill Levy described in this Section VI at such time as the area within the District's boundaries is included within a different district organized under the Special District Act, or a General Improvement District organized under Section 31-25-601, et seq., C.R.S., or Business Improvement District organized under Section 31-25-1201, et seq., C.R.S., which other district has been organized to fund a part or all of the Regional Improvements.

The District shall have the authority to issue Debt for the Regional Improvements, in an amount not to exceed Six Million Five Hundred Thousand Dollars (\$6,500,000) pursuant to agreements as described in VI.A, B or C above. Such limit is not subject to the Total Debt Issuance Limitation described in section VII below.

## **VII. FINANCIAL PLAN**

### **A. General.**

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Public Improvements from its revenues and by and through the proceeds of Debt to be issued by the District. The Financial Plan for the District shall be to issue such Debt as the District can reasonably pay within the Maximum Debt Mill Levy Imposition Term from revenues derived from the Maximum Debt Mill Levy, Fees and other legally available revenues. The total Debt that the District shall be permitted to issue shall not exceed Six Million Five Hundred Thousand Dollars (\$6,500,000) (exclusive of Debt issued for Regional Improvements described in Section VI above) and shall be permitted to be issued on a schedule and in such year or years as the District determine shall

meet the needs of the Financial Plan referenced above and phased to serve development as it occurs. All Bonds and other Debt issued by the District may be payable from any and all legally available revenues of the District, including general ad valorem taxes and Fees to be imposed upon all Taxable Property within the District. The District will also rely upon various other revenue sources authorized by law. These will include the power to assess Fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time.

B. Maximum Voted Interest Rate and Maximum Underwriting Discount.

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. In the event of a default, the proposed maximum interest rate on any Debt is not expected to exceed eighteen percent (18%). The proposed maximum underwriting discount will be five percent (5%). Debt, when issued, will comply with all relevant requirements of this Service Plan, State law and Federal law as then applicable to the issuance of public securities.

C. Maximum Debt Mill Levy.

The “Maximum Debt Mill Levy” shall be the maximum mill levy the District is permitted to impose upon the taxable property within the District for payment of Debt, and shall be determined as follows:

1. For the portion of any aggregate District’s Debt which exceeds fifty percent (50%) of the District’s assessed valuation, the Maximum Debt Mill Levy for such portion of Debt shall be fifty (50) mills less the number of mills necessary to pay unlimited mill levy Debt described in Section VII.C.2 below; provided that if, on or after January 1, 2004, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2004, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

2. For the portion of any aggregate District’s Debt which is equal to or less than fifty percent (50%) of the District’s assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate.

3. For purposes of the foregoing, once Debt has been determined to be within Section VII.C.2 above, so that the District is entitled to pledge to its payment an unlimited ad valorem mill levy, the District may provide that such Debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent change in the District’s Debt to assessed ratio. All Debt issued by the District must be issued in compliance with the requirements of Section 32-1-1101, C.R.S. and all other requirements of State law.

To the extent that the District is composed of or subsequently organized into one or more subdistricts as permitted under Section 32-1-1101, C.R.S., the term “District” as used herein shall be deemed to refer to the District and to each such subdistrict separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this definition.

The Maximum Debt Mill Levy shall not apply to the District’s Operations and Maintenance Mill Levy for the provision of operation and maintenance services to the District’s taxpayers and service users as set for in Section VII.K below.

D. Maximum Debt Mill Levy Imposition Term.

The District shall have the authority to impose the ARI Mill Levy for the terms as set forth in Section VI. Other than the ARI Mill Levy, the District shall not impose a levy for repayment of any and all Debt (or use the proceeds of any mill levy for repayment of Debt) on any single property developed for residential uses which exceeds forty (40) years after the year of the initial imposition of such mill levy unless a majority of the Board of Directors of the District are residents of the District and have voted in favor of a refunding of a part or all of the Debt and such refunding will result in a net present value savings as set forth in Section 11-56-101, C.R.S., et seq.

E. Debt Repayment Sources.

The District may impose a mill levy on taxable property within its boundaries as a primary source of revenue for repayment of debt service and for operations and maintenance. The District may also rely upon various other revenue sources authorized by law. At the District’s discretion, these may include the power to assess Fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(l), C.R.S., as amended from time to time. In no event shall the debt service mill levy in the District exceed the Maximum Debt Mill Levy or, for residential property within the District, the Maximum Debt Mill Levy Imposition Term, except pursuant to an intergovernmental agreement between the District and the City for Regional Improvements.

F. Debt Instrument Disclosure Requirement.

In the text of each Bond and any other instrument representing and constituting Debt, the District shall set forth a statement in substantially the following form:

By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained herein, in the resolution of the District authorizing the issuance of this Bond and in the Service Plan for creation of the District.

Similar language describing the limitations in respect of the payment of the principal of and interest on Debt set forth in this Service Plan shall be included in any document used for the offering of the Debt for sale to persons, including, but not limited to, a developer of property within the boundaries of the District.

G. Security for Debt.

The District shall not pledge any revenue or property of the City as security for the indebtedness set forth in this Service Plan. Approval of this Service Plan shall not be construed as a guarantee by the City of payment of any of the District's obligations; nor shall anything in the Service Plan be construed so as to create any responsibility or liability on the part of the City in the event of default by the District in the payment of any such obligation.

H. TABOR Compliance.

The District will comply with the provisions of TABOR. In the discretion of the Board, the District may set up other qualifying entities to manage, fund, construct and operate facilities, services, and programs. To the extent allowed by law, any entity created by the District will remain under the control of the District's Board.

I. District's Operating Costs.

In addition to the capital costs of the Public Improvements, the District will require operating funds for administration and to plan and cause the Public Improvements to be constructed and maintained. The first year's operating budget is estimated to be Fifty Thousand Dollars (\$50,000) which is anticipated to be derived from property taxes and other revenues.

The Maximum Debt Mill Levy for the repayment of Debt shall not apply to the District's ability to increase its their Operations and Maintenance Mill Levy as necessary for provision of operation and maintenance services to its taxpayers and service users.

J. Agreed Upon Procedures Examination.

If property within the boundaries of the District is developed with any residential uses, at such time that a majority of Board of Directors of the District are residents of the District, the District is encouraged to engage the services of a certified public accountant for an Agreed Upon Procedures Engagement. The Board of Directors, in its discretion, will set the scope and the procedures for the engagement.

**VIII. ANNUAL REPORT**

A. General.

The District shall be responsible for submitting an annual report to the Manager of the Office of Development Assistance of the City Manager's Office no later than August 1<sup>st</sup> of each year following the year in which the Order and Decree creating the District has been issued. The annual report shall include all information required pursuant to the Special District Act.

B. Reporting of Significant Events.

The annual report shall include information as to any of the following:

1. Boundary changes made or proposed to the District's boundary as of December 31 of the prior year.
2. Intergovernmental Agreements with other governmental entities, either entered into or proposed as of December 31 of the prior year.
3. Copies of the District's rules and regulations, if any as of December 31 of the prior year.
4. A summary of any litigation which involves the District Public Improvements as of December 31 of the prior year.
5. Status of the District's construction of the Public Improvements as of December 31 of the prior year.
6. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City as of December 31 of the prior year.
7. The final assessed valuation of the District as of December 31 of the reporting year.
8. Current year budget including a description of the Public Improvements to be constructed in such year.
9. Audit of the District's financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.
10. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.
11. Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

## **IX. DISSOLUTION**

Upon an independent determination of the City Council that the purposes for which the District was created have been accomplished, the District agrees to file petitions in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall a dissolution occur until the District has provided for the payment or discharge of all of their outstanding indebtedness and other financial obligations as required pursuant to State statutes.

## **X. DISCLOSURE NOTICES AND MEETINGS**

1. The District will use reasonable efforts and due diligence to cause each developer and home builder to provide written notice of disclosure to all initial purchasers of property in the District that describes the general purpose of the District and financial impact on

each residential property at the time of entering into the purchase contract. The form of notice shall be filed with the City prior to the initial issuance of the Debt of the District imposing the mill levy which is the subject of the Maximum Debt Mill Levy. The form of notice shall be substantially in the form of **Exhibit E** attached hereto; provided that such notice may be modified by the District so long as a new notice is submitted to and approved by the City prior to using such modified notice. Any modified notice will be expected to provide the following information:

- a. General description and purpose(s) of the District.
- b. Contact information for the District.
- c. Website address for the District (once established per Section V.A.15).
- d. District boundary map showing all lots within the District.
- e. The Maximum Debt Mill Levy that may be imposed on the residential property for each year the District is in existence and a calculation of the associated taxes that the homeowner will pay.
- f. List of all other taxing entities within the District boundaries and their current mill levies and associated taxes.
- g. The District's Total Debt Issuance Limitation and a description of the Public Improvements that the District Debt is being issued to pay for.
- h. The Maximum Debt Mill Levy Imposition Term, providing an understanding of the duration for which the property will be taxed to pay off Debt.
- i. A description of what the Operations and Maintenance Mill Levy is, pays for, and the duration that the property will be taxed to pay for the eligible Operations and Maintenance Mill Levy expenses.
- j. Any and all Fees currently imposed on each residential property for each year the District is in existence.
- k. Any additional information required by the Colorado Revised Statutes, including without limitation Section 38-35.7-110, C.R.S., as amended from time to time.

The District will use reasonable efforts and due diligence to cause each developer and home builder to require that each home buyer is asked to acknowledge receipt of such notice of disclosure at the time of entering into the purchase contract.

2. To ensure that potential residential buyers are educated about the District, the District will provide the information identified in Section X.2 above to the developer or home builders for prominent display at all sales offices, and by inspecting the sales offices within the District Boundaries on a quarterly basis to assure the information provided is accurate and prominently displayed.

3. The District shall provide annual notice to all eligible electors of the District, in accordance with Section 32-1-809, C.R.S. In addition, the District shall record a District public disclosure document, if applicable, and a map of the District boundaries with the Clerk and Recorder of each County in which District property is located, in accordance with Section 32-1-104.8, C.R.S. The District shall use reasonable efforts to ensure that copies of the annual notice, public disclosure document and map of the District boundaries are provided to

potential purchasers of residential real property within the District as part of the seller's required property disclosures.

4. All special and regular District meetings shall be open to the public and shall be held at a location within the District boundaries, or virtually with participation via teleconference, webcast, video conference or other technological means. If a Board meeting is held virtually, the District shall provide information on the District website accessible to all residents on how to access and participate in the virtual meeting. If the District utilizes email to communicate with residents, the District shall also send notification of the virtual meeting by email. The District shall provide notification via the District website and, if applicable, email, at least ten (10) days prior to the virtual Board meeting. If the Board schedules a virtual special meeting that will be convened in fewer than ten (10) days, the District shall provide notification via the District website and, if applicable, email, as soon as possible after scheduling the special meeting.

## **XI. INTERGOVERNMENTAL AGREEMENT**

The form of the intergovernmental agreement required by the City Code, relating to the limitations imposed on the District's activities, is attached hereto as **Exhibit E**. The District shall approve the intergovernmental agreement in the form attached as **Exhibit E** at its first Board meeting after approval of this Service Plan. Failure of the District to execute the intergovernmental agreement as required herein shall constitute a material modification and shall require a Service Plan Amendment. The City Council shall approve the intergovernmental agreement in the form attached as **Exhibit E** at the public hearing approving the Service Plan.

## **XII. CONCLUSION**

It is submitted that this Service Plan for the District, as required by Section 32-1-203(2), C.R.S., and Section 122-35 of the City Code, establishes that:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the District;
2. The existing service in the area to be served by the District is inadequate for present and projected needs;
3. The District is capable of providing economical and sufficient service to the area within its proposed boundaries; and
4. The area to be included in the District does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.
5. Adequate service is not, and will not be, available to the area through the City or county or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis.

6. The facility and service standards of the District are compatible with the facility and service standards of the City within which the special district is to be located and each municipality which is an interested party under Section 32-1-204(1), C.R.S.

7. The proposal is in substantial compliance with a comprehensive plan adopted pursuant to the City Code.

8. The proposal is in compliance with any duly adopted City, regional or state long-range water quality management plan for the area.

9. The creation of the District is in the best interests of the area proposed to be served.

**EXHIBIT A**

Legal Description

AURORA CROSSROADS METROPOLITAN DISTRICT THREE  
DISTRICT PARCEL

LAND DESCRIPTION

A PARCEL OF LAND LOCATED IN THE SOUTH HALF OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 4 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, CITY OF AURORA, COUNTY OF ARAPAHOE, STATE OF COLORADO BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTER QUARTER CORNER OF SAID SECTION 4, SAID POINT BEING THE POINT OF BEGINNING, THENCE ALONG THE SOUTHERLY LINE OF SAID NORTHWEST QUARTER, S89°26'03"W A DISTANCE OF 2573.26 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY LINE OF POWHATON ROAD RECORDED AT RECEPTION NO. B8022077;  
THENCE ALONG SAID EASTERLY RIGHT-OF-WAY LINE, N00°21'00"W A DISTANCE OF 1304.37 FEET TO A POINT ON THE NORTHERLY LINE OF SAID SOUTH HALF OF THE NORTHWEST QUARTER OF SECTION 4;  
THENCE ALONG SAID NORTHERLY LINE, N89°33'20"E A DISTANCE OF 636.28 FEET TO THE NORTHWEST CORNER OF AURORA PUMPING STATION NO. 3 SUBDIVISION FILING NO. 1 RECORDED AT RECEPTION NO. B8027702;  
THENCE ALONG THE WESTERLY, SOUTHERLY AND EASTERLY LINE OF SAID AURORA PUMPING STATION NO. 3 SUBDIVISION FILING NO. 1 THE FOLLOWING THREE (3) CONSECUTIVE COURSES:  
1) S00°27'00"E A DISTANCE OF 500.14 FEET;  
2) THENCE N89°33'00"E A DISTANCE OF 1495.34 FEET;  
3) THENCE N44°38'55"E A DISTANCE OF 623.26 FEET TO A POINT ON THE EASTERLY LINE OF SAID NORTHWEST QUARTER OF SECTION 4;  
THENCE ALONG SAID EASTERLY LINE, S00°21'09"E A DISTANCE OF 1238.92 FEET TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINS 56.888 ACRES OR 2,478,029 SQUARE FEET MORE OR LESS.

ALL LINEAL DIMENSIONS ARE IN U.S. SURVEY FEET.

BASIS OF BEARING

BEARINGS ARE BASED ON THE SOUTHERLY LINE OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 4 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN ASSUMED TO BEAR S89°26'03"W AND BEING MONUMENTED BY A FOUND 2" BRASS CAP SET IN CONCRETE PLS #4043 AT THE CENTER QUARTER CORNER AND A FOUND 3-1/4" ALUMINUM CAP IN RANGE BOX ILLEGIBLE AT THE WEST QUARTER CORNER.

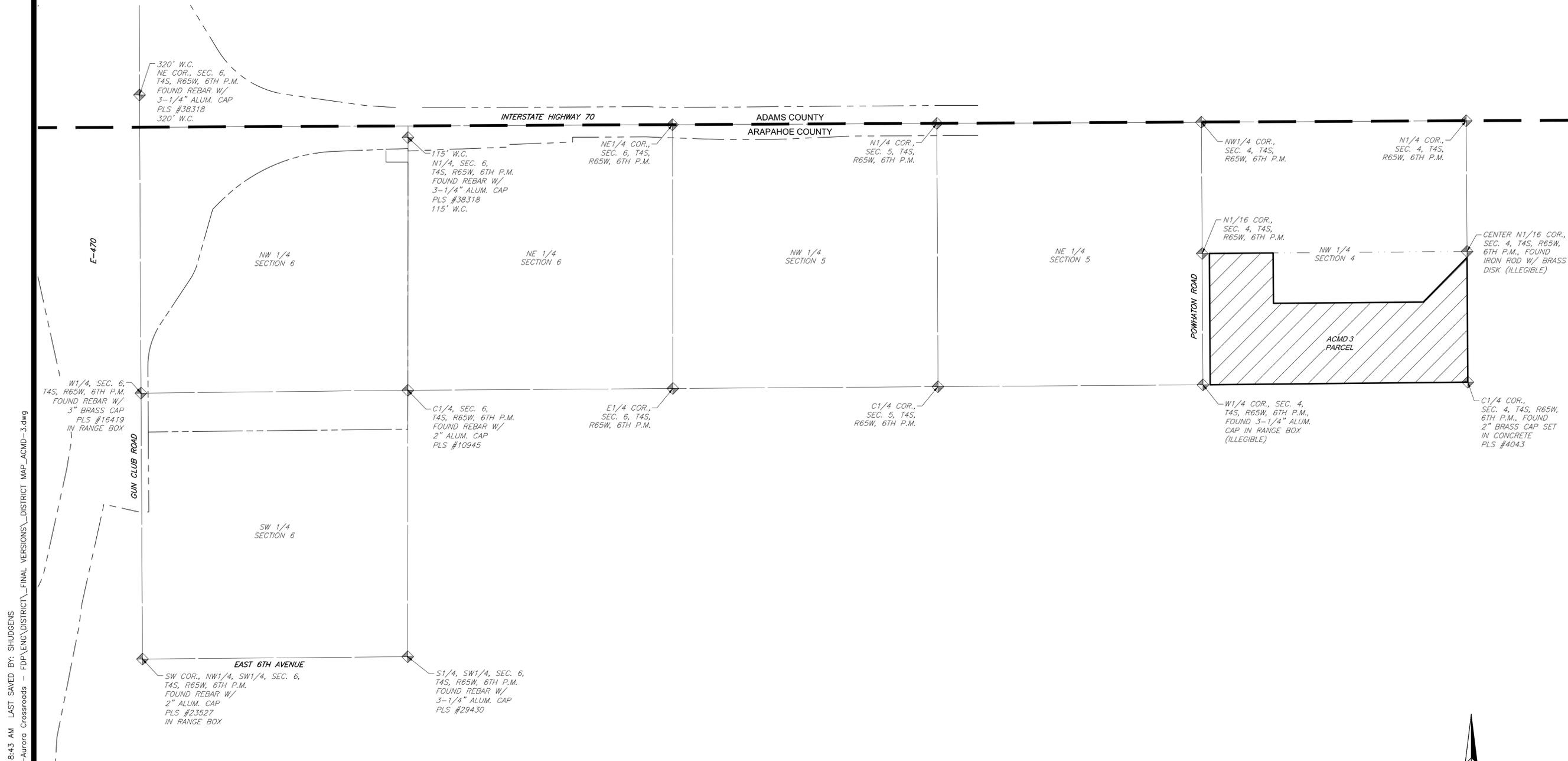
PREPARED BY STEPHEN HUDGENS  
REVIEWED BY SCOTT A. AREHART, PLS  
FOR AND ON BEHALF OF  
MARTIN/MARTIN, INC.  
12499 WEST COLFAX AVENUE  
LAKEWOOD, COLORADO 80215  
OCTOBER 30, 2020  
303-431-6100

**EXHIBIT B**

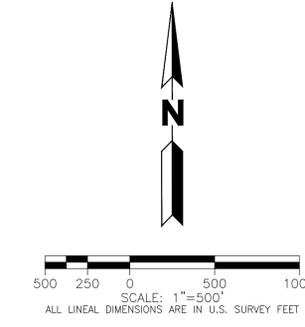
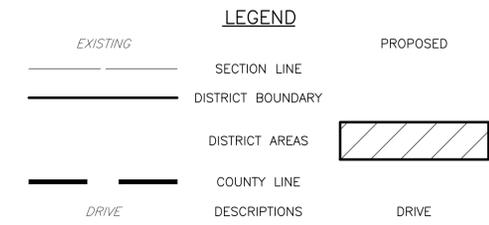
Aurora Vicinity Map

# METROPOLITAN DISTRICT MAP

## AURORA CROSSROADS METROPOLITAN DISTRICT 3



PLOT DATE: Friday, October 30, 2020 8:43 AM LAST SAVED BY: SHUDGENS  
DRAWING LOCATION: G:\HORN\19.1522-Aurora Crossroads - FDP\ENG\DISTRICT\FINAL VERSIONS\DISTRICT MAP\_ACMD-3.dwg



### AURORA CROSSROADS METROPOLITAN DISTRICT 3 OVERALL DISTRICT MAP

No.	Description of Revisions	Date	Name
1 <td>DATE OF ISSUE <td>10-30-20</td> <td>M/M</td> </td>	DATE OF ISSUE <td>10-30-20</td> <td>M/M</td>	10-30-20	M/M

Job Number	19.1522
Project Manager	J. WHITE
Design By	
Drawn By	S. HUDGENS
Principal in Charge	P. HORN

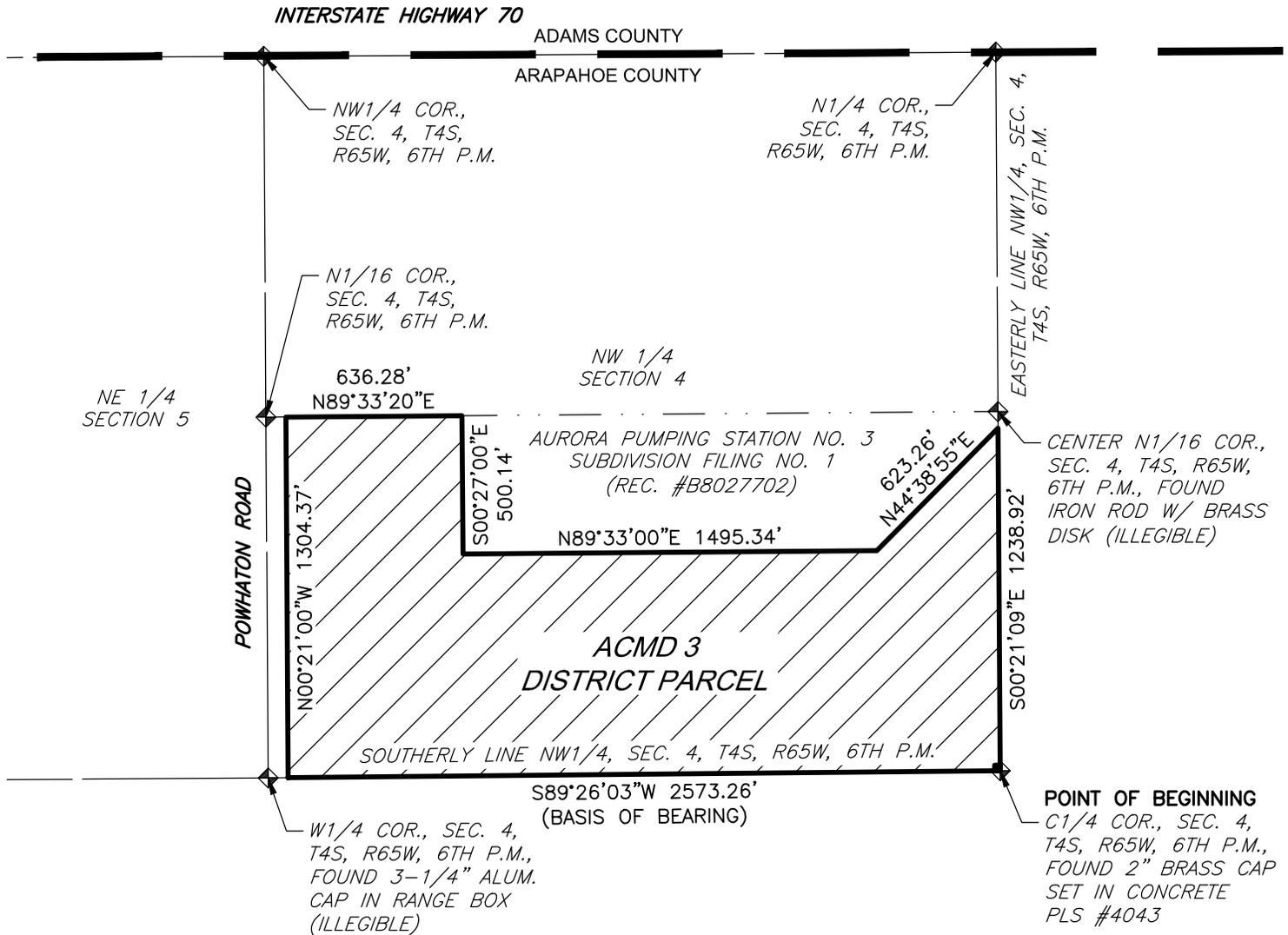
THIS DRAWING IS THE PROPERTY OF MARTIN/MARTIN CONSULTING ENGINEERS. IT IS TO BE USED ONLY FOR THE PROJECT AND SITE SPECIFICALLY IDENTIFIED HEREON. IT IS NOT TO BE REPRODUCED, COPIED, OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, WITHOUT THE WRITTEN PERMISSION OF MARTIN/MARTIN CONSULTING ENGINEERS. ANY INFORMATION EXTRACTED FROM THIS SHEET IS TO BE USED AT THE USER'S SOLE RISK AND NOT MARTIN/MARTIN, INC.

Sheet Number:  
**1**  
1 OF 1

**EXHIBIT C**

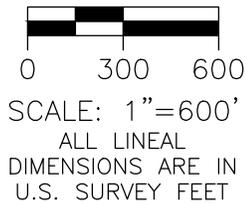
Initial District Boundary Map

**METROPOLITAN DISTRICT MAP**  
**AURORA CROSSROADS METROPOLITAN DISTRICT 3**  
**DISTRICT PARCEL**  
**SHEET 1 OF 1**



DRAWING LOCATION: G:\HORN\19.1522-Aurora Crossroads - FDP\ENG\DISTRICT\_FINAL\_VERSIONS\ACMD\_3 - PARCEL 2.dwg

THIS EXHIBIT DOES NOT REPRESENT A MONUMENTED SURVEY. IT IS INTENDED ONLY TO DEPICT THE ATTACHED DESCRIPTION.



OCTOBER 30, 2020

**MARTIN/MARTIN**  
CONSULTING ENGINEERS

12499 WEST COLFAX AVENUE, LAKEWOOD, COLORADO 80215  
303.431.6100 MARTINMARTIN.COM

## EXHIBIT D

### Notice of Special District Disclosure

**ATTENTION HOMEBUYER:** You are purchasing a home that is located within Aurora Crossroads Metropolitan District No. 3. This District has the authority to issue bonds or other debt to pay for development improvements and levy taxes and fees on all properties within the District for debt repayment and ongoing operations and maintenance.

Name of District:	Aurora Crossroads Metropolitan District No. 3
Contact Information for District:	Jennifer Gruber Tanaka, Esq. White Bear Ankele Tanaka & Waldron 2154 East Commons Avenue, Suite 2000 Centennial, Colorado 80122
District Website:	
District Boundaries:	See attached map.
Purpose of the District:	Metropolitan district organized pursuant to C.R.S. § 32-1-101, et seq. The District was created to assist with the planning, design, acquisition, construction, installation, operation, maintenance, relocation, and financing of certain public improvements serving the Aurora Crossroads located in the City of Aurora, Colorado and described further in the District's Service Plan.  A copy of the District's Service Plan can be found on the District's website or by contacting the District at the District contact information above.
Authorized Types of District Taxes:	<b>Debt Mill Levy and Operations and Maintenance Mill Levy</b> These mill levies result in taxes you will owe to the District and are described further below.
District's Total Debt Issuance Authorized per District's Service Plan:	\$6,500,000
District Improvements Financed by Debt:	The District intends to, or has already issued debt to pay for <i>//list major Public Improvement categories, and where appropriate identify specific improvements by name (i.e. specific roads, parks, etc.)//</i>
<b>Maximum Debt Mill Levy</b> that may be levied annually on properties within the District to pay back debt:	Maximum Debt Mill Levy: 50.000 Mills  The Maximum Debt Mill Levy may adjust based on changes in the residential assessment ratio occurring after January 1, 2004.  <i>//depending on service plan amendments, add info about the Board potentially being able to change the Debt Mill Levy//</i>
Ongoing Operations and Maintenance Services of the District:	The District intends to impose an Operations and Maintenance Mill Levy to pay for <i>//list eligible ongoing administration, operating and maintenance</i>

	<i>obligations]</i>
<b>District Fees:</b>	<i>[For transparency, District should indicate that the Board may choose to impose operations and maintenance fees in the future]</i>
<b>Other Taxing Entities to which you will pay taxes to:</b>	<i>[List all taxing entities and current mill levies within the District Boundaries as identified by the County Assessor]</i>

**Sample Calculation of Taxes Owed for a Residential Property within the District:**

**Assumptions:**

Average market value of home in  
 District is \$ \_\_\_\_\_ Debt Mill Levy is 50 mills  
 Operations and Maintenance Mill Levy is \_\_\_\_\_ mills  
**Total Metropolitan District mill levies = 60 mills**

**Calculation of Metropolitan District Taxes:**

\$ \_\_\_\_\_ x .0715 = \$ \_\_\_\_\_ (Assessed Valuation)  
 \$ \_\_\_\_\_ x .060 mills = \$ \_\_\_\_\_ per year in taxes owed solely to the Metro District

**Total Additional Mill Levies from Other Taxing Entities:** \_\_\_\_\_ mills = \$ \_\_\_\_\_ annual taxes

**TOTAL [YEAR] PROPERTY TAXES FOR A HOME COSTING \$ \_\_\_\_\_ = \$ \_\_\_\_\_**

-----  
**THIS ESTIMATE ONLY PROVIDES AN ILLUSTRATION OF THE AMOUNT OF THE NEW PROPERTY TAXES THAT MAY BE DUE AND OWING AFTER THE PROPERTY HAS BEEN REASSESSED AND, IN SOME INSTANCES, RECLASSIFIED AS RESIDENTIAL PROPERTY. THIS ESTIMATE IS NOT A STATEMENT OF THE ACTUAL AND FUTURE TAXES THAT MAY BE DUE. FIRST YEAR PROPERTY TAXES MAY BE BASED ON A PREVIOUS YEAR'S TAX CLASSIFICATION, WHICH MAY NOT INCLUDE THE FULL VALUE OF THE PROPERTY AND, CONSEQUENTLY, TAXES MAY BE HIGHER IN SUBSEQUENT YEARS. A SELLER HAS COMPLIED WITH THIS DISCLOSURE STATEMENT AS LONG AS THE DISCLOSURE IS BASED UPON A GOOD-FAITH EFFORT TO PROVIDE ACCURATE ESTIMATES AND INFORMATION.**

ACKNOWLEDGED AND AGREED TO BY BUYER:

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT E**

Amended and Restated Intergovernmental Agreement between the District and Aurora

**INTERGOVERNMENTAL AGREEMENT BETWEEN**  
**THE CITY OF AURORA, COLORADO**  
**AND**  
**AURORA CROSSROADS METROPOLITAN DISTRICT NO. 3**

THIS AGREEMENT is made and entered into as of this \_\_\_ day of \_\_\_\_\_, 2022, by and between the CITY OF AURORA, a home-rule municipal corporation of the State of Colorado (“City”), and AURORA CROSSROADS METROPOLITAN DISTRICT NO. 3, a quasi-municipal corporation and political subdivision of the State of Colorado (the “District”). The City and the District are collectively referred to as the Parties.

**RECITALS**

WHEREAS, the District was organized to provide those services and to exercise powers as are more specifically set forth in the District’s Amended and Restated Service Plan approved by the City on April 3, 2020 (“Original Service Plan”); and

WHEREAS the Original Service Plan was amended, restated, and replaced in its entirety with the Amended and Restated Service Plan approved by the City on \_\_\_\_\_, 2022 (the “Service Plan”); and

WHEREAS, the Service Plan makes reference to the execution of an intergovernmental agreement between the City and the District, as required by the Aurora City Code; and

WHEREAS, the City and the District have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Intergovernmental Agreement (“Agreement”); and

WHEREAS, this Agreement replaces the Intergovernmental Agreement entered into by, between, and among the District, the City, and the Aurora Crossroads Metropolitan District Nos. 1 and 2, dated as of July 20, 2020 (the “2020 IGA”), only as it relates to the District (formerly known as the Aurora Crossroads Metropolitan District No. 3); and

WHEREAS, the 2020 IGA shall remain in full force and effect, as may be amended by the parties thereto, with respect to the Aurora Crossroads Metropolitan District Nos. 1 and 2, and nothing contained in this Agreement shall change the terms of the 2020 IGA except as they relate to the District.

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

**COVENANTS AND AGREEMENTS**

1. Operations and Maintenance. The District shall dedicate the Public Improvements (as defined in the Service Plan) to the City or other appropriate jurisdiction or owners association in a manner consistent with the Approved Development Plan and other rules

and regulations of the City and applicable provisions of the City Code. The District shall be authorized, but not obligated, to own, operate and maintain Public Improvements not otherwise required to be dedicated to the City or other public entity, including, but not limited to street improvements (including roads, curbs, gutters, culverts, sidewalks, bridges, parking facilities, paving, lighting, grading, landscaping, and other street improvements), traffic and safety controls, retaining walls, park and recreation improvements and facilities, trails, open space, landscaping, drainage improvements (including detention and retention ponds, trickle channels, and other drainage facilities), irrigation system improvements (including wells, pumps, storage facilities, and distribution facilities), and all necessary equipment and appurtenances incident thereto.

Any Fee imposed by the District for access to such park and recreation improvements shall not result in Non-District City residents paying a user fee that is greater than, or otherwise disproportionate to, similar fees and taxes paid by residents of the District. However, the District shall be entitled to impose an administrative fee as necessary to cover additional expenses associated with Non-District City residents to ensure that such costs are not the responsibility of District residents. All such Fees shall be based upon the District's determination that such Fees do not exceed reasonable annual market fee for users of such facilities. Notwithstanding the foregoing, all parks and trails owned by the District shall be open to the general public and Non-District City residents, subject to the rules and regulations of the District as adopted from time to time. Trails which are interconnected with a city or regional trail system shall be open to the public free of charge and on the same basis as residents and owners of taxable property within the District.

2. Fire Protection. The District shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City. The authority to plan for, design, acquire, construct, install, relocate, redevelop or finance fire hydrants and related improvements installed as part of the water system shall not be limited by this provision.

3. Television Relay and Translation. The District shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain television relay and translation facilities and services, other than for the installation of conduit as a part of a street construction project, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City.

4. Golf Course Construction. The District shall not be authorized to plan, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain a golf course unless such activity is pursuant to an intergovernmental agreement with the City.

5. Construction Standards. The District will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City and of other governmental entities having proper jurisdiction and of those special districts that qualify as "interested parties" under Section 32-1-204(1), C.R.S., as applicable. The District will obtain the City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

6. Issuance of Privately Placed Debt. Prior to the issuance of any privately placed Debt, the District shall obtain the certification of an External Financial Advisor substantially as follows:

We are [I am] an External Financial Advisor within the meaning of the District's Service Plan.

We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

7. Inclusion Limitation. The District shall not include within its boundaries any property outside the Service Area without the prior written consent of the City.

8. Overlap Limitation. The District shall not consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of the District unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the District.

9. Initial Debt. On or before the effective date of approval by the City of an Approved Development Plan (as defined in the Service Plan), the District shall not: (a) issue any Debt; nor (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds; nor (c) impose and collect any fees used for the purpose of repayment of Debt.

10. Total Debt Issuance. The District shall not issue Debt in excess of Six Million Five Hundred Thousand Dollars (\$6,500,000) in the aggregate; provided, however, that any Debt issued by the District for ARI Regional Improvements shall not be included within this limitation and shall be subject to the limitations set forth in Section VI of the Service Plan.

11. Fee Limitation. The District may impose and collect Fees as a source of revenue for repayment of debt, capital costs, and/or for operations and maintenance. No Fee related to the funding of costs of a capital nature shall be authorized to be imposed upon or collected from Taxable Property owned or occupied by an End User which has the effect, intentional or otherwise, of creating a capital cost payment obligation in any year on any Taxable Property owned or occupied by an End User. Notwithstanding any of the foregoing, the restrictions in this definition shall not apply to any Fee imposed upon or collected from Taxable Property for the purpose of funding operation and maintenance costs of the District.

12. Debt Issuance Limitation. The District shall not be authorized to incur any indebtedness until such time as the District has approved and executed the IGA and approved the imposition of the Aurora Regional Improvement Mill Levy (as defined in the Service Plan) upon all taxable property located within the boundaries of the District.

13. Monies from Other Governmental Sources. The District shall not apply for or accept Conservation Trust Funds, Great Outdoors Colorado Funds, or other funds available from or through governmental or non-profit entities that the City is eligible to apply for, except pursuant to an intergovernmental agreement with the City. This Section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the District without any limitation.

14. Consolidation. The District shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the City.

15. Bankruptcy. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term have been established under the authority of the City to approve a Service Plan with conditions pursuant to Section 32-1-204.5, C.R.S. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

(b) Are, together with all other requirements of Colorado law, included in the “political or governmental powers” reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the “regulatory or electoral approval necessary under applicable nonbankruptcy law” as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term, shall be deemed a material modification of this Service Plan pursuant to Section 32-1-207, C.R.S. and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the City as part of a Service Plan Amendment.

16. Website. When the District is required to have a website in accordance with the requirements of Section 32-1- 104.5, C.R.S., the District shall establish, maintain and annually update a public website or provide information on a shared community website, on which the District will timely post all information and documents required by Section 32-1- 104.5, C.R.S.

17. Dissolution. Upon an independent determination of the City Council that the purposes for which the District was created have been accomplished, the District agrees to file petitions in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall a dissolution occur until the District has provided for the payment or discharge of all of their outstanding indebtedness and other financial obligations as required pursuant to State statutes.

18. Disclosure to Purchasers. The District will use reasonable efforts to assure that all developers of residential property located within the District provide written notice to all purchasers of residential property in the District regarding the Maximum Debt Mill Levy, as well as a general description of the District’s authority to impose and collect rates, Fees, tolls and charges. The notice shall conform with the City’s standard model disclosure attached as Exhibit

D to the Service Plan as may be amended from time to time. The City shall be provided a copy of the notice prior to the initial issuance of the Debt of the District imposing the mill levy which is the subject of the Maximum Debt Mill Levy.

19. Service Plan Amendment Requirement. Actions of the District which violate the limitations set forth in V.A.1-14 or VII.B-G of the Service Plan shall be deemed to be material modifications to the Service Plan and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the District.

20. Annual Report. The District shall be responsible for submitting an annual report to the Manager of the Office of Development Assistance of the City Manager's Office no later than August 1st of each year following the year in which the Order and Decree creating the District has been issued, pursuant to the City Code and containing the information set forth in Section VIII of the Service Plan.

21. Regional Improvements. The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment and a contribution to the funding of the Regional Improvements and fund the administration and overhead costs related to the provisions of the Regional Improvements incurred as a result of participation in the alternatives set forth in Section VI.A, B or C of the Service Plan.

The District shall impose the ARI Mill Levy and shall convey it as follows:

(a) If the District has executed an ARI Authority Establishment Agreement and the City has been offered the opportunity to execute an ARI Authority Establishment Agreement, the terms of which provide for the City to appoint no less than thirty percent (30%) and no more than forty-nine percent (49%) of the Board members who will serve as the board of directors of the ARI Authority to be established by such ARI Authority Establishment Agreement, regardless as to whether the City approves the execution of such ARI Authority Establishment Agreement, the revenue from the ARI Mill Levy shall be conveyed to the ARI Authority for the planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing of the Regional Improvements in the ARI Master Plan and for the operations of such ARI Authority; or

(b) If the City and the District have executed an intergovernmental agreement then the revenue from the ARI Mill Levy shall be conveyed to the City for use in planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing of the Regional Improvements which benefit the service users and taxpayers of the District in accordance with such agreement; or

(c) If neither Section VI.A nor VI.B of the Service Plan is applicable then the revenue shall be conveyed to the City and (i) the City shall place in a special account all revenues received from the ARI Mill Levy imposed in the Service Area under Section VI of the Service Plan and shall not expend such revenue until an intergovernmental agreement is executed between the District establishing the terms and conditions for the provision of the Regional Improvements; and (ii) if the intergovernmental agreement is not executed within two (2) years from the date of the approval of the Service Plan by the City and neither Section VI.A

nor VI.B of the Service Plan above have occurred within two (2) years from the date of the approval of the Service Plan by the City, then the revenue from the ARI Mill Levy shall be conveyed to the City for use by the City in the planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing of the Regional Improvements which benefit the service users or taxpayers of the District as prioritized and determined by the City.

As set forth in the definition of the ARI Mill Levy, the District may, pursuant to any intergovernmental agreement with the City, extend the terms for application of the ARI Mill Levy beyond the years set forth in Sections VI.A and VI. B of the Service Plan. The Maximum Mill Levy Imposition Term shall include the terms and any extension of such terms, as set forth in Sections A, B and C of the definition of the ARI Mill Levy.

The Regional Improvements shall be limited to the provision of the planning, design, acquisition, construction, installation, relocation and/or redevelopment of street and transportation related improvements as defined in the Special District Act and the administration and overhead costs incurred as a result of participation in the alternative set forth in Section VI.A, B or C of the Service Plan, unless the City has agreed otherwise in writing; provided, however in no event shall the Regional Improvements include water or sanitary sewer improvements unless such improvements are necessary as a part of completing street and transportation related improvements. The District shall cease to be obligated to impose, collect and convey to the City the revenue from the ARI Mill Levy described in Section VI of the Service Plan at such time as the area within the District's boundaries is included within a different district organized under the Special District Act, or a General Improvement District organized under Section 31-25-601, et seq., C.R.S., or Business Improvement District organized under Section 31-25-1201, et seq., C.R.S., which other district has been organized to fund a part or all of the Regional Improvements.

22. Maximum Debt Mill Levy. The "Maximum Debt Mill Levy" shall be the maximum mill levy the District is permitted to impose upon the taxable property within the District for payment of Debt, and shall be determined as follows:

(a) For the portion of any aggregate District's Debt which exceeds fifty percent (50%) of the District's assessed valuation, the Maximum Debt Mill Levy for such portion of Debt shall be fifty (50) mills less the number of mills necessary to pay unlimited mill levy Debt described in Section VII.C.2 of the Service Plan; provided that if, on or after January 1, 2004, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2004, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

(b) For the portion of any aggregate District's Debt which is equal to or less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject

to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate.

(c) For purposes of the foregoing, once Debt has been determined to be within Section VII.C.2 of the Service Plan, so that the District is entitled to pledge to its payment an unlimited ad valorem mill levy, the District may provide that such Debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent change in the District's Debt to assessed ratio. All Debt issued by the District must be issued in compliance with the requirements of Section 32-1-1101, C.R.S. and all other requirements of State law.

To the extent that the District is composed of or subsequently organized into one or more subdistricts as permitted under Section 32-1-1101, C.R.S., the term "District" as used herein shall be deemed to refer to the District and to each such subdistrict separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this definition.

The Maximum Debt Mill Levy shall not apply to the District's Operations and Maintenance Mill Levy for the provision of operation and maintenance services to the District's taxpayers and service users.

23. Maximum Debt Mill Levy Imposition Term. The District shall have the authority to impose the ARI Mill Levy for the terms as set forth in Section VI of the Service Plan. Other than the ARI Mill Levy, the District shall not impose a levy for repayment of any and all Debt (or use the proceeds of any mill levy for repayment of Debt) on any single property developed for residential uses which exceeds forty (40) years after the year of the initial imposition of such mill levy unless a majority of the Board of Directors of the District are residents of the District and have voted in favor of a refunding of a part or all of the Debt and such refunding will result in a net present value savings as set forth in Section 11-56-101, C.R.S., et seq.

24. Notices. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the address or by courier delivery, via United Parcel Service or other nationally recognized overnight air courier service, or by depositing same in the United States mail, postage prepaid, addressed as follows:

To the District:                      Aurora Crossroads Metropolitan District No. 3  
No. 3  
c/o White Bear Ankele Tanaka & Waldron  
2154 E. Commons Ave., Suite 2000  
Centennial, CO 80122  
  
Attn: Jennifer Gruber Tanaka, Esq.  
Phone: (303) 858-1800

To the City:                              City of Aurora  
15151 E. Alameda Pkwy., 5th Floor  
Aurora, CO 80012

Attn: Daniel L. Brotzman, City Attorney  
Phone: (303) 739-7030  
Fax: (303) 739-7042

All notices, demands, requests or other communications shall be effective upon such personal delivery or one (1) business day after being deposited with United Parcel Service or other nationally recognized overnight air courier service or three (3) business days after deposit in the United States mail. By giving the other party hereto at least ten (10) days written notice thereof in accordance with the provisions hereof, each of the Parties shall have the right from time to time to change its address.

25. Amendment. This Agreement may be amended, modified, changed, or terminated in whole or in part only by a written agreement duly authorized and executed by the Parties hereto and without amendment to the Service Plan.

26. Assignment. Neither Party hereto shall assign any of its rights nor delegate any of its duties hereunder to any person or entity without having first obtained the prior written consent of the other Party, which consent will not be unreasonably withheld. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.

27. Default/Remedies. In the event of a breach or default of this Agreement by any Party, the non-defaulting Party shall be entitled to exercise all remedies available at law or in equity, specifically including suits for specific performance and/or monetary damages. In the event of any proceeding to enforce the terms, covenants or conditions hereof, the prevailing Party in such proceeding shall be entitled to obtain as part of its judgment or award its reasonable attorneys' fees.

28. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Colorado.

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

30. Integration. This Agreement constitutes the entire agreement between the Parties with respect to the matters addressed herein. All prior discussions and negotiations regarding the subject matter hereof are merged herein.

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

32. Severability. If any covenant, term, condition, or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of

such covenant, term, condition, or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

33. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

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

35. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Service Plan.

**SIGNATURE PAGE TO AMENDED AND RESTATED INTERGOVERNMENTAL  
AGREEMENT**

AURORA CROSSROADS  
METROPOLITAN DISTRICT NO. 3

By: \_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

CITY OF AURORA, COLORADO

By: \_\_\_\_\_  
MIKE COFFMAN, Mayor

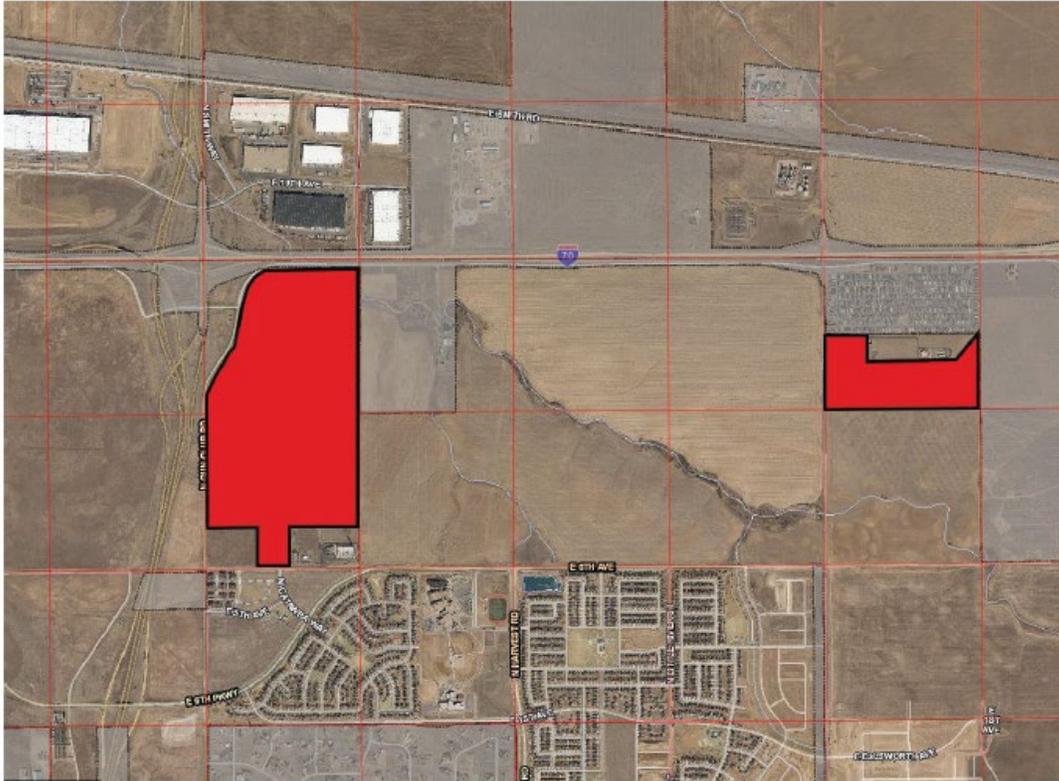
ATTEST:

\_\_\_\_\_  
KADEE RODRIGUEZ, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
BRIAN J. RULLA, Assistant City Attorney

Vicinity Map - Aurora Crossroads Metro District





# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> Buckley MD Nos. 1-4 Amended Service Plan
<b>Item Initiator:</b> Cesarina Dancy, Senior Development Project Manager, Office of Development Assistance
<b>Staff Source/Legal Source:</b> Cesarina Dancy, Senior Development Project Manager, Office of Development Assistance/ Brian Rulla, Assistant City Attorney II
<b>Outside Speaker:</b>
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### COUNCIL MEETING DATES:

**Study Session:** 5/2/2022

**Regular Meeting:** 5/9/2022

### ITEM DETAILS:

- Agenda long title
- Waiver of reconsideration requested, and if so, why
- Sponsor name
- Staff source name and title / Legal source name and title
- Outside speaker name and organization
- Estimated Presentation/discussion time
  
- Buckley MD Nos. 1-4 Amended Service Plan
- No waiver of reconsideration requested
- No Sponsor
- Cesarina Dancy, Senior Development Project Manager, Office of Development Assistance/ Brian Rulla, Assistant City Attorney II
- No outside speaker
- Estimated Presentation/discussion time 5/5

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### ACTIONS(S) PROPOSED *(Check all appropriate actions)*

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Approve Item and Move Forward to Study Session  | <input type="checkbox"/> Approve Item as proposed at Study Session   |
| <input type="checkbox"/> Approve Item and Move Forward to Regular Meeting   | <input type="checkbox"/> Approve Item as proposed at Regular Meeting |
| <input type="checkbox"/> Information Only   |  |
| <input type="checkbox"/> Approve Item with Waiver of Reconsideration<br>Reason for waiver is described in the Item Details field. |  |

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**PREVIOUS ACTIONS OR REVIEWS:**

**Policy Committee Name:** Management & Finance

**Policy Committee Date:** 4/26/2022

**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

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**HISTORY (Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)**

The service plan for Buckley Metropolitan District Nos. 1-4 was approved by City Council in November 2019. The District is located at the southeast corner of 6<sup>th</sup> Avenue and Picadilly Road.

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**ITEM SUMMARY (Brief description of item, discussion, key points, recommendations, etc.)**

Buckley Metropolitan District Nos. 1-4 is requesting that City Council adopt a resolution amending the current service plan in order to increase the total area of the inclusion area boundaries. This is in order to incorporate property that is planned to be acquired by the developer of the property currently within the District. The area to be added to the inclusion area is located to the east of Valdai Street in exhibit C-2 of the attachment.

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**QUESTIONS FOR COUNCIL**

Does the Committee wish to forward this item to the next Study Session?

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**LEGAL COMMENTS**

Title 32, Article 1, C.R.S., as amended, and Section 122-36(b) of the City Code each provide that material modifications to an approved metropolitan district service plan may be made by the board of directors of a district only by petition to and approval by the City Council in substantially the same manner as provided for in the approval for an original service plan. (Rulla)

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**PUBLIC FINANCIAL IMPACT**

YES       NO

**If yes, explain:** Approval of the district will allow the cost of providing district infrastructure and certain operating costs to be passed on to the district property owners via metropolitan district taxes and fees.

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**PRIVATE FISCAL IMPACT**

Not Applicable       Significant       Nominal

**If Significant or Nominal, explain:** The approval of this district will provide a mechanism for developers to finance infrastructure for new development by recovering the associated costs through metropolitan district taxes.

RESOLUTION NO. R2022 - \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AURORA,  
COLORADO, APPROVING THE FIRST AMENDMENT TO THE SERVICE  
PLAN FOR BUCKLEY METROPOLITAN DISTRICT NOS. 1-4

WHEREAS, the City Council (the “Council”) of the City of Aurora, Colorado (the “City”), has adopted Chapter 122 of the City’s Municipal Code (the “Code”), which Chapter establishes procedures for the review and approval of proposals to modify service plans for Title 32 special districts located within the City’s boundaries; and

WHEREAS, the City Council approved the Service Plan for Buckley Metropolitan District Nos. 1-4 (the “Districts”) on November 18, 2019 (the “Service Plan”); and

WHEREAS, the Districts desire to increase the total area of the Inclusion Area Boundaries, as defined in the Service Plan, to incorporate property that is planned to be acquired by the developer of the property within the District; and

WHEREAS, all other terms of the Service Plan remain unchanged and conform the to the City’s Model Service Plan; and

WHEREAS, pursuant to Section 32-1-207, C.R.S., as amended, and Section 122-36 of the City Code, the First Amendment to the Service Plan (the “First Amendment to the Service Plan”) for the District has been submitted to the City Council; and

WHEREAS, pursuant to the provisions of Title 32, Article 1, C.R.S., as amended, and Chapter 122 of the City Code, the City Council held a public hearing on the First Amendment to the Service Plan for the District; and

WHEREAS, notice of the hearing before the City Council was duly published in *The Aurora Sentinel*, a newspaper of general circulation within the City and the District, as required by law, and mailed to owners of record of all property within the District, to the Division of Local Government, and to the governing body of each municipality and title 32 district that has levied an ad valorem tax within the next preceding tax year and that has boundaries within a radius of three miles of the District; and

WHEREAS, the City Council has considered the First Amendment to the Service Plan, and all other testimony and evidence presented at the hearing; and

WHEREAS, City Council finds that the amendments are in the best interests of both the City and the District’s taxpayers; and

WHEREAS, the City Council finds that the First Amendment to the Service Plan should be approved unconditionally, as permitted by Section 32-1-207, C.R.S., as amended, and Section 122-36 of the City Code.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AURORA, COLORADO, THAT:

Section 1. The City Council hereby finds and determines that all of the requirements of Title 32, Article 1, Part 2, C.R.S., as amended, and Chapter 122-36 of the City Code relating to the filing of the First Amendment to the Service Plan for the District have been fulfilled and that notice of the hearing was given in the time and manner required by law;

Section 2. All pertinent facts, matters, and issues were submitted at the public hearing, all interested parties were heard or had the opportunity to be heard, and evidence satisfactory to the Council of each of the following was presented:

- a. There is still sufficient existing and projected need for organized service in the area served by the District;
- b. The existing service in the area served by the District remains inadequate for present and projected needs;
- c. The District is capable of providing economical and sufficient services to the area within its boundaries;
- d. The area included within the District has, or will have, the financial ability to discharge the indebtedness proposed by the First Amendment to the Service Plan on a reasonable basis;
- e. Adequate service is not, or will not be, available to the area through the City, county, or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;
- f. The facility and service standards of the District are compatible with the facility and service standards of the City;
- g. The First Amendment to the Service Plan is in substantial compliance with the comprehensive plan adopted by the City;
- h. The First Amendment to the Service Plan is in compliance with any duly-adopted City, regional, or state long-range water quality management plan for the area; and
- i. The First Amendment to the Service Plan is in the best interests of the area served by the District.

Section 3. The First Amendment to the Service Plan is hereby approved as submitted.

Section 4. This Resolution shall be filed in the records of the City Clerk and a certified copy thereof submitted to the Districts.

Section 5. All prior resolutions or any parts thereof, to the extent that they are inconsistent with this Resolution, are hereby rescinded.

RESOLVED AND PASSED this \_\_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
MIKE COFFMAN, Mayor

ATTEST:

\_\_\_\_\_  
KADEE RODRIGUEZ, City Clerk

APPROVED AS TO FORM:

 RLA

\_\_\_\_\_  
BRIAN J. RULLA, Assistant City Attorney

WILLIAM P. ANKELE, JR.  
JENNIFER GRUBER TANAKA  
CLINT C. WALDRON  
KRISTIN BOWERS TOMPKINS  
ROBERT G. ROGERS  
BLAIR M. DICKHONER  
GEORGE M. ROWLEY



OF COUNSEL:  
KRISTEN D. BEAR  
K. SEAN ALLEN  
TRISHA K. HARRIS  
ZACHARY P. WHITE  
HEATHER L. HARTUNG  
MEGAN J. MURPHY

EVE M. G. VELASCO  
AUDREY G. JOHNSON  
CAREY S. SMITH V  
ERIN K. STUTZ  
JON L. WAGNER  
NELSON G. DUNFORD  
RUTH O. BORNE

April 5, 2022

**VIA ELECTRONIC MAIL**

Jacob Cox, ODA Manager  
Office of Development Assistance  
City of Aurora  
15151 E. Alameda Parkway, Suite 5200  
Aurora, Colorado 80012  
jcox@auroragov.org

**RE: Proposed Amendment to the Service Plan for Buckley Metropolitan District  
Nos. 1-4**

Dear Mr. Cox,

Our office serves as general counsel to the Buckley Metropolitan District Nos. 1-4 (the “**Districts**”) in the City of Aurora (the “**City**”), Colorado. The service plan for the Districts was approved by the City Council of the City of Aurora on November 18, 2019, as set forth in Resolution No. R2019-116 (the “**Service Plan**”). We are writing on behalf of the Districts’ Boards of Directors (the “**Boards**”) to formally request that the City Council adopt a resolution amending the Districts’ Service Plan. The Districts desire to increase the total area of the Inclusion Area Boundaries, as defined in the Service Plan, to incorporate property that is planned to be acquired by the developer of the property within the District. The area to be added to the Inclusion Area is located to the east of Valdai Street on Exhibit C-2 of the First Amendment to Service Plan for Buckley Metropolitan District Nos. 1-4.

A draft of the proposed First Amendment to the Service Plan is enclosed with this letter. We appreciate your assistance with this matter. Please let us know if you need any additional information to process this proposed service plan amendment.

Sincerely,

WHITE BEAR ANKELE TANAKA & WALDRON

Zachary P. White  
Of Counsel

**FIRST AMENDMENT TO**

**SERVICE PLAN FOR**

**BUCKLEY METROPOLITAN DISTRICT NOS. 1-4**

**CITY OF AURORA, COLORADO**

Prepared by:

WHITE BEAR ANKELE TANAKA & WALDRON  
2154 E. Commons Avenue, Suite 2000  
Centennial, CO 80122

Approval Date: \_\_\_\_\_, 2022

## **I. INTRODUCTION**

The Service Plan for Buckley Metropolitan District Nos. 1-4 (each the “**District**”, and collectively, the “**Districts**”) was approved by the City Council of the City of Aurora (the “**City**”) on November 18, 2019, as set forth in Resolution No. R2019-116 (the “**Service Plan**”). The purpose of the Districts is to provide certain public improvements, as further described in the Service Plan, for the benefit of the residents and taxpayers of the Districts.

The purpose of this First Amendment to the Service Plan (the “**First Amendment**”) is to increase the total area of the Inclusion Area Boundaries to include property planned to be acquired and developed by the developer of the property within the District.

## **II. AMENDMENT**

Exhibit C-2 of the Service Plan is hereby amended and replaced in its entirety by **Exhibit C-2**, attached hereto and incorporated herein by this reference.

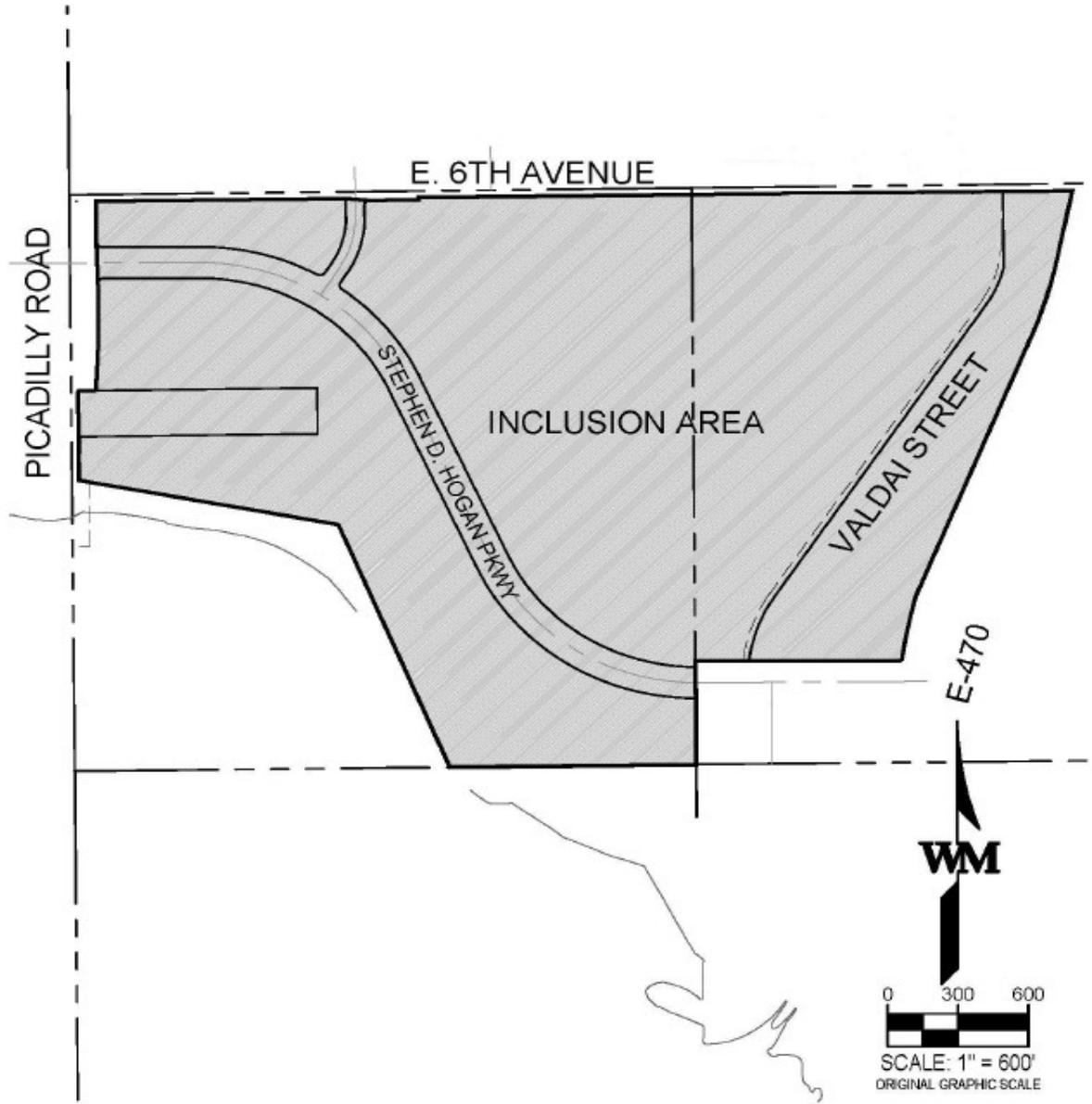
## **III. EFFECT OF FIRST AMENDMENT; EFFECTIVE DATE**

Except as specifically amended as set forth above, all other provisions of the Service Plan shall remain in full force and effect. Unless otherwise defined herein, capitalized terms shall have the meanings set forth in the Service Plan. To the extent there are any inconsistencies between this First Amendment and the Service Plan, this First Amendment shall control. This First Amendment shall be effective on the date of the effective date of the City Council Resolution approving this First Amendment.

**EXHIBIT C-2**

(Inclusion Area Boundary Map)

**INCLUSION AREA**



990 south broadway suite 230 denver, co 80209 p 303.561.3333 waremalcomb.com CIVIL ENGINEERING & SURVEYING	 <b>WARE MALCOMB</b>	PROJECT NAME: BUCKLEY METRO DIST. - INCLUSION		SHEET
		JOB NO.: DCS19-4081	DATE: 5/4/21	<b>INCL</b>
		DRAWN:	PA/PM: TCJ	



# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> 2022 Heavy Fleet Financing Ordinance
<b>Item Initiator:</b> Teresa Sedmak, City Treasurer
<b>Staff Source/Legal Source:</b> Teresa Sedmak, City Treasurer / Hanosky Hernandez, Sr. Assistant City Attorney
<b>Outside Speaker:</b> N/A
<b>Council Goal:</b> 2012: 6.1--Ensure the delivery of high quality services to residents in an efficient and cost effective manner

**COUNCIL MEETING DATES:**

**Study Session:** 5/16/2022

**Regular Meeting:** 5/23/2022

**ITEM DETAILS:**

- Agenda long title
- Waiver of reconsideration requested, and if so, why
- Sponsor name
- Staff source name and title / Legal source name and title
- Outside speaker name and organization
- Estimated Presentation/discussion time

AN ORDINANCE AUTHORIZING THE USE OF LEASE-PURCHASE FINANCING TO ACQUIRE CERTAIN EQUIPMENT DURING THE 2022 FISCAL YEAR PURSUANT TO THE TERMS OF AN EQUIPMENT LEASE-PURCHASE AGREEMENT BY AND BETWEEN THE AURORA CAPITAL LEASING CORPORATION, AS LESSOR, AND THE CITY OF AURORA, COLORADO, AS LESSEE; AUTHORIZING OFFICIALS OF THE CITY TO TAKE ALL ACTION NECESSARY TO CARRY OUT THE TRANSACTIONS CONTEMPLATED HEREBY; AND OTHER RELATED MATTERS

---

**ACTIONS(S) PROPOSED** *(Check all appropriate actions)*

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Approve Item and Move Forward to Study Session  | <input type="checkbox"/> Approve Item as proposed at Study Session   |
| <input type="checkbox"/> Approve Item and Move Forward to Regular Meeting   | <input type="checkbox"/> Approve Item as proposed at Regular Meeting |
| <input type="checkbox"/> Information Only   |  |
| <input type="checkbox"/> Approve Item with Waiver of Reconsideration<br>Reason for waiver is described in the Item Details field. |  |

---

**PREVIOUS ACTIONS OR REVIEWS:**

**Policy Committee Name:** N/A

**Policy Committee Date:** N/A

**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

---

**HISTORY (Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)**

This is the continuation of a fleet financing program begun in 2012 through the use of the Aurora Capital Leasing Corporation. Financing terms and rates on the most recent fleet financing transactions are as follows:

<u>Year</u>	<u>Amount Borrowed</u>	<u>Term</u>	<u>Rate</u>
2021	\$8.30 million	7.3 years	1.034%
2019	\$3.90 million	6.3 years	1.970%
2018	\$1.75 million	7.5 years	3.130%
2017	\$1.22 million	7.5 years	1.980%
2016	\$2.00 million	7.0 years	1.460%

Due to COVID-related production delays and other issues, no financing was completed in 2020.

Staff seeks to replicate this program in 2022.

---

**ITEM SUMMARY (Brief description of item, discussion, key points, recommendations, etc.)**

Beginning in 2012, staff solicited third party financing for annual fleet acquisitions. The results were quite favorable to the City. Given this success and the continued interest among local banks to provide such financing, staff will again solicit financing proposals for 2022 fleet needs. The first step is to seek Council approval of a Lease Purchase and Financing Ordinance followed by a request for financing proposals later this year.

In the approved 2022 budget, Public Works will acquire up to seven vehicles (four dump trucks, a patch truck, a backhoe and a sweeper); Fire will acquire up to six vehicles, all fitted with required equipment (one aerial truck, two brush trucks, a hazmat vehicle an air light truck and a tender); Police will acquire up to two Bear Cat SWAT vehicles and PROS will acquire one dump truck. At this time, the anticipated total cost of the vehicles is expected to total approximately \$7.5 million. A preliminary equipment list is attached.

The Ordinance specifies that the principal amount to be financed will not exceed \$10,000,000, that the term shall not exceed 130 months at that the interest rate shall not be more than 5.00%.

In the event of adverse circumstances such as price escalations, delivery delays, or vendor non-performance, vehicle purchases may be cancelled and/or substituted for similar vehicles scheduled for future acquisition.

Staff recommends approval.

---

**QUESTIONS FOR COUNCIL**

Does the Management & Finance Committee support soliciting third party financing for the 2022 fleet acquisition and moving this item forward to Study Session?

---

**LEGAL COMMENTS**

The City is authorized to enter into long-term or short-term rental or leasehold agreements in order to provide necessary land, buildings, equipment, and other property for governmental or proprietary purposes, which agreements may include an option to purchase and acquire title to such leased or rented property, and may have a term, at the discretion of the City, in excess of 30 years. *See*, Sec. 31-15-801, C.R.S.; City Code Sec. 2-683. Any use of lease-purchase financing by the City shall be approved by ordinance. City Charter Art. 5-3. (Hernandez)

---

**PUBLIC FINANCIAL IMPACT**

YES       NO

**If yes, explain:** Annual lease payments on the fleet financing must be appropriated from the General Fund.

---

**PRIVATE FISCAL IMPACT**

Not Applicable       Significant       Nominal

**If Significant or Nominal, explain:** N/A

**EXHIBIT B**

\*\*\*PRELIMINARY\*\*\*

**DESCRIPTION OF EQUIPMENT**

**LEASE NO. 2022-A**

**ACLC Fleet Financing Series 2022-A**

<b>Type of Equipment<sup>2</sup></b>	<b>Vehicle Cost</b>	<b>Equipment Cost</b>	<b>Total Cost<sup>1</sup></b>
Fire Aerial Truck & Equipment	\$ 1,110,450.00	\$ 165,000.00	\$ 1,275,450.00
Fire Hazmat Vehicle & Equipment	\$ 879,830.00	\$ 165,000.00	\$ 1,044,830.00
Fire Air Light Vehicle & Equipment	\$ 878,729.00	\$ 165,000.00	\$ 1,032,900.00
Fire Tender Truck & Equipment	\$ 750,000.00	\$ 165,000.00	\$ 915,000.00
Fire Brush Truck & Equipment	\$ 195,819.00	\$ 50,000.00	\$ 195,819.00
Fire Brush Truck & Equipment	\$ 195,819.00	\$ 50,000.00	\$ 195,819.00
Police BearCat G3-1	\$ 326,386.00	\$ -	\$ 326,386.00
Police BearCat G3-2	\$ 326,386.00	\$ -	\$ 326,386.00
Five Dump Trucks	\$ 1,512,943.00	\$ -	\$ 1,512,943.00
Asphalt Patch Truck	\$ 200,220.23	\$ -	\$ 200,220.23
Asphalt/Sidewalk Sweep	\$140,000.00	\$ -	\$ 140,000.00
Backhoe	\$203,683.00	\$ -	\$ 203,683.00
<b>Totals</b>	<b>\$ 6,720,265.23</b>	<b>\$760,000.00</b>	<b>\$7,369,436.23</b>
		Estimated Costs of Issuance	\$20,000.00
		Title / Reg / Misc Costs	\$1,000.00
		<b>Total Loan amount</b>	<b>\$7,390,436.23</b>

<sup>1</sup> Does not include allocable portion of costs of execution and delivery of the Lease, to be included in the final Exhibit.

ORDINANCE NO. 2022-\_\_\_\_\_

A BILL

FOR AN ORDINANCE AUTHORIZING THE USE OF LEASE-PURCHASE FINANCING TO ACQUIRE CERTAIN EQUIPMENT DURING THE 2022 FISCAL YEAR PURSUANT TO THE TERMS OF AN EQUIPMENT LEASE-PURCHASE AGREEMENT BY AND BETWEEN THE AURORA CAPITAL LEASING CORPORATION, AS LESSOR, AND THE CITY OF AURORA, COLORADO, AS LESSEE; AUTHORIZING OFFICIALS OF THE CITY TO TAKE ALL ACTION NECESSARY TO CARRY OUT THE TRANSACTIONS CONTEMPLATED HEREBY; AND OTHER RELATED MATTERS

WHEREAS, the City of Aurora, Colorado, (the "City"), is a home rule municipality, organized and existing under and by virtue of Article XX, Section 6 of the Colorado Constitution; and

WHEREAS, the City is authorized pursuant to Section 31-15-801, C.R.S., as amended, the City's home rule powers, and Section 2-683 of the City Code to enter into long-term or short-term rental or leasehold agreements in order to provide necessary land, buildings, equipment, and other property for governmental or proprietary purposes, which agreements may include an option to purchase and acquire title to such leased or rented property, and may have a term, at the discretion of the City, in excess of 30 years; and

WHEREAS, in order to provide for the capital asset needs of the City, the City Council of the City (the "Council") hereby determines that it is necessary and in the best interests of the City and its citizens that the City undertake lease-purchase financing of equipment for use by the City for governmental or proprietary purposes; and

WHEREAS, the City wishes to obtain lease-purchase financing of certain equipment, to be acquired during the 2022 fiscal year (the "Equipment"), including vehicles for use by the Public Works Department ("Public Works"), the Fire Department ("Fire"), the Police Department ("Police") and the Parks and Open Space Department ("PROS") to be completed within 12 months of the date hereof; and

WHEREAS, the Equipment is hereby authorized to be financed by tax exempt municipal lease purchase financing from the Aurora Capital Leasing Corporation ("ACLC") with cash balances made available to ACLC by the City or pursuant to a direct placement of a lease-purchase agreement, or an assignment thereof, as a tax-exempt obligation, with one or more banks or institutional investors selected by the Finance Director through an informal competitive process (a "Financing"); and

WHEREAS, the City previously declared its official intent for federal income tax purposes, pursuant to 26 CFR § 1.150-2, to reimburse the City for any capital expenditures made in connection with the acquisition of all or a portion of the Equipment with the proceeds of the Financing; and

WHEREAS, there has been filed for public inspection with the City Clerk in connection herewith a proposed form of Equipment Lease Purchase Agreement (the "Lease"), to be entered into by and between ACLC, as lessor, and the City, as lessee; and

WHEREAS, as specific items of equipment are acquired by ACLC for the City's use during the 2022 fiscal year, one or more Leases may be executed by and between ACLC and the City in accordance with the parameters set forth in this ordinance (the "Ordinance").

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AURORA, COLORADO:

Section 1. *Ratification of Actions.* All action heretofore taken, not inconsistent with the provisions of this Ordinance, by the Council or the officers of the City, directed toward the acquisition of the Equipment and the preparation of the form of the Lease are hereby ratified, approved and confirmed.

Section 2. *The Equipment.* The City is hereby authorized to obtain lease-purchase financing through one or more lease-purchase agreements with ACLC for up to and including eighteen (18) vehicles and other equipment for use by Public Works, Fire, Police and PROS to be acquired during the 2022 fiscal year, including all equipment, software, warranties, and service contracts accessory thereto and/or associated therewith.

Section 3. *Maximum Principal Amount; Interest Rate; Term.* The principal amount to be financed shall not exceed Ten Million Dollars (\$10,000,000.00), the interest component of rental payments to be made by the City shall accrue at a rate not to exceed five percent (5.00%), and the term of any Lease hereunder shall not exceed one hundred thirty (130) months. Rental payments may be made annually, semi-annually, or at any other convenient interval as determined by the Director of Finance

Section 4. *Findings; Authorizations.* The Council hereby finds and determines, pursuant to the City's home rule powers and the laws of the State of Colorado, that the acquisition of the Equipment is necessary, convenient, and in furtherance of the governmental purposes of the City and in the best interests of the City and its citizens; and the Council hereby authorizes the acquisition of the Equipment by means of lease-purchase financing.

Section 5. *Agency Relationship.* Pursuant to the Lease, the City shall act as the agent of ACLC solely for the purpose of acquiring the Equipment. The City will do all things necessary to effect the acquisition of the Equipment free and clear of any encumbrances and subject the same to any security interests as may be contemplated under the Lease.

Section 6. *Approval and Execution of Documents; Authorized Officers.* The Lease, in substantially the form filed in the office of the City Clerk prior to the final adoption of this Ordinance, is in all respects approved, authorized and confirmed. The Mayor is hereby authorized and directed to execute and deliver, and the City Clerk is hereby authorized and directed to affix the seal of the City to, and attest, each Lease hereunder in substantially the form filed with the City Clerk, with such changes as are not inconsistent with the intent of this Ordinance and as approved by the City Attorney. The Council hereby designates the Director of Public Works, the Chief of the Fire Department, the Chief of the Police Department, the Director of PROS and the Director

of Finance to act as "Authorized Officers" under each Lease (the "Directors"). The Directors shall cause all title to, or other indicia of ownership of, the Equipment to be issued in ACLC's name. Prior to the execution of each Lease, the description and price of the Equipment subject to the Lease and the schedule of rental payments allocated to the Equipment under the Lease shall be approved by a certificate executed by the Director of Finance (the "Final Terms Certificate") and attached as a schedule to the Lease.

Section 7. *Additional Documents.* The City Clerk is hereby authorized and directed to attest all signatures and acts of any official of the City in connection with the matters authorized by this Ordinance. The Mayor and the Authorized Officers are hereby authorized to execute and deliver for and on behalf of the City any and all additional certificates, documents and other papers and to perform all other acts that they may deem necessary or appropriate in order to implement and carry out the transactions and other matters authorized by this Ordinance.

Section 8. *No General Obligation or Other Indebtedness.* The obligation of the City to make rental payments under the Lease is subject to annual appropriation by the Council and constitutes an undertaking of the City to make current expenditures. Such payments are subject to termination and nonrenewal by the City in accordance with the provisions of the Lease. No provision of this Ordinance or any Lease hereunder shall be construed as constituting or giving rise to a general obligation or other indebtedness or multiple fiscal year financial obligation of the City within the meaning of any home rule, constitutional or statutory debt limitation nor a mandatory charge or requirement against the City in any ensuing fiscal year beyond the current fiscal year.

Section 9. *Expression of Need.* The City hereby declares its current need for the Equipment. It is hereby declared to be the present intention and expectation of the Council that each Lease will be renewed annually until title to all of the Equipment is acquired by the City pursuant to the Lease; but this declaration shall not be construed as contractually obligating or otherwise binding the City.

Section 10. *Reasonable Rentals.* The Council hereby determines and declares that, after execution and delivery of each Lease, the rental payments due thereunder will represent the fair value of the use of the Equipment and the purchase price, as defined therein, will represent, as of any date upon which the City may exercise its option to purchase such Equipment, the fair purchase price of such Equipment. The Council further hereby determines and declares that, after the execution and delivery of each Lease, the rental payments due thereunder will not exceed a reasonable amount so as to place the City under an economic or practical compulsion to renew the Lease or to exercise its option to purchase the Equipment pursuant to the Lease. In making such determinations, the Council has given consideration to the cost of acquiring and installing the Equipment, the uses and purposes for which the Equipment will be employed by the City, the benefit to the citizens of the City by reason of the acquisition and use of the Equipment pursuant to the terms and provisions of each Lease, the City's option to purchase the Equipment, and the expected eventual vesting of title to, or other indicia of ownership of, the Equipment in the City. The Council hereby determines and declares that, after execution and delivery of each Lease, the maximum duration of the portion of the Lease allocable to any item of Equipment separately identified in the payment schedule appended thereto will not exceed the weighted average useful life of such item of Equipment.

Section 11. *Confirmation of Prior Acts.* All prior acts and doings of the officials, agents and employees of the City which are in conformity with the purpose and intent of this Ordinance and in furtherance of the purchase of the Equipment are in all respects ratified, approved and confirmed.

Section 12. *Severability.* The provisions of this Ordinance are hereby declared to be severable. If any section, paragraph, clause, or provision of this Ordinance shall, for any reason, be held to be invalid or unenforceable by a court of competent jurisdiction, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Ordinance.

Section 13. *Repealer.* All acts, orders, resolutions, ordinances, or parts thereof, in conflict with this Ordinance or with any of the documents hereby approved, are hereby repealed only to the extent of such conflict. This repealer shall not be construed as reviving any resolution, ordinance, or part thereof, heretofore repealed.

Section 14. *Publication.* Pursuant to Section 5-5 of the City Charter, the second publication of this ordinance shall be by reference, utilizing the ordinance title. Copies of this ordinance are available at the office of the City Clerk.

INTRODUCED, READ AND ORDERED PUBLISHED this \_\_\_ day of \_\_\_\_\_, 2022.

PASSED AND ORDERED PUBLISHED BY REFERENCE this \_\_\_ day of \_\_\_\_\_, 2022.

---

MIKE COFFMAN, Mayor

ATTEST:

---

KADEE RODRIGUEZ, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
HANOSKY HERNANDEZ,  
Sr. Assistant City Attorney



# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> City of Aurora Debt Policy
<b>Item Initiator:</b> Teresa Sedmak, City Treasurer
<b>Staff Source/Legal Source:</b> Teresa Sedmak, City Treasurer/Hanosky Hernandez, Sr. Assistant City Attorney
<b>Outside Speaker:</b> N/A
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### COUNCIL MEETING DATES:

**Study Session:** 5/16/2022

**Regular Meeting:** N/A

### ITEM DETAILS:

- Agenda long title
- Waiver of reconsideration requested, and if so, why
- Sponsor name
- Staff source name and title / Legal source name and title
- Outside speaker name and organization
- Estimated Presentation/discussion time

Minor modifications to City Debt Policy

---

### ACTIONS(S) PROPOSED *(Check all appropriate actions)*

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Approve Item and Move Forward to Study Session  | <input type="checkbox"/> Approve Item as proposed at Study Session   |
| <input type="checkbox"/> Approve Item and Move Forward to Regular Meeting   | <input type="checkbox"/> Approve Item as proposed at Regular Meeting |
| <input type="checkbox"/> Information Only   |  |
| <input type="checkbox"/> Approve Item with Waiver of Reconsideration<br>Reason for waiver is described in the Item Details field. |  |

---

### PREVIOUS ACTIONS OR REVIEWS:

**Policy Committee Name:** N/A

**Policy Committee Date:** N/A

---

**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

---

**HISTORY (Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)**

The City's Debt Policy was adopted by the City Council in April, 2021.

---

**ITEM SUMMARY (Brief description of item, discussion, key points, recommendations, etc.)**

The City's Debt Policy (the Policy) was adopted in its current form in April of 2021. The Policy is comprehensive in nature and includes sections related to the issuance and use of debt and/or other financial obligations, alternative financing instruments and post-issuance compliance. It delineates the specific tenets of the City's use of debt or other financing vehicles and the procedures which must be followed to assure continuing compliance with state statutes, IRS regulations, federal securities laws and/or regulations and the satisfaction of post-issuance obligations.

The Policy includes the following statements related to review and modifications:

This Policy will be reviewed at least once every three years or as otherwise required to assure its relevance and coverage of matters related to federal securities laws and/or regulations or tax laws. Such a review may be initiated by the Responsible Party. In connection with such review, the City will consider whether this Policy should be amended or supplemented:

- To address particular requirements associated with any new Obligations, or
- To reflect general changes in federal securities laws and/or regulations, or
- To address modifications to federal tax law related to tax-advantaged obligations.

Any such modifications to Policy will require the review and approval of City Council.

While the Policy is within the three year review period, staff, along with the City's bond counsel, Kutak Rock, reviewed the Policy and made minor revisions, none of which are related to the three categories listed above. Rather, modifications were made to improve the clarity of the Policy and all changes are consistent with the substance and intent of the Policy. In other words, the revisions are a part of the natural evolution of the document and do not change the nature, intent or policy provisions of the original document. For that reason, legal counsel has advised that a resolution is not required in order to apply these revisions.

So that the full City Council may be made aware of the Policy, and the modifications made to it, staff will present it to Council at the next study session.

A blacklined version of the Policy is attached.

---

**QUESTIONS FOR COUNCIL**

N/A

---

**LEGAL COMMENTS**

The city charter requires that the city manager shall keep the council advised of the financial condition, future needs of the city, and the overall general condition of the city, and shall make such recommendations to the council for adoption as deemed necessary or expedient. This item is informational only. (*See, Aurora City Charter Art. 7-4 (f).*) (Hernandez).

---

**PUBLIC FINANCIAL IMPACT**

YES       NO

**If yes, explain:** N/A

---

**PRIVATE FISCAL IMPACT**

Not Applicable       Significant       Nominal

**If Significant or Nominal, explain:** N/A

**Debt Policy**  
**City of Aurora, Colorado**



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# Debt Policy

## Section I. Introduction

### **Purpose and Overview:**

The following Debt, Disclosure and Post-Issuance Policies (the “Policy”) are established by the City of Aurora, Colorado (the “City”) to help ensure that all debt is issued both prudently and cost effectively. Adherence to the Policy is essential to ensure that the City maintains a sound debt position and protects the credit quality of its obligations. The Policy applies to all general obligation debt issued by the City, lease revenue obligations issued by the City, lease purchase contracts, debt guaranteed by the City, direct bank loans, revenue debt issued by the City’s Enterprise funds, and any other forms of indebtedness (individually and collectively referred to as “Debt”).

Any capital financing proposal to a City Department involving the pledge or other extension of the City's credit through sale of securities, execution of loans or leases, marketing guarantees, or otherwise involving directly or indirectly the lending or pledging of the City's credit, or the City acting as a conduit for the sale of securities, shall be referred to the Finance Department for review. The execution of leases of equipment and other property requires City Council action and may be supervised by a specific City Department; provided, however that the filing of tax documentation in connection with any such financing shall be supervised by the Finance Department.

Exceptions to this Policy may be allowed in extraordinary instances and only when it is deemed to be in the best interest of the City.

### **Policy Review and Revision**

This Policy will be reviewed at least once every three years or as otherwise required to assure its relevance and coverage of matters related to federal securities laws and/or regulations or tax laws. Such a review may be initiated by the Responsible Party. In connection with such review, the City will consider whether this Policy should be amended or supplemented:

- To address particular requirements associated with any new Obligations, or
- To reflect general changes in federal securities laws and/or regulations, or
- To address modifications to federal tax law related to tax-advantaged obligations.

Any such modifications to Policy will require the review and approval of City Council.

Procedures which are outlined in the Disclosure and Post-Issuance Compliance Procedures sections of the Policy may be updated administratively with the approval of the Responsible Party, as necessary provided the changes are consistent with the substance and intent of this Policy.

## **Section II. Governing Principles**

### **Creditworthiness**

The City seeks to maintain the highest practicable credit ratings for all categories of short- and long-term General Obligation and Revenue debt that can be achieved without compromising delivery of City services and achievement of City goals.

The City recognizes that external economic, natural, or other events may from time-to-time affect the creditworthiness of its debt. Nevertheless, the City is committed to ensuring that actions within its control are prudent and responsive.

The City will keep outstanding debt at levels consistent with its creditworthiness objectives as outlined above. In accordance with Section 11-19 of the City Charter, the total outstanding general obligation indebtedness of the City, other than water bonds, shall not at any time exceed three (3) percent of the assessed valuation of the taxable property within the City, as shown by the last preceding assessment for tax purposes. General obligation bonds are sometimes exempted from the three (3) percent limitation by the submission of a Charter amendment.

### **Governing Law**

In issuing and managing Debt, the City shall comply with applicable laws and regulations of the City, state, federal government and regulatory agencies. These include, but are not limited to:

- Internal Revenue Code of 1986, as amended (the “Code”)
- Articles X of the Colorado Constitution
- Article XI, Part 3 of the City Charter
- Securities Act of 1933 and Securities Exchange Act of 1934; applicable state securities law
- Applicable Securities and Exchange Commission regulations

### **Permitted Debt by Type**

**General Obligation Bonds (“GO bonds”)** – The City is authorized to issue bonds or other financial obligations, including obligations negotiated directly with financial institutions, backed by its taxing authority (“General Obligation Bonds”). In accordance with Article X of the Colorado Constitution, no GO bonds shall be issued until approved by a majority of those qualified electors voting, unless the GO bonds are being issued to refund a prior issue.

**Certificates of Participation (COPs)** – The City is authorized to contract lease-purchase/appropriation obligations in accordance with provisions set forth in Colorado Revised Statutes 29-1-103 through 29-1-106, concerning budget issues and term restrictions of lease-purchase agreements. Debt service on COPs is subject to appropriation in the City budget as it is not a multiple fiscal year financial obligation of the City.

**Revenue-Backed Obligations:**

**Enterprise Funds** – The City, acting by and through its enterprises is authorized to issue revenue bonds or lease-revenue bonds with the approval of City Council, but without the approval of the voters within the City, so long as, after issuance of such obligations, the Enterprise Funds remain in compliance with covenants made under prior debt authorizations and continue to qualify as “Enterprises” within the meaning of Section 20 of Article X of the Constitution of the State of Colorado (“TABOR”).

**Revenue Bonds** – By Charter, the City may issue revenue bonds for any public purpose without first submitting the question of their issuance to the registered electors, and may pledge the revenues therefrom to pay the bonds and interest thereon; provided that if any such bonds pledge the revenue of any other City-owned utility, property or facility, or if the said bonds are in any way made a general obligation of the City, then such bonds shall require the affirmative vote of a majority of the registered electors voting thereon before they may be issued. Under TABOR, only revenue bonds issued by a TABOR Enterprise may be issued without an election.

**Development Revenue Bonds** – The City may issue and sell development revenue bonds at public or private sale for the public purpose of promoting industry and developing trade or other economic activity in such manner as provided in Colorado statute. Such bonds shall not constitute a debt or indebtedness of the City and shall be payable solely out of the revenues derived from the financing sale or leasing of the project with respect to which the bonds were issued.

**Special and Local Improvement District Bonds** – The City shall have the power to construct or install special or local improvements of every character within designated districts by (a) order of the council; or (b) on petition of the majority of the property owners in the designated district, subject in either event to protest by the owners of the frontage or area to be assessed. Such bonds shall not constitute a general obligation of the City and shall be payable solely out of the assessments collected from property owners. While assessments do not require voter approval, the issuance of bonds secured by assessments does require prior approval of the majority of eligible voters in the designated district.

**Purpose for Borrowing**

The City may issue long-term debt solely for the purpose of financing or refinancing the cost of design, acquisition, maintenance, replacement and/or construction of long-lived capital projects (including land and water rights) or to refund outstanding debt and not for operating capital. The

weighted average maturity of the debt shall not exceed 120% of the weighted average useful life of the project or projects to be financed.

### **Section III. Roles and Responsibilities**

After a favorable review of a project and financing concept by City Council or Council Committee(s), the Finance Department shall, in conjunction with the City's Bond Counsel, Financial Advisor, Office of the City Attorney, and Department benefiting from any financing, produce appropriate ordinance(s) and, if needed, bond sale documents for consideration and approval by the City Council.

**Legislative Authority** – It is the responsibility of the City Council to:

- Approve projects to be financed (as part of a capital plan)
- Adopt an ordinance/resolution authorizing the issuance and sale of debt and determine whether the execution of a sale will be delegated to a designated representative
- Approve and oversee the implementation of this Policy
- Approve budgets sufficient to provide for the timely payment of principal and interest on all debt obligations

**Primary Administrative Authority** – The primary responsibility for debt management rests with the Finance Director or his/her delegee. The Finance Director, or his/her delegee will be responsible for the remaining elements included in this Policy.

Final terms and conditions for a bond sale or other debt obligation will be specified in the enabling legislation, a Supplemental Resolution of Council or a Final Terms Certificate executed by the Finance Director.

### **Section IV. Professional Services**

**Professional Services** – The City shall procure professional services as required to execute financing transactions and to advise on non-transaction related work. Such selections shall be made via competitive means and consistent with procurement processes of the City.

Professional services may be provided by Financial Advisors, Legal Counsel (bond counsel, disclosure counsel and/or tax counsel), Underwriters and other service providers such as rating agencies, trustees, paying agents, trustees or escrow agents, printers, arbitrage rebate calculation firms, bidding agents and credit enhancement providers.

Professional services shall be monitored by the Finance Director or his/her designee, and as to legal services by the City Attorney or his/her designee. Compensation for all such services will be consistent with industry standards.

Professional services providers are outlined below.

**Municipal/Financial Advisor** - The City will select an advisor to assist in the issuance and of all debt. This advisor will provide a range of services in connection with the issuance of debt; must be a duly registered Municipal Advisor under the Securities and Exchange Commission (“SEC”) and Municipal Securities Rulemaking Board (“MSRB”) rules.

If it is deemed appropriate, separate or additional financial advisors may be retained for their particular expertise for a specific transaction or project. The utilization of the financial advisor for particular bond sales will be at the discretion of the Department of Finance on a case-by-case basis and pursuant to the financial advisory services contract.

Upon expiration of a contract, the City may choose to extend the existing contract or undergo a new full professional services selection process.

In general, the City’s Financial Advisor shall not be allowed to participate as an underwriter in the competitive or negotiated sale of any of the City’s securities for which it has acted within the prior six months as the City’s Financial Advisor.

**Bond Counsel** – All debt obligations issued by the City shall be accompanied by a written legal opinion by a nationally recognized legal firm with extensive experience in the public finance and tax law, and with significant operations in Colorado, affirming that the City is authorized to issue the debt, that the debt creates a binding obligation, stating that the City has met all state constitutional and statutory requirements necessary for issuance, and determining the debt’s federal and state income tax status.

**Disclosure Counsel** - Every issuance of securities to the public by the City shall be made pursuant to a disclosure document prepared with the assistance of counsel of the City’s choosing. Opinions of such counsel shall be addressed to the City and to the underwriter/initial purchaser of the securities, whether at negotiated or competitive sale.

**Underwriters** – If a negotiated sale is approved in accordance with Section 11-25 of the City Charter, the Finance Director or his/her delegee will be responsible for the competitive selection of the underwriter or underwriters. The primary role for the underwriter in a negotiated sale is to market the debt to investors and purchase debt from the City.

**Underwriter’s Counsel** - The City may pay for underwriter’s counsel as part of the Cost of Issuance or make it part of the underwriter’s discount.

**Arbitrage Rebate Calculation Firm** – The Finance Director (or his/her designee) shall, when deemed necessary, procure the services of an arbitrage rebate calculation firm to provide arbitrage rebate compliance services in accordance with codes of the Internal Revenue Service.

**Other Service Providers** - The Finance Director shall have the authority to periodically select other service providers (e.g., escrow agents, verification agents, trustees, arbitrage consultants, providers of secondary markets disclosure services, etc.) as necessary to meet legal requirements and minimize net City debt costs. These services can include debt restructuring

services and security or escrow purchases. The Finance Director may select firm(s) to provide such financial services related to debt consistent with City purchasing guidelines and applicable law.

## **Section V. Transaction-Specific Policies**

### **Method of Sale**

The method of sale shall be determined based on that method that is most likely to achieve the lowest cost of borrowing, while taking into account the characteristics of the financing related to credit rating, security, structure, market conditions and other factors which may favor one method over the other. Unless otherwise justified and deemed necessary to minimize the cost of borrowing, the issuance and sale of fixed-rate debt shall be achieved by competitive bid. The City Council shall have the option to authorize a private/negotiated sale without advertisement for public sale if the City Manager has certified to the City Council that such sale would be to the best advantage of the city.

**Competitive Bid Method** - If sold through competitive sale, bids will be awarded on a true interest cost basis (TIC), provided other bidding requirements are satisfied and subject to the right of the City to waive defects and irregularities in bids, or to reject any and all bids. For all competitive sales, underwriters will be required to post a good faith deposit upon acceptance of their bid.

**Negotiated Sale Method** – When market conditions or special complexity or other features of a debt issuance may cause the debt issuance to be less suited for sale by competitive bid, the City Manager, in accordance with Section 11-25 of the City Charter, shall certify to the City Council that such sale would be to the best advantage of the City. For all negotiated sales, underwriters will be required to demonstrate sufficient capitalization and experience related to the debt issuance.

The Finance Director shall make all final determinations of selection for underwriters. The determination will be made following review of competitive bids or responses to requests for proposals (RFPs) or requests for qualifications (RFQs).

If the debt is sold on a negotiated basis, the negotiations of terms and conditions shall include, but not be limited to, prices, interest rates, yields, priority of orders, and underwriting or remarketing fees. The City, along with its Municipal Advisor shall evaluate the terms offered by the underwriting team in light of prevailing terms and market conditions for comparable issues. In no instance may debt be issued on a negotiated basis without the participation of the City's Municipal Advisor.

All sales of debt by negotiated sale shall be followed by a post-sale analysis and report summarizing bond pricing compared to comparable market sales on the day of pricing, comparisons to Municipal Market Data indices on the day of sale, and details of orders and allotments.

## **Structural Elements of Debt**

**Maturity** - Debt will generally be structured for the shortest period consistent with a fair allocation of costs to current and future beneficiaries or users. The weighted average maturity of the debt shall not exceed 120% of the weighted average reasonably expected economic life of the assets being financed. In accordance with Section 11-19 of the City Charter, general obligation bonds of the City, other than water bonds, shall mature in not more than fifteen (15) years from the date of issue and shall be payable in annual installments commencing not later than five (5) years after the date of issue of the bonds. Water bonds shall mature and be payable as provided by the ordinance authorizing their issuance. Revenue bonds shall mature and be payable as permitted by state law.

**Structure** - Debt will be structured to achieve the lowest possible net cost to the City given market conditions, the urgency or importance of the capital project or asset, and the nature and type of security provided. Moreover, to the extent possible, the City will design the repayment of its overall debt so as to recapture rapidly its debt capacity for future use.

**Backloading** - The City will seek to structure its debt portfolio with overall level principal and interest costs over the life of the debt. "Backloading" of costs (deferring principal and/or interest to later periods) will be considered only when natural disasters or extraordinary or unanticipated external factors make the short-term cost of the debt prohibitive, when the benefits derived from the debt issuance can clearly be demonstrated to be greater in the future than in the present, when such structuring is beneficial to the City's overall amortization schedule, or when such structuring will allow debt service to more closely match project revenues during the early years of the project's operation.

**Coupon Type** – Unless otherwise justified, long-term debt will be sold with maturities paying interest on a periodic basis. If it is determined to be in the best interests of the City, securities may be issued that pay a rate of interest that varies according to a pre-determined formula or results from a periodic remarketing of the securities, consistent with state law and covenants of pre-existing bonds, and depending on market conditions.

**Redemption Features** - For each transaction, the City shall evaluate the costs and benefits of call provisions.

**Second Lien (Subordinate) Debt** - The City may issue second lien debt only if it is financially beneficial to the City or consistent with creditworthiness objectives.

**Derivatives** - The City will consider the use of derivative products on a case by case basis and consistent with financial prudence. See Attachment 1, Alternative Financing Instruments.

**Refundings** - Periodic reviews of all outstanding debt will be undertaken to determine refunding opportunities. Refunding will be considered (within federal tax law constraints) if and when there is a net economic benefit of the refunding or the refunding is desirable in order to modernize covenants essential to operations and management. In general, a current refunding could occur

if there are any positive savings. For an advance refunding, to the extent allowed by federal tax law, an economic analysis is needed to determine the net present value savings from a conventional fixed rate refunding structure. Factors including the length of time until the call date, the structure of the refunding debt and expectations of future interest rates shall be reviewed in determining if savings are sufficient. Additional potential savings (savings that are subject to tax risk, basis risk, or similar risks) shown from a “synthetic” or “derivative” refunding structure will not be considered in determining the sufficiency of savings. Advance refundings with NPV savings of less than 3% will not be considered unless there is a compelling public policy objective.

**Bond Anticipation Notes (BANs)** - Use of short-term borrowing, such as (but not limited to) BANs, tax-exempt commercial paper and reverse repurchase agreements will be undertaken only if the transaction costs plus interest on the debt are less than the cost of internal financing, or available cash is insufficient to meet both capital improvements and working capital requirements.

**Credit Enhancement** - Credit enhancement (letters of credit, bond insurance, etc.) may be used when debt service on the bonds is reduced by more than the costs of the enhancement as determined on a net present value basis. Credit enhancement may also be considered when there is no net present value advantage if there is a compelling debt structure or public policy objective.

## **Section VI. Compliance**

**Disclosure** - The City is committed to full and complete financial disclosure, and to cooperating fully with rating agencies, underwriters of its securities, institutional and individual investors, City departments and agencies, other levels of government, and the general public to share clear, comprehensible, and accurate financial information. The City is committed to meeting secondary disclosure requirements on a timely and comprehensive basis. The Finance Department shall be responsible for ongoing disclosure to established national information repositories and for maintaining compliance with applicable disclosure standards promulgated by state and national regulatory bodies.

### **Issuance and Post-Issuance Compliance Procedures**

The City, in consultation with its bond counsel and other members of the Financing Team, as appropriate, shall adopt comprehensive compliance procedures to ensure that the City complies with requirements of the Code, both at the time of issuance and post-issuance, as necessary to maintain the tax exemption for tax-exempt debt. The compliance procedures shall provide for the periodic monitoring of compliance while the debt is outstanding whether requirements of the federal arbitrage regulations and the restrictions of the federal private activity bond regulations applicable to the investment and use of proceeds of tax-exempt bond issuances, as well as the facilities financed with those proceeds, are being properly observed.

Please refer to attachment 2 for Disclosure and Post-Issuance Compliance Procedures.

### **Arbitrage Liability Management**

Because of the complexity of arbitrage rebate regulations and the severity of non-compliance penalties, the City shall solicit the advice of bond counsel and other qualified experts about arbitrage rebate calculations. The City shall, when deemed necessary or when required, contract with a qualified third-party for preparation of the arbitrage rebate calculation.

The City shall maintain an internal record-keeping system for tracking investments and expenditures of bond proceeds.

## **Section VII. Miscellaneous**

**Bond Fund** - All payment of general obligation and general fund revenue bond debt service shall be from the City Debt Service Fund. The Finance Department shall make other debt service payments, including payments on Enterprise debt, by transferring the amounts from the appropriate accounts.

**Investment of Bond Proceeds** - Investments will be consistent with those authorized by applicable federal, state and local law and by the City's investment policies.

**Costs and Fees** - All costs and fees related to issuance of bonds will be paid out of bond proceeds or by the benefiting Department. The Finance Department may assess a fee as part of the costs of issuance on all debt instruments issued by the City sufficient to offset the internal costs of issuance and management of debt.

## **Attachment I Alternative Financing Instruments**

### **Introduction**

The purpose of this City of Aurora (the “City”) Swap Policy (the “Policy”) is to establish written guidelines for the City’s execution and management of interest rate swaps, forward starting swaps, options, basis swaps, rate locks, total return swaps, interest rate caps, interest rate floors, interest rate collars and other similar products (collectively, “Swap Products”).

### **Philosophy Regarding Use of Swap Products**

The Aurora City Council (the “Council”) recognizes that Swap Products can be appropriate financial management tools. This Policy sets forth the manner in which the Authority shall enter into, modify, manage and terminate transactions involving Swap Products (“Swap Transactions”). The rationale for the use of Swap Products may include, but is not limited to:

- hedging or managing interest rate, tax, basis, and other risks;
- enhancing the relationship between risk and return with respect to debt or investments;
- changing the City’s capital structure;
- achieving an appropriate match of assets and liabilities;
- achieving savings as compared to products available in the cash market;
- synthetically creating or lessening fixed or variable rate exposure;
- locking in fixed rates for future use;
- accessing the capital markets more rapidly than may be possible with conventional debt instruments;
- providing a higher level of savings, lower level of risk, greater flexibility, or other benefits not available in the cash market;
- managing the City’s exposure to the risk of changes in the legal and regulatory tax treatment of tax-exempt bonds (e.g., income tax rate changes and other changes to the Internal Revenue Code); and
- achieving more flexibility in meeting financial objectives than can be achieved in conventional markets.

The City shall not assume risks through the use of Swap Products that would not be prudent in light of the above-stated rationales. However, the Council recognizes that unforeseen events may

produce circumstances that are not contemplated by this Policy and may require exceptions to achieve the City's goals. In these cases, flexibility is appropriate.

### **Delegation of Authority**

The Council hereby delegates to its Finance Director (the "Authorized Representative") the ability to independently approve, execute and manage Swap Transactions and, accordingly, all matters requiring City notice, consultation, review, consideration, approval, consent or other action hereunder shall be deemed references to notice, consultation, review, consideration, approval, consent or other action by one of the City's Authorized Representatives. The actions of the City's Authorized Representatives shall be deemed binding with respect to the City with respect to Swap Transactions, and the Authorized Representative needs to execute a Swap Transaction for it to be enforceable. Notwithstanding the foregoing, no Authorized Representative shall enter into any Swap Transaction without the Council's prior approval thereof; provided that such Council approval may be in the form of a general parameters resolution leaving as much discretion with the Authorized Representative as the Council deems appropriate.

### **Permitted Instruments**

The City may use the following, or similar, Swap Products:

- **Interest Rate Swaps:** An agreement to exchange periodic payments based upon changes in rates over a period of time. Cash flows are calculated based on a fixed or floating rate against a set "notional" amount and may begin on a current or forward basis.
- **Total Return Swaps ("TRS"):** A fixed to floating or floating to fixed swap relating to certain underlying bonds or other securities or debt. In connection with a TRS, the swap counterparty acquires the underlying securities or debt, and when the TRS is terminated, the City may be required to make the swap counterparty whole with respect to negative changes in the value thereof.
- **Options on Swaps:** An agreement in which one party has the right, but not the obligation, to enter into, cancel or modify a swap with the other party on a future date or dates or during a specific period.
- **Basis Swaps:** A floating-to-floating interest rate swap in which one floating rate is exchanged for another.
- **Rate Locks:** A form of interest rate swap with a single cash flow, which is most often used to hedge, though not necessarily reduce, the interest cost of an upcoming fixed rate issue.
- **Interest Rate Caps, Collars, Floors:** A financial contract under which a swap counterparty, in exchange for charging a set premium, will make payments to the other

swap counterparty insofar as the specified interest rate either exceeds a specified strike rate or, in the case of a floor, is less than a specified strike rate.

## **Execution and Ongoing Management**

All Swap Transactions must be consistent with this Policy. In addition, the City shall manage its risks and benefits associated with Swap Transactions through periodic consultation with its Swap Advisor as defined below to determine if modifications would be beneficial in light of current market conditions. Such modifications may include one or more of the following:

- early termination of a Swap Product;
- partial termination of a Swap Product;
- modification of the risk of a Swap Product;
- a sale or purchase of options; and
- application of basis swaps.

## **Swap Advisor**

The City shall select and retain a consultant (the “Swap Advisor”) to provide guidance with respect to Swap Products.

**Selection Criteria:** To be eligible to serve as the Swap Advisor, an entity or person must meet the requirements for a “Qualified Independent Representative,” as defined in the regulations of the U.S. Commodities Futures Trading Commission promulgated under the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”) and must:

- have substantial experience advising nonprofit entities and/or state and local governments with respect to Swap Products, and sufficient knowledge to evaluate the particular transaction and risks associated therewith;
- be independent from any swap counterparty or proposed swap counterparty, and not be recommended to the City by any swap counterparty or proposed swap counterparty;
- undertake a duty to act in the best interests of the City;
- not be subject to statutory disqualification under the Commodities Exchange Act or the Securities Act of 1933;
- make appropriate and timely disclosures to the City, including disclosing any known material conflicts of interest that could affect its judgment with respect to its duties as the City’s Swap Advisor;

- evaluate, consistent with any guidelines provided by the City, fair pricing and the appropriateness of any particular transaction; and comply with all applicable State and Federal laws with respect to political contributions to public officials.

The Swap Advisor shall present to the City at least annually a comprehensive review of the current status of the City's Swap Transactions. In addition the Swap Advisor shall comply with the requirements with Dodd-Frank, and shall provide representations and enter into agreements consistent with the requirements of Dodd-Frank, including any ongoing requirements, and provide prompt notice to the City and any applicable swap counterparties if any representation becomes incorrect or misleading in any material aspect.

The City will review the performance of the Swap Advisor annually to ensure compliance with this Policy. In connection with such annual review, the City shall obtain a representation from the Swap Advisor that it continues to meet the requirements of a Swap Advisor.

The City will consult with the Swap Advisor with respect to all proposed Swap Transactions. The Swap Advisor shall provide the City with its evaluation of each Swap Transaction unless waived by the City after careful consideration, including:

- **Suitability:** whether the Swap Product meets the City's stated objectives, financial limitations and complies with this Policy.
- **Fair Pricing:** the Swap Advisor shall provide or cause to be provided mid-market pricing or price quotations, and will evaluate the price being offered and obtain quotations from other dealers as necessary.
- **Risks:** evaluate the risks of the Swap Product in accordance with this Policy.

The Swap Advisor shall also consult with the City with respect to the management of the City's Swap Products outside of specific transactions including such matters as recordkeeping and compliance issues.

### **Risk Analysis**

Prior to entering into any Swap Transaction, the City shall consult with its Swap Advisor and consider the risks presented thereby, including each of the following risks:

- **Market or Interest Rate Risk:** The risk that rates, or the spreads between rates, will increase or decrease, and the effect of such changes on the Swap Product's cash flow and market value.
- **Basis Risk:** The mismatch between the rate received under a Swap Product and the rate paid by the City on any related obligation. For example, the risk in a floating-to-fixed swap that the floating rate received by the City under the Swap Product may not at all times equal the floating rate paid by the City on the variable rate bonds that it is hedging. Basis risk may include the risk on a Swap Product where the basis of variable rates received and paid differs.

- **Tax Risk:** Basis risk stemming from changes in the value or interest cost of the City's tax-exempt bonds, as a result of the occurrence of tax events in respect of the City's bonds or of tax-exempt bonds generally, including changes in marginal income tax rates and other changes in the Federal and state tax systems.
- **Termination Risk:** The risk that a Swap Product could be terminated prior to its scheduled termination date pursuant to its terms as a result of any of several events relating to either the City or its swap counterparty. Upon an early termination, the City could owe a termination payment to the swap counterparty or receive a termination payment from the swap counterparty. Such payment would typically reflect the then-current market value of the Swap Product or Products.
- **Amortization Risk:** The risk of a mismatch between the principal amount of any obligations related to the Swap Product and the notional amount of the Swap Product.
- **Counterparty Risk:** The risk that the swap counterparty will not fulfill its obligations as specified by the terms of the Swap Product.
- **Uncommitted Funding Risk:** The risk that the term of a Swap Product exceeds the term of a letter of credit with respect to hedged variable rate demand bonds or the term of the interest rate period of the related bonds being hedged. Also the risk that related variable rate demand bonds cannot be remarketed.

### **Additional Considerations**

The City shall note each of the following additional considerations:

- **Accounting and Covenants:** The City shall consider how the execution and performance of a Swap Transaction will be reported for accounting purposes and how the terms of the Swap Transaction may affect satisfaction by the City of its financial covenants.
- **Credit:** The Council understands that procurement and negotiation of the appropriate portfolio of Swap Products in accordance with the terms of this Policy may be dependent, in part, on its ability to secure its payments to its swap counterparties. The City may provide credit enhancement to its swap counterparties in the form of collateral, financial guaranty insurance or other credit support.

### **Swap Counterparties**

Prior to entering into any Swap Transaction, the City shall consider the credit worthiness of its swap counterparty and consider whether it is appropriate or advisable to require such swap counterparty to post collateral upon the occurrence of certain events or to provide some form of credit enhancement, and/or for the Swap Transaction to include any ratings based termination events. The City shall have flexibility in such matters as long as it is in compliance with all applicable laws.

## **Compliance with Applicable Laws**

Prior to entering into any Swap Transaction, the City shall consult with its counsel to determine the applicability of Section 11-59.3-103, C.R.S. (the “Colorado Swap Statute”), and any other state or federal laws governing Swap Transactions, and, to the extent applicable, confirm compliance therewith. The Colorado Swap Statute, if applicable, contains, without limitation, provisions that mandate certain ratings requirements for the swap provider, limits the maximum term of certain Swap Products and limits the notional amounts of certain Swap Products. In addition, to the extent applicable, it requires that the City receive certain information relating to the costs, risks and benefits of Swap Products, and that City take certain considerations into account, prior to entering into certain Swap Products.

## **Swap Documentation**

The City shall endeavor to use, where practicable, but is not required to use, standard International Swap Dealers Association (“ISDA”) documentation, including the ISDA Master Agreement, the Schedule to the ISDA Master Agreement, a Confirmation of each Swap Transaction and, as applicable, the ISDA Credit Support Annex.

The Finance Director of the City or their designee shall be responsible for overseeing all records related to any of the City’s Swap Transactions. The Finance Director shall ensure that such records are (i) accessible within 5 days of any request for such records and (ii) maintained for at least 5 years after the termination of each Swap Transaction. At a minimum, the City shall maintain copies of all Swap Transaction agreements, including ISDA agreements, modifications, novations and any related agreements, as well as any correspondence with swap counterparties with respect to such agreements, including collateral demands and price quotations.

**Attachment 2**  
**Disclosure and Post-Issuance Compliance Procedures**

**Section I. Introduction**

**Background:**

**Internal Revenue Service (“IRS”).** The IRS is responsible for enforcing compliance with the Internal Revenue Code (the “Code”) and regulations promulgated thereunder (the “Treasury Regulations”), governing certain obligations, including tax-advantaged municipal bonds.

**U.S. Securities and Exchange Commission (“SEC”).** The SEC is responsible for enforcing compliance with SEC Rule 15c2-12 (the “Rule”) which requires underwriters of governmental securities to obtain agreements from government issuers to meet specific continuing disclosure standards set forth in continuing disclosure agreements (“CDAs”) entered into at the time of issuance. The CDA commits the issuer to provide certain annual financial information and material events notices (all as described later in this policy) to the public.

**Purpose:**

This Disclosure and Post-Issuance Compliance Procedures section of the Debt Policy provides a framework for the City of Aurora’s compliance with primary and continuing disclosure requirements under federal securities laws and with post-issuance requirements under federal tax laws for bonds, notes and other obligations issued by the City and backed by the City’s taxing authority or system revenues or issued by third parties and secured by City revenues (“Obligations”). This section applies to all such Obligations of the City and its departments (collectively, the “City”).

The section of this document entitled “Provisions Related to Federal Tax Law” applies specifically to tax-exempt and tax-advantaged Obligations issued by the City (referred to herein as “Tax-Advantaged Obligations”). Taxable Obligations issued by the City are exempt from the regulations described therein.

**Objective:**

The City desires to monitor its post-issuance obligations to ensure compliance with the Code, Treasury Regulations and the Rule. This section has been issued to: (1) outline applicable federal laws and regulations related to the issuance of municipal debt obligations; (2) commit the City to the filing of accurate, timely and complete financial and operational information and notice of certain events for the benefit of investors in both the primary and secondary markets, as well as citizens, taxpayers and ratepayers; (3) summarize other post-issuance obligations of

the City related to its outstanding Obligations; and (4) define roles and responsibilities of City staff involved in primary and continuing disclosure and the monitoring thereof.

**Primary Responsibility:** Primary responsibility for compliance with this section of the Debt Policy shall reside with the Finance Director or other City officials delegated the authority to approve the issuance of Obligations (in either case, the “Responsible Party”).

## Section II. Securities Laws and Disclosure

### **Legal Background:**

**Anti-Fraud Rules:** Statements and information put forth by public issuers, if intended to or likely to reach participants in the securities market, are subject to the anti-fraud provisions set forth in regulations of the Securities and Exchange Commission (the “SEC”). The anti-fraud provisions are included in Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities and Exchange Act of 1934, and SEC Rule 10b-5 (issued under Section 10(a) of the 34 Act) (referred to herein as the “Anti-Fraud Rules”). At their core, the Anti-Fraud Rules require that all material information relating to the offered obligations be provided to potential investors at the time of the offering and as required under Rule 15c2-12 (discussed below). The information provided to potential investors must not contain any material misstatements, and the City must not omit any material information which would be necessary to provide to investors a complete description of the Obligations and material information related to the security for the Obligations, and a thorough financial, operating, governance and management discussion of the City. In the contexts of the sale of securities and any subsequent continuing disclosure, a fact is considered to be material if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase or sell the securities. Under Rule 10b-5, “disclosure documents used by municipal issuers, such as official statements, are subject to the prohibition against false or misleading statements of material facts, including the omission of material facts necessary to make the statements made, in light of the circumstances in which they were made, not misleading”.

Inaccurate or incomplete disclosure can lead to adverse outcomes such as:

- Investigation by the SEC, the FBI or the US. Justice Department
- Investigation by state or local authorities, such as the State Attorney General or the County Prosecuting Attorney
- Imposition of civil fines or penalties
- In the most serious situations, criminal liability
- Civil suits for damages
- Orders imposing limits or requirements on future public offerings
- Harm to an issuer’s reputation and investor confidence
- Lack of access to public securities markets
- Rating agency downgrades

The liability for false, misleading, incomplete or fraudulent statements under the federal securities laws can fall to an issuer itself and its directors, governance boards, officers and staff, as well as advisors and other members of the financing team for an obligation.

### **SEC Regulations**

**Rule 15c2-12:** Largely in response to investor complaints about the lack of disclosure following the initial issuance of debt securities, the SEC adopted Rule 15c2-12 (the “Rule”). The Rule prohibits underwriters from offering bonds unless the issuer enters into a written undertaking to provide specified ongoing disclosure (referred to herein as “Continuing Disclosure”) prescribed in the Rule, including annual financial and operating information, audited financial statements and notices of certain listed events.

Not unlike initial disclosure, Continuing Disclosure submissions are also subject to the Anti-Fraud Rules. Continuing Disclosure must be accurate, timely and complete. Additionally, the information must not omit material facts which would be important to investors in making investment decisions.

### **SEC Disclosure Requirements**

**Primary Offering Disclosure:** When the City issues and sells Obligations pursuant to a public offering, it is responsible for preparing disclosure documents including a preliminary official statement which must be made available to all potential purchasers of the Obligations, and a final official statement (collectively, the preliminary official statement and the final official statement, in the remainder of this Policy, are referred to as the “OS”). The Rule requires that an underwriter must review the preliminary OS in a form “deemed final” by the City (meaning that it contains all material information regarding the Obligations to be issued) with the exception of certain pricing information (such as principal amounts, maturities, interest rates, and debt service information) before it is made available to potential investors. If there are material developments after the preliminary OS was published, and before the sale date, it must be supplemented prior to the sale date. Information relating to pricing is included in the final OS and is the only permitted substantive difference between the preliminary OS and the final OS. If the debt is not being issued through a public offering, the disclosure document may be less extensive and may be referred to as an offering circular, a limited offering memorandum or a private placement memorandum, all of which are also subject to the Anti-Fraud Rules. In some circumstances, such as a direct purchase of the Obligations by a bank, a formal disclosure document may not be necessary or required.

The OS serves four major functions:

- It provides a transaction-specific description of the Obligations being issued;
- It discloses information about the issuer which may include current and historic operating and financial information, outstanding debt, key economic and demographic information,

retirement benefits funding, and other information that may be deemed necessary to comply with SEC disclosure requirements;

- It discloses risk factors particular to the Obligations; and
- It serves as a marketing tool to potential investors.

There are three primary sections included in the OS:

Part one: The front of the document generally provides an overview of the transaction which may include: maturity dates, interest rates, the specific type of financing, the purpose of the financing, the structure of the debt, redemption provisions, sources and uses of funds, source of repayment and other matters particular to the financing.

Part two: The main body of the document generally provides detail on the issuer which may include: the issuer's governance structure, financial condition, operating data, revenues, credit ratings, potential litigation concerns and a summary of the Continuing Disclosure undertaking. To the extent there is credit enhancement in the form of bond insurance, a letter of credit or similar credit facility, a detailed description of this credit enhancement is included in the OS along with material information related to the provider of the credit facility which would be necessary to provide investors with complete and accurate information related to the credit.

Part three: The third part of the OS generally consists of appendices and may include:

- Audited financial statements
- Economic/demographic information which may affect the financial condition of the issuer
- A form of opinion to be provided by bond counsel related to the legality and tax-exempt status, if applicable, of the Obligations
- Summaries or copies of legal documents related to the transaction
- Summaries or copies of credit enhancement instruments, such as a municipal bond insurance policy
- Feasibility studies, consultant reports and the like which have been prepared for inclusion in the OS

The OS is intended to provide comprehensive and accurate disclosure with regard to both the issuer and the transaction such that investors may make informed investment decisions based upon the information provided.

An issuer's disclosure obligations in connection with the initial offering do not end with the closing of the financing. Rather, they continue for as long as the underwriter holds unsold bonds which it is continuing to offer. And in a negotiated bond sale, the bond purchase agreement with the underwriter may include a contractual obligation on the part of the issuer to notify the underwriter and supplement the OS for any material developments occurring or becoming known to the issuer for 25 days or more following the closing.

Because the City, as an issuer of municipal securities, is responsible for the completeness and accuracy of the information put forth to investors in the OS, it is critical that the City provide thorough disclosure, without material misstatements or omissions, sufficient to allow a reasonable investor to make an informed investment decision. This information should include, at a minimum, material information related to the security for the Obligations, and a thorough financial, operating, governance and management discussion of the City. The procedures related to disclosure are outlined in the procedures section of this Policy.

**Responsibility:** While primary responsibility for compliance with the Policy shall reside with the Responsible Party, the Financing Team including subject matter experts, appropriate staff throughout the organization, and outside consultants and attorneys as further described in the attached procedures, will share responsibility for drafting, editing and reviewing information contained in the OS.

**Governing Board Notification:** The OS, or a draft in substantially final form, shall be made available to the City Council, or other governing body, as appropriate, prior to publication. Additionally, staff may hold informational briefings at study sessions, committee meetings or other official meetings of the City Council.

**Assistance of Counsel:** The City may retain outside legal counsel with expertise in federal securities laws matters to assist in the preparation of the OS and will also include the assigned Assistant City Attorney.

**Certification:** In connection with the closing of the transaction, the Responsible Party, shall be responsible for the certification of the information included in the OS.

**Governing Principles for Initial Disclosure.** The following principles govern the work of the respective City officials and staff members that contribute, prepare, edit, or, review information contained in the OS:

- City officials and staff involved in the drafting, editing and/or review of the OS are responsible for being familiar with this Policy and with federal securities laws generally as they relate to disclosure.
- City officials and staff involved in the disclosure process should err on the side of raising issues or concerns when preparing or reviewing information for disclosure. City officials and staff are encouraged to consult with Bond Counsel and/or Disclosure Counsel if there are questions regarding whether an issue is material.
- Procedural processes and guidelines related to this Policy, disclosure preparation and review are attached. From time to time, the City will consider revisions to this Policy and attached procedures, as a result of experience during particular financings, because of additional SEC pronouncements or for other reasons.
- The City must take action to ensure that officials involved in the preparation of the disclosure document who have sufficient expertise and authority to, collectively,

compile accurate and complete information to allow a reasonable investor to make an informed investment decision.

**Other Marketing Activities:** Preparation for the marketing of securities may include activities which are separate from the preparation of the OS. For instance, the issuer may have discussions and interactions with credit rating agencies and make presentations to potential investors. The disclosure in these situations is subject to the same due diligence and Anti-Fraud Rules which pertain to the OS. Information given in these situations must be consistent with information provided to all other investors or potential investors.

SEC Rule 10b-5 prohibits the purchase or sale of a security of any issuer on the basis of material nonpublic information about that security or the issuer, often referred to as “insider information.” Thus, third parties should not be provided, orally or in writing, material nonpublic information which is not also available to all investors (or potential investors).

Formal presentations to credit rating agencies and potential investors shall be reviewed by the Responsible Party, as applicable.

**Public Statements:** Public statements by City officials that can reasonably be expected to reach participants in the securities market are also subject to the Anti-Fraud Rules. Thus, public statements, both verbally and in writing, should be avoided that convey inaccurate or misleading material information regarding the City.

**Annual Reports:** Annual reports prepared for general dissemination to the public, which typically include audited financial statements, a management discussion and analysis, statistical and other information, and cover letter, are frequently used in connection with offerings of securities and related secondary markets filings primarily in reliance on the opinion of an auditor.

**Training Required:** Individuals holding responsibility for the issuance of Obligations, the preparation of the OS, the satisfaction of initial and continuing disclosure requirements, and the maintenance of books and records related to the financing shall be provided periodic training related to relevant federal securities and tax laws, either in-house or through third-party conferences, courses, or other programs.

**Continuing Disclosure:** Ongoing (continuing) disclosure is required by Rule 15c2-12 (the “Rule”), which requires the underwriter of an issue of municipal securities to obtain a commitment from the issuer to provide ongoing disclosure.

Continuing Disclosure is intended to reflect the ongoing financial and operating conditions of an issuer as they change over time, as well as specific events occurring after issuance, that can have an impact on both the ability to repay debt obligations and the market value of the City’s debt in the secondary market.

For each new issuance, the Rule requires a written undertaking between the issuer and the underwriter of the obligations which requires the issuer, for the benefit of holders of municipal securities or potential investors, to provide the following to the Municipal Securities Rulemaking Board (“MSRB”):

- Audited financial statements
- Operating data as provided for in the applicable Continuing Disclosure undertaking
- Notice of the occurrence of any of the following events, within 10 business days of the occurrence of the event:
  - Delinquency in the payment of principal of or interest on the issuer’s securities
  - Non-payment related defaults, if material
  - Unscheduled draws on debt service reserves, or on credit facilities, reflecting financial difficulties
  - Substitution of credit or liquidity providers or their failure to perform
  - Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability or Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material event affecting the tax status of the security
  - Modifications to the rights of security holders, if material
  - Bond calls, if material, and/or tender offers
  - Defeasances
  - Release, substitution, or sale of property securing repayment of the Obligations, if material
  - Ratings Changes
  - Bankruptcy, insolvency, receivership or similar event of an obligated person
  - The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantial all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
  - Appointment of a successor or additional trustee or the change of name of a trustee, if material
  - Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and
  - Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties

- Other notices:
  - The failure to provide annual information within the specified time
  - Any change in the accounting principles applied in the preparation of the annual financial statements or in the fiscal year

All submissions will be made in electronic form through the MSRB's web-based system known as Electronic Municipal Market Access ("EMMA"), currently available at <http://www.emma.msrb.org>.

The City shall enroll on the EMMA website for annual email reminders of annual filing deadlines.

**Voluntary Disclosure:** Although the Rule prescribes certain annual information and event-based disclosures which must be filed, issuers may disclose additional information which would be of interest to investors. To this end, the City may choose to voluntarily disclose other information to the MSRB that goes beyond the requirements of the Rule.

### **Section III. IRS Regulations**

Proceeds of Tax-Advantaged Obligations and certain other funds are subject to the arbitrage and rebate restrictions in Section 148 of the Code. Some funds may only be invested at a rate that does not exceed the yield on the Tax-Advantage Obligations. For funds that may be invested at an unrestricted yield, amounts earned by investing above the bond yield must be rebated to the IRS, unless the City qualifies as a small issuer or a spending exception is met. The arbitrage and rebate requirements for each Tax-Advantaged Obligation are detailed in the federal tax certificate issued in conjunction with the Obligations.

The Finance Director, or his/her designee, will monitor the investment and expenditure of the funds and accounts and will determine whether the Tax-Advantaged Obligation meets the requirement for one of the expenditure exceptions to arbitrage rebate. Arbitrage reports may be required to be prepared, and rebate may be due to the IRS.

Each year, the City, or a qualified consultant, will calculate, in accordance with IRS guidelines, rebate requirements on City obligations. Any investment earnings in excess of permitted amounts, must be paid to the U.S. Treasury.

## **Appendix: Disclosure and Post-Issuance Compliance Procedures**

### **Financing Team**

The Financing Team shall consist of City staff as listed below and other public finance professionals including bond counsel, disclosure counsel (discussed below), financial advisors, underwriters, and others providing professional services related to the issuance of Obligations.

City Staff:

- Finance Director
- City Treasurer and staff members
- Controller
- Accounting Supervisor
- Budget Officer
- Assistant City Attorney
- Controller

The Financing Team shall hold primary responsibility for: the plan of finance, the financing schedule (including the identification of critical tasks and responsibilities), document review and compliance with federal law and tax regulations, the structuring and pricing of the Obligations, and the preparation rating agency material and presentations to rating agencies . In addition, members of the Financing Team may be called upon to direct the timing of issuance of Obligations; the solicitation and selection of other members of the Financing team; communication and review of financing plans; the discussion of current regulatory issues; staff training; and advising on other issues related to the issuance of Obligations.

### **Section I. Official Statement Preparation and Review**

The following procedures put forth the steps which will be taken in preparing the Preliminary Official Statement and the Official Statement (collectively referred to herein as the OS):

**Disclosure Counsel:** If it is determined to be in the best interest of the City by the Responsible Party, the City, through the City Attorney or his/her designee, may retain the services of a legal firm (which may be Bond Counsel or other counsel) with a professional understanding of the disclosure requirements under federal securities laws to serve as its disclosure counsel to assist in the coordination and preparation of the OS. Disclosure Counsel has a confidential, attorney-client relationship with officials and staff of the City. Disclosure Counsel typically provides a negative assurance letter as to the disclosure set forth in the OS for each City Obligation. The letter shall be to the effect that, as a matter of fact and not opinion, no information came to the attention of the attorneys working on the transaction which caused them to believe that the OS as of its date and as of the date of their letter (except for any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, and other customary exclusions), contained or contains any untrue

statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

**Data Sources:** The Financing Team, in conjunction with subject matter experts within the City, shall advise on the identification of data and information items within the financial and operating sections of the OS and other information sufficient to allow a reasonable investor to make an informed investment decision. At a minimum, this should include a thorough description of the Obligations, a discussion of financial, operating, governance and management of the City, and risk factors related to the Obligations.

**Establish a Plan and Time Schedule for the Preparation of the OS:** For each financing, a sufficient amount of time shall be scheduled to allow for the City to obtain credit ratings from nationally recognized ratings organizations and the compilation of all requisite information, disclosure review and approval prior to release of the OS to the market.

**Document Review Meetings:** During the initial disclosure development process there shall be a formal meeting or call which includes, but is not limited to, the Financing Team, subject matter experts involved in the preparation of the OS, during which the OS is reviewed for accuracy and to obtain final comments or make other required modifications to the document.

**Final Review:** Prior to release of the OS, the Financing Team, along with subject matter experts, will complete a final review which may include, but not be limited to, comparing and noting any discrepancies between the City's audited financial statements and other source materials and identifying items requiring modification or correction.

**Certification:** In connection with the closing of the transaction, the Responsible Party shall execute a certificate under the Anti-Fraud Rules to the effect that the OS, as of its date and as of the date of closing, does not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements contained in the OS not misleading in light of the circumstances under which they were made. Such certification may exclude information provided by third parties, such as underwriters, securities depositories and credit enhancers.

## **Section II. Continuing Disclosure**

Ongoing (continuing) disclosure is required by Rule 15c2-12 (the "Rule"), which requires the underwriter of an issue of municipal securities to obtain a commitment from the issuer to provide ongoing disclosure.

Continuing Disclosure is intended to reflect the ongoing financial and operating conditions of an issuer as they change over time, as well as specific events occurring after issuance, that can have an impact on both the ability to repay debt obligations and the market value of the City's debt in the secondary market.

For each new issuance, the Rule requires a written undertaking between the issuer and the underwriter of the obligations which requires the issuer, for the benefit of holders of municipal securities or potential investors, to provide the following to the Municipal Securities Rulemaking Board (“MSRB”):

- Audited financial statements
- Operating data as provided for in the applicable Continuing Disclosure undertaking
- Notice of the occurrence of any of the following events, within 10 business days of the occurrence of the event:
  - Delinquency in the payment of principal of or interest on the issuer’s securities
  - Non-payment related defaults, if material
  - Unscheduled draws on debt service reserves, or on credit facilities, reflecting financial difficulties
  - Substitution of credit or liquidity providers or their failure to perform
  - Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability or Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material event affecting the tax status of the security
  - Modifications to the rights of security holders, if material
  - Bond calls, if material, and/or tender offers
  - Defeasances
  - Release, substitution, or sale of property securing repayment of the Obligations, if material
  - Ratings Changes
  - Bankruptcy, insolvency, receivership or similar event of an obligated person
  - The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantial all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
  - Appointment of a successor or additional trustee or the change of name of a trustee, if material
  - Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and
  - Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties

- Other notices:
  - The failure to provide annual information within the specified time
  - Any change in the accounting principles applied in the preparation of the annual financial statements or in the fiscal year

All submissions will be made in electronic form through the MSRB’s web-based system known as Electronic Municipal Market Access (“EMMA”), currently available at <http://www.emma.msrb.org>.

The City shall enroll on the EMMA website for annual email reminders of annual filing deadlines. The current practice of the City is to rely on a secondary market disclosure services provider for the timely satisfaction of its secondary markets filing requirements.

**Voluntary Disclosure:** Although the Rule prescribes certain annual information and event-based disclosures which must be filed, issuers may disclose additional information which would be of interest to investors. To this end, the City may choose to voluntarily disclose other information to the MSRB that goes beyond the requirements of the Rule.

### **Section III. Provisions Related to Federal Tax Laws**

**Requirements at Closing:** Numerous federal tax requirements must be met in connection with an issue of Tax-Advantaged Obligations. These requirements generally are addressed in documents and certificates included in the transcript completed at closing, including in particular the federal tax certificate, and confirmed in certain respects by the legal opinions included in the transcript.

**Requirements after Closing:** Other federal tax requirements require on-going monitoring after the issuance of Tax-Advantaged Obligations.

**Primary Responsibility.** The Responsible Party will undertake primary post-issuance compliance responsibility relating to the City’s Tax-Advantaged Obligations. The Responsible Party shall be generally familiar with the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations (the “Regulations”) governing the tax-exempt/advantaged status of the Obligations. The Responsible Party may delegate tasks to outside attorneys or other consultants with expertise in these areas.

**Investment of Proceeds/Arbitrage Rebate Requirements.** Proceeds of Tax-Advantaged Obligations and certain other funds are subject to the arbitrage and rebate restrictions in Section 148 of the Code. Some funds may only be invested at a rate that does not exceed the yield on the Tax-Advantage Obligations. For funds that may be invested at an unrestricted yield, amounts earned by investing above the bond yield must be rebated to the IRS, unless the City qualifies as a small issuer or a spending exception is met. The arbitrage and rebate requirements for each

Tax-Advantaged Obligation are detailed in the federal tax certificate issued in conjunction with the Obligations.

The Finance Director, or his/her designee, will monitor the investment and expenditure of the funds and accounts and will determine whether the Tax-Advantaged Obligation meets the requirement for one of the expenditure exceptions to arbitrage rebate. Arbitrage reports may be required to be prepared, and rebate may be due to the IRS. The Finance Director or designee shall:

- During construction, monitor expenditures to confirm satisfaction of expected exceptions to rebate (such as six month exception, 18 month exception, 24 month exception)
- Make the first rebate payment, if any, which is due five years after date of issue plus 60 days
- Make succeeding rebate payments, which are due every succeeding five years, if there are unspent gross proceeds of the Tax-Advantaged Obligations
- Make the final rebate payment, which is due 60 days after early redemption or retirement of the Tax-Advantaged Obligations

**Limitations on Type of Investments.** Proceeds of Tax-Advantaged Obligations must be invested as permitted by the Code (as set forth in the federal tax certificate) and under state law and the City's Investment Policy, unless specifically exempted. In addition, the bond ordinance or any bond insurance agreement may further limit permitted investments.

**Use of Proceeds During the Construction Period.** Monitoring the expenditure of proceeds of a Tax-Advantaged Obligation is necessary to assure that the required amount of proceeds are expended for capital expenditures and that not more than 10% (5% if the private use is disproportionate or unrelated to the qualified governmental use to the extent required by the Code) of the proceeds are expended for projects that will be used in a private trade or business (including by the federal government, other governmental entities and nonprofit entities). Proceeds must be allocated to expenditures by 18 months after the later of the date of the expenditure was made or the date the project was placed in service, but not later than the earlier of 5 years after the Tax-Advantaged Obligations were issued or 60 days after the bonds are retired. The City will use a consistent application of the same methodology for all expenditures of proceeds of a particular issue of Tax-Advantaged Obligations and document this allocation.

**Refundings and Defeasances.**

- For refunding escrows, the City shall confirm that any scheduled purchases of State and Local Government Series or open market securities are made as scheduled.
- On the redemption date, the City shall confirm that the refunded or defeased obligations have been redeemed and cancelled.

Promptly following the redemption date, the City shall confirm that all proceeds of the Tax-

Advantaged Obligations and all proceeds of the refunded obligations have been spent. The City shall verify that excess proceeds, if any, of the Tax-Advantaged Obligations do not exceed an amount permitted by the Regulations.

**Use of Bond-Financed Facilities.** Monitoring (and limiting) any private use of the bond-financed facility is important to maintaining the federal tax treatment of Tax-Advantaged Obligations. In general, no more than 10% (5% if the private use is disproportionate or unrelated to the qualified governmental use to the extent required by the Code) of the bond-financed facility can be used in a private trade or business (including by the federal government and nonprofit entities). Private use can arise through any of the following arrangements, either directly or indirectly.

- Selling all or a portion of the facility
- Leasing all or a portion of the facility
- Entering into a management contract or service contracts for the facility (except for qualified management contracts as set forth in the applicable Regulations)
- Use of all or a portion of the facility for research purposes under a research contract (except for qualified research contracts as set forth in the applicable Regulations)
- Entering into contracts giving “special legal entitlement” to the facility (for example, selling advertising space or naming rights)

The Responsible Party may set a schedule for diligence reviews of use of any bond-financed facility and designate the person with primary responsibility for those reviews.

The City will take the following steps to timely correct any noncompliance issues as they arise:

- Consult with bond counsel regarding any private use or proposed change in use with respect to bond-financed property.
- If noncompliance will be remediated under existing IRS remedial action provisions or tax-exempt bond closing agreement programs contained in the Regulations or other published guidance from the IRS, determine the deadline for taking action and proceed with diligence to take the required remedial actions.
- If remedial actions are unavailable, determine whether to make a submission to the IRS’ Tax Exempt Bonds Voluntary Closing Agreement Program (“VCAP”).

**Reissuance.** A significant modification of the bond documents may result in Tax-Advantaged Obligations being deemed refunded or “reissued.” Such an event will require, among other things, the filing of new information returns with the federal government and the execution of a new federal tax certificate. Bond counsel should be consulted in the event of modification of the bond documents.

**Record Retention.** The City shall retain records of accounting and monitoring the City carries out with respect to Tax-Advantaged Obligations. Records relating to the issue shall be retained for the life of the Obligations (including any refundings) plus three years.

## Section IV. General Requirements Applicable to all City Obligations

**Monitoring Post-Issuance Compliance:** The Responsible Party may utilize industry standard compliance checklists as published by the National Association of Bond Lawyers, the Government Finance Officers' Association, or other organizations having specialized knowledge in such matters, as the City's template for monitoring its compliance with disclosure requirements in keeping with SEC requirements as well as the Code and other regulations.

The Responsible Party shall be responsible for monitoring post-issuance compliance issues and shall coordinate procedures for record retention and review of such records. Records relating to the issue shall be retained for the life of the Obligations (including any refundings) plus three years.

Documents and other records relating to Obligations shall be maintained by the City. In maintaining such documents and records, the City shall comply with applicable IRS requirements.

The City shall exercise options, as necessary, for voluntary corrections in the instance that there is a failure to comply with post-issuance compliance requirements and take corrective action when necessary and appropriate. This may include engaging bond counsel or third-party advisors to assist in any remedial actions.

**Closing Transcripts and Records:** Upon the closing of an issuance of Tax-Advantaged Obligations, the Responsible Party shall confirm the filing by bond counsel of applicable tax information (i.e., Form 8038, Form 8038-G or Form 8038-CP) on a timely basis.

The following documents may be maintained in connection with the issuance of each Obligation. The goal is to retain adequate records to substantiate compliance with federal tax, securities law, state law and contractual requirements applicable to the Obligations. Generally, records should be maintained for the term of the Obligations (plus the term of any refunding obligations) plus three years. The records that may be maintained include, but are not limited to, the following:

- Complete bond transcript (provided by bond counsel) in electronic form or hard copy.
- Records of investment of proceeds showing the date and amount of each investment, its interest rate and/or yield, the date any earnings are received, and the amount earned, and the date each investment matures, and if sold prior to maturity, the sale date and sale price.
- Records of expenditure of proceeds in a format showing the amount, timing and the type of expenditure.
- Records of invoices or requisitions, together with supporting documentation showing payee, payment amount and type of expenditure, particularly for projects involving multiple sources of funds.

- Records necessary to document the allocation of bond proceeds and other sources of funds to particular projects or portions of projects.
- Records documenting the final allocation of bond proceeds to expenditures, including any reallocations of bond proceeds, showing the timing and substance of the reallocation, if applicable.
- Records demonstrating compliance with arbitrage and rebate requirements, including arbitrage calculations, documentation of spending exceptions to rebate, rebate reports and related IRS filings and payments.
- Records regarding any guaranteed investment contracts, swaps or hedges with respect to the Obligations.
- Copies of contracts relating to the use of the bond-financed facilities including leases, concession agreements, management agreements and other agreements that give usage rights or legal entitlements with respect to the facility to private parties (e.g., advertising displays, cell tower leases, output contracts, and naming rights agreements).
- Copies of contracts relating to ongoing compliance with respect to the Obligations, such as Calculation Agency Agreements or filings.
- Copies of any filings or correspondence with the IRS, the SEC or other regulatory body with respect to the Obligations.
- Copies of all annual filings and notices of listed events filed with EMMA

## **Section V. Procedure Review and Revision**

Procedures which are outlined in the Disclosure and Post-Issuance Compliance Procedures section of the Policy may be updated administratively with the approval of the Responsible Party, as necessary provided the changes are consistent with the substance and intent of the Policy.



# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> 2021 External Audit Engagement and Pre-Audit Letters
<b>Item Initiator:</b> Nancy Wishmeyer
<b>Staff Source/Legal Source:</b> Nancy Wishmeyer, Controller / Hanosky Hernandez, Sr. Assistant City Attorney
<b>Outside Speaker:</b> N/A
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### COUNCIL MEETING DATES:

**Study Session:** N/A

**Regular Meeting:** N/A

### ITEM DETAILS:

- Agenda long title: 2021 External Audit Engagement and Pre-Audit Letters
- Waiver of reconsideration requested, and if so, why: N/A
- Sponsor name: N/A
- Staff source: Nancy Wishmeyer, Controller / Hanosky Hernandez, Assistant City Attorney
- Outside speaker name and organization: N/A
- Estimated Presentation/discussion time: 5/5

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### ACTIONS(S) PROPOSED *(Check all appropriate actions)*

- |   |  |
|---|--|
| <input type="checkbox"/> Approve Item and Move Forward to Study Session   | <input type="checkbox"/> Approve Item as proposed at Study Session   |
| <input type="checkbox"/> Approve Item and Move Forward to Regular Meeting   | <input type="checkbox"/> Approve Item as proposed at Regular Meeting |
| <input checked="" type="checkbox"/> Information Only  |  |
| <input type="checkbox"/> Approve Item with Waiver of Reconsideration<br>Reason for waiver is described in the Item Details field. |  |

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### PREVIOUS ACTIONS OR REVIEWS:

**Policy Committee Name:** N/A

**Policy Committee Date:** N/A

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**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

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**HISTORY (Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)**

BKD, LLP, the city's external auditors, provide an engagement letter and a pre-audit letter regarding the performance of the annual audit. The engagement letter outlines the various audits and other procedures that will be performed, and the fees associated with each. The engagement letter also outlines the responsibilities of city management and the auditors. The pre-audit letter communicates matters that are more appropriately communicated as the engagement field work begins including the scope and timing of the financial statement audit, and matters related to compliance requirements applicable to federal grant programs.

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**ITEM SUMMARY (Brief description of item, discussion, key points, recommendations, etc.)**

The 2021 audit engagement letter is provided for your review. BKD will be performing audits of the city's 2021 financial statements, the Single Audit of federal grants, and the Scientific and Cultural Facilities District (SCFD) audit. Additionally, the auditors will perform agreed upon procedures for the 7/20 Memorial Foundation, the city's various Post Employment Health Plans (PEHPs), and the city's 457 Deferred Compensation Plan.

The pre-audit letter is required auditor communication to the city's audit committee at the beginning of the engagement field work. The letter outlines audit risk areas and the corresponding audit approach to address those risks. The pre-audit letter also outlines areas that governance should be particularly aware of as it oversees the financial reporting process. Finally, the pre-audit letter discusses how the auditors address the risk of fraud in the financial statements.

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**QUESTIONS FOR COUNCIL**

Information only

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**LEGAL COMMENTS**

An independent audit shall be made annually of all funds of the City, and more frequent audits may be made if deemed necessary by Council. Such audits shall be made by registered or certified public accountants, experienced in municipal accounting, selected by Council. *See, City Charter Art. 3-18. (Hernandez)*

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**PUBLIC FINANCIAL IMPACT**

- YES       NO

**If yes, explain:** N/A

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**PRIVATE FISCAL IMPACT**

- Not Applicable       Significant       Nominal

**If Significant or Nominal, explain:** N/A

March 26, 2022

Mayor and City Council Members  
City of Aurora, Colorado  
15151 East Alameda Parkway  
Aurora, Colorado 80012

The purpose of this communication is to summarize various matters related to the planned scope and timing for the December 31, 2021 audits of the financial statements of City of Aurora (the City) and of its compliance with specified requirements applicable to its major federal award programs.

Please refer to our contract dated November 3, 2021 for additional information and the terms of our engagement.

## Overview

We will conduct our audits in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards require that we plan and perform:

- The audit of the financial statements to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.
- The audit of compliance with the types of compliance requirements described in the U.S. Office of Management and Budget, *Compliance Supplement* that are applicable to each major federal award program to obtain reasonable rather than absolute assurance about whether noncompliance having a direct and material effect on a major federal award program occurred.

Additionally, with respect to the Scientific and Cultural Facilities District (SCFD) we will:

- Audit the financial statements of the City of Aurora, Colorado's Cultural Service Division, for the year ended December 31, 2021 and any other schedules as required by SCFD.

## Planned Scope & Timing

### Significant Risk Areas

We have preliminarily identified the following areas of significant risks of material misstatement due to error or fraud and of material noncompliance and propose to address these areas as described:

Opinion Unit	Risk Area	Audit Approach
All	Management override of controls	Examine journal entries for evidence of material misstatements, review accounting estimates for bias, and evaluate business rationale for significant unusual transactions.
All	Revenue recognition (including COVID 19 grant revenue)	Review revenue for proper cut-off and compliance with requirements determining recognition.
All	Expenditures	Compare budget to actual expenditures for reasonableness and ensure changes in budget are approved by City Council. Also test expenditures for proper cutoff.
Governmental and business-type activities, water, sewer, and other aggregate funds	Debt	Review significant activity, including confirming new debt and debt paid off. Test refunding calculation. Review debt covenants for compliance with terms outlines in debt agreements.
Governmental and business-type activities, water, sewer, and other aggregate funds	Capital assets	Review for propriety of capitalization and reasonableness of depreciation.
Single audit	Compliance with requirements described in the U.S. Office of Management and Budget, <i>Compliance Supplement</i> for major federal awards programs	Select samples and test for compliance with federal and grant requirements.

We welcome any input you may have regarding the information discussed above. We also welcome any insight you have related to any other risk areas, or other significant risk areas, that you believe warrant particular attention.

We propose the following timeline:

- Final fieldwork has been scheduled for April 4, 2022 to May 6, 2022
- Final reports will be issued by June 3, 2022

### **Contacts**

We understand the appropriate person in the governance structure with whom to communicate is Council Member Curtis Gardner, Chair of the Management and Finance Committee.

If for any reason, any member of the City Council would need to contact us, please call Marcie Ardan, Managing Director, or Karmyn Jeffries, Director at 303.861.4545.

### **Accounting & Auditing Matters**

The following matters are, in our judgment, relevant to the planned scope of the audit as well as your responsibilities in overseeing the financial reporting process.

- Segregation of accounting duties
- Revenue recognition
- Self-insurance liabilities
- Third-party service providers
- Related-party transactions
- Component units
- Joint venture
- Commitments and contingencies
- Significant estimates
- Recording of restricted net position and restricted, committed and assigned fund balances
- Investments and investment valuation
- Debt
- Capital assets
- Expenses/expenditures
- Compliance with federal award programs

### **Use of Specialists or Other Experts**

We plan to involve the following specialist in our audit:

- Harvest Investments to test the valuation of investments and interest rate cap

### **Consideration of Error or Fraud**

One of the most common questions we receive from audit committees is, “How do you address fraud in a financial statement audit?” Our responsibility, as it relates to fraud, in an audit of financial statements is addressed in auditing standards generally accepted in the United States of America.

Our audit approach includes such procedures as:

- Engagement team brainstorming
  - Discussions include how and where we believe the City’s financial statements might be susceptible to material misstatement due to error or fraud, how management could perpetrate and conceal fraudulent financial reporting, and how assets of the City could be misappropriated
  - An emphasis is placed on the importance of maintaining the proper state of mind throughout the audit regarding the potential for material misstatement due to error or fraud
- Inquiries of management and others
  - Personnel interviewed include the Management & Finance Committee Chair, the City Manager, the Finance Director, the Internal Auditor, the Controller, and others
  - Inquiries are directed towards the risks of error or fraud and whether personnel have knowledge of any fraud or suspected fraud affecting the City
- Reviewing accounting estimates for bias
- Considering the risk that management may attempt to present disclosures to the financial statements in a manner that may obscure a proper understanding of the matters disclosed (for example, by using unclear or ambiguous language)
- Evaluating business rationale for significant unusual transactions
- Evaluating business rationale for significant transactions with related parties
- Incorporating an element of unpredictability into the audit each year

\* \* \* \* \*

This communication is intended solely for the information and use of those charged with governance, and management and is not intended to be and should not be used by anyone other than these parties.



Marcella D. Ardan, CPA  
Managing Director

November 3, 2021

Management and Finance Committee  
Mayor and City Council Members  
Jim Twombly, City Manager  
Terri Velasquez, Finance Director  
Nancy Wishmeyer, Controller  
City of Aurora, Colorado  
15151 East Alameda Parkway  
Aurora, Colorado 80012

We appreciate your selection of **BKD, LLP** as your service provider and are pleased to confirm the arrangements of our engagement in this contract. Within the requirements of our professional standards and any duties owed to the public, regulatory, or other authorities, our goal is to provide you **Unmatched Client Service**<sup>®</sup>.

In addition to the terms set forth in this contract, including the detailed **Scope of Services**, our engagement is governed by the following, incorporated fully by this reference:

- Professional Services Agreement dated November 30, 2006 and the Extension Agreement dated March 3, 2021 (the Agreement)
- Terms and Conditions Addendum

This engagement letter sets the terms of the 2021 engagements in accordance with the Agreement. In the event of a conflict between this letter of engagement and the Agreement, the language in the Agreement shall control.

### **Summary Scope of Services**

As described in the attached **Scope of Services**, our services will include the following:

City of Aurora, Colorado (the City)

- Audit Services for the year ended December 31, 2021
- Audit the financial statements of the City of Aurora, Colorado's Cultural Service Division including the Schedule of the Annual Operating Income for the year ending December 31, 2021
- Agreed-Upon Procedure Services for the SCFD Tier II Qualification Application for the year ended December 31, 2021
- Agreed-Upon Procedure Services for City of Aurora Post Employment Health Plans (PEHP Plans) which include the Fire Chief Officers PEHP, Police-Command PEHP, Aurora Firefighters PEHP, the Aurora Police Association PEHP plans, the Executive Staff, and the Managers for the year ended December 31, 2021
- Agreed-Upon Procedure Services for the City's 457 Deferred Compensation Plan for the year ended December 31, 2021

7/20 Memorial Foundation Inc (the Foundation) for whom the City is fiscal agent

- Agreed-Upon Procedure Services for the year ended December 31, 2021

### Engagement Fees

The fee for our services for the financial statement audit, single audit and SCFD audit will be in accordance with the Agreement, which for the year ending December 31, 2021 will be \$188,065 (includes up to four major single audit programs). Any additional single audit programs over the four listed above will be billed at \$10,000 per program and any such increase will be subject to the terms of the Agreement.

The fees for the agreed-upon procedures engagements will be as follows:

PEHP Plans	\$ 4,200
457 Deferred Compensation Plan	\$ 10,965
7/20 Memorial Foundation, Inc.	\$ 595

Our pricing for this engagement and our fee structure are based upon the expectation that our invoices will be paid promptly. Payment of our invoices is due upon receipt.

### Additional Costs Related to Implementing New Standards

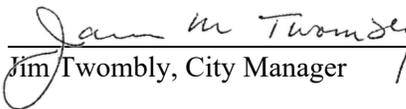
Assistance and additional time as a result of the adoption of new standards, such as those listed in the attached **New Auditing and Accounting Standards**, are not included within our standard engagement fees. These fees will be based on time expended and will vary based on the level of assistance and procedures required.

### Contract Agreement

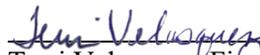
Please sign and return this contract to indicate your acknowledgment of, and agreement with, the arrangements for our services including our respective responsibilities.

*BKD, LLP*

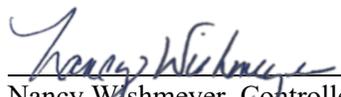
Acknowledged and agreed to as it relates to the entire contract, including the **Scope of Services and Terms and Conditions Addendum**, on behalf of the City of Aurora, Colorado.

BY   
Jim Twombly, City Manager

DATE 11/10/2021

BY   
Terri Velasquez, Finance Director

DATE 11/5/2021

BY   
Nancy Wishmeyer, Controller

DATE 11.5.2021

cc: Chair, Management and Finance Committee

## Scope of Services

The following apply for all services:

**Assistance** Our timely completion of services depends on the assistance you provide us in accumulating information and responding to our inquiries. Inaccuracies or delays in providing this information or the responses may result in untimely filings or inability to meet other deadlines.

**Responsibility for Outcomes** We may perform additional services for you that are not covered by this contract. The performance of these services shall be subject to the terms and conditions set forth in section IE and 4A of the Agreement. You agree to assume full responsibility for the substantive outcomes of the contracted services and for any other services we may provide, including any findings that may result.

You also acknowledge these services are adequate for your purposes, and you will establish and monitor the performance of these services to ensure they meet management's objectives. All decisions involving management responsibilities related to these services will be made by you, and you accept full responsibility for such decisions.

We understand you have designated (or will) a management-level individual to be responsible and accountable for overseeing the performance of these services, and you have determined (or will) this individual is qualified to conduct such oversight.

**Additional Costs Related to COVID-19** Our fees do not consider additional efforts driven by the SARS-CoV-2 virus and the related COVID-19 (COVID-19) environment. Complexities and uncertainties related to various provisions of new laws and the continued issuance of interpretative and procedural guidance from federal agencies may affect our services. Fees related to COVID-19 activities will be billed based on time expended. Additional efforts or services may include:

- Accounting and auditing issues such as other-than-temporary impairment of investments, collectability of receivables, inventory valuation, compliance with debt agreements, modification of lease terms, additional major programs subject to Single Audit, etc.

## Audit Services

We will audit the basic financial statements and related notes to the basic financial statements for the following entities with the objective of expressing an opinion on the financial statements; issuing a report on your compliance based on the audit of your financial statements; issuing a report on your internal control over financial reporting based on the audit of your financial statements; expressing an opinion on your compliance, in all material respects, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB), *Compliance Supplement* that are applicable to each of your major federal award programs; issuing a report on your internal control over compliance based on the audit of your compliance with the types of compliance requirements that are applicable to each of your major federal award programs; and issuing a report on your schedule of expenditures of federal awards:

- City of Aurora, Colorado as of and for the year ended December 31, 2021

We will also audit the financial statements and related notes to the financial statements and Schedule of Annual Operating Income for the City of Aurora, Colorado Cultural Service Division as of and for the year ended December 31, 2021 with the objective of expressing an opinion on the financial statements.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

We will also express an opinion on whether your combining and individual fund statements and schedules and the schedule of expenditures of federal awards ("supplementary information") is fairly stated, in all material respects, in relation to the financial statements as a whole.

We will also provide you with the following nonattest services:

- We will complete the auditee portion of the Form SF-SAC (Data Collection Form) through the Federal Audit Clearinghouse. We will not make the submission on your behalf. You will review a draft(s) of the submission prior to transmission and agree that you are solely responsible for approving the final draft for transmission as well as for the auditee submission and certification.
- Assisting with the formatting, printing and binding of the single audit reports and SCFD reports

Marcella Ardan is responsible for supervising the engagement and authorizing the signing of the report or reports for the audit of the City of Aurora, Colorado.

With respect to the City of Aurora – Cultural Services Division engagements Marcella Ardan, Managing Director, will oversee and coordinate the engagement. Karmyn Jeffries, Director, is responsible for supervising the engagement team and authorizing the signing of reports.

We will issue a written report(s) upon completion of our audit(s), addressed to the following parties:

<b>Entity Name</b>	<b>Party Name</b>
City of Aurora, Colorado	Honorable Mayor and Members of City Council
City of Aurora, Colorado – Cultural Services Division	Honorable Mayor and Members of City Council

You are responsible to distribute our reports to other officials who have legal oversight authority or those responsible for acting on audit findings and recommendations, and to others authorized to receive such reports.

The following apply for the audit services described above:

**Our  
Responsibilities**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards require that we plan and perform:

- The audit of the financial statements to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error, and
- The audit of compliance with the types of compliance requirements described in the OMB, *Compliance Supplement* applicable to each major federal award program to obtain reasonable rather than absolute assurance about whether noncompliance having a direct and material effect on a major federal award program occurred.

We will conduct our audit of the City of Aurora, Colorado's - Cultural Service Division, including the Schedule of Annual Operating Income in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error.

We will exercise professional skepticism throughout the audit.

We will identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We will obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We will also conclude, based on audit evidence obtained, whether there are conditions or events considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

## **Limitations & Fraud**

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our understanding of internal control is not for the purpose of expressing an opinion on the effectiveness of your internal control. However, we will communicate to you in writing any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit. Also, in the future, procedures could become inadequate because of changes in conditions or deterioration in design or operation. Two or more people may also circumvent controls, or management may override the system.

We are available to perform additional procedures with regard to fraud detection and prevention at your request, subject to completion of our normal engagement acceptance procedures. The actual terms and fees of such an engagement would be documented in a separate contract to be signed by you and **BKD, LLP**.

## **Opinion**

Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add an emphasis-of-matter paragraph or other-matter paragraph to our auditor's report, or if necessary, withdraw from the engagement.

If we discover conditions that may prohibit us from issuing a standard report, we will notify you. In such circumstances, further arrangements may be necessary to continue our engagement.

## **Your Responsibilities**

Management and, if applicable, those charged with governance acknowledge and understand their responsibility for the following:

- For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America
- 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

- For identifying and ensuring compliance with the laws, regulations, contracts, and grants applicable to your activities including your federal award programs
- To provide us with:
  - Access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including access to information relevant to disclosures
  - Additional information that we may request for the purpose of the audit
  - Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence

The results of our tests of compliance and internal control over financial reporting performed in connection with our audit of the financial statements may not fully meet the reasonable needs of report users. Management is responsible for obtaining audits, examinations, agreed-upon procedures, or other engagements that satisfy relevant legal, regulatory, or contractual requirements or fully meet other reasonable user needs.

**Written  
Confirmations  
Required**

As part of our audit process, we will request from management and, if applicable, those charged with governance written confirmation acknowledging certain responsibilities outlined in this contract and confirming:

- The availability of this information
- Certain representations made during the audits for all periods presented
- The effects of any uncorrected misstatements, if any, resulting from errors or fraud aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole

**Peer Review  
Report**

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our most recent peer review report accompanies this contract.

**Supplementary  
Information**

With regard to any supplementary information that we are engaged to report on:

- Management is responsible for its preparation in accordance with applicable criteria
- Management will provide certain written representations regarding the supplementary information at the conclusion of our engagement
- Management will include our report on this supplementary information in any document that contains this supplementary information and indicates we have reported on the supplementary information
- Management will make the supplementary information readily available to intended users if it is not presented with the audited financial statements

**Implementation of  
New Standards**

Unless indicated in our contract, our services and related fees do not include substantive assistance beyond routine advice related to the adoption of new accounting and reporting standards. Should you require assistance, we will bill you at our standard hourly rates.

**Assistance with  
Application of  
Standards**

Transactions or changes in business may require you to apply existing standards differently each year, such as when business operations create new revenue streams, operations are discontinued, liquidity or operational challenges are encountered, business combinations are executed, etc. We welcome your questions throughout the year and are happy to provide general guidance and routine support; however, our engagement does not include substantive effort to assist you with applying standards to these circumstances, unless otherwise indicated in the contract.

## **New Auditing and Accounting Standards**

### **Leases**

Governmental Accounting Standards Board Statement No. 87, *Leases*, is effective for fiscal years beginning after June 15, 2021. Early application is encouraged.

Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. We can assist you with the adoption by providing services which may include, but are not limited to:

- Assessing your readiness by assisting with the evaluation of your:
  - Current controls and policies
  - Current internal resources and system capabilities
- Assisting with changes required to adopt Statement No. 87, including:
  - Assisting with information gathering to develop an inventory of all lease agreements, service contracts, and other arrangements that may contain right-to-use lease assets
  - Recommending enhancements to existing controls and policies or suggesting new controls and policies to address Statement No. 87
  - Documenting any changes from your previous lease recognition and reporting methods
  - Drafting the required disclosures

The time it will take to perform the above assistance and our additional audit procedures relating to the adoption of the Statement, and any time to assist you with the adoption, may be minimized to the extent your personnel will be available to provide timely and accurate documentation and information as requested by us.

## Agreed-Upon Procedure Services

With respect to each agreed-upon procedure engagement:

- a. Scientific and Cultural Facilities District (SCFD) engagement – we will perform certain agreed-upon procedures, as described in the SCFD Tier II Qualification Application, to schedules required to be submitted by the City in connection with the SCFD audit report package as of and for the year ended December 31, 2021. The City of Aurora is responsible for the information included in the SCFD Tier II Qualification Application and audit report package.
- b. City of Aurora Post Employment Health Plans (PEHP Plans) which include the Fire Chief Officers PEHP, Police-Command PEHP, Aurora Firefighters PEHP, the Aurora Police Association PEHP plans, the Executive Staff, and the Managers, we will perform the following procedures for the year ended December 31, 2021:
  - i. Obtain documentation of internal controls surrounding the PEHP Plans. We will identify key controls and test the key controls for design effectiveness.
  - ii. For each PEHP plan, we will obtain the participant election of the contribution percentage of the accumulated bank of sick leave for the year ending December 31, 2021. We will obtain a list of terminations during the year for each plan and select a sample of the lesser of 10% or 30 items to ensure that the correct portion of the accumulated bank was contributed to the PEHP plan by the City. We will also trace the transfer of funds to supporting documentation to ensure funds were transferred to the Trust.

The City is responsible for the PEHP Plans.

- c. We will apply the procedures enumerated in the attachment to this contract to the 457 Deferred Compensation Plan of the City of Aurora, Colorado as of and for the year ended December 31, 2021. The City is responsible for the 457 Deferred Compensation Plan.
- d. 7/20 Memorial Foundation, Inc. (the Foundation) for whom the City is fiscal agent we will perform the following procedures for the year ended December 31, 2021:
  - i. Obtain documentation of internal controls surrounding the cash inflows and outflows of the Foundation. We will identify key controls and test the key controls for design effectiveness.
  - ii. Select a sample of cash receipts and cash disbursements and agree to supporting documentation. Also, review cash receipts to ensure they are being tracked according to purpose.

The City is responsible for the 7/20 Memorial Foundation, Inc.

The City has agreed to these procedures and acknowledged that the procedures to be performed are appropriate for the intended purpose of completion of the SCFD Tier II Qualification Application and meeting its fiduciary responsibilities relating to the PEHP Plans, 457 Deferred Compensation Plan and the 7/20 Memorial Foundation, Inc. Our responsibility is to carry out these procedures and report on our findings. It is understood that we make no representation regarding the appropriateness of these procedures for the purpose for which this report has been requested or for any other purpose. The procedures we will

perform may not address all the items of interest to a user of our report and may not meet the needs of all users of our report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our engagement to perform agreed-upon procedures is not designed to constitute an examination or a review of the subject matter, the objective of which is the expression of an opinion or conclusion, respectively, on the subject matter. Accordingly, the report will not express an opinion or a conclusion, respectively, on the SCFD Tier II Qualification Application, the City of Aurora Post Employment Health Plans, the 457 Deferred Compensation Plan or the 7/20 Memorial Foundation. If additional procedures were to be performed, other matters might have come to our attention. In addition, we have no obligation to perform any procedures beyond those listed in the attachment to this letter.

Marcella Ardan, Managing Director, will oversee and coordinate the agreed-upon procedures engagements. Karmyn Jeffries, Director, is responsible for supervising the engagement team and authorizing the signing of reports.

We will issue a written report summarizing the procedures performed and the results of those procedures to the following:

<b>Entity Name</b>	<b>Party Name</b>
City of Aurora, Colorado – Cultural Services Division	City of Aurora, Colorado and the Scientific and Cultural Facilities District
City of Aurora Post Employment Health Plans (PEHP)	City of Aurora, Colorado
457 Deferred Compensation Plan	City of Aurora, Colorado
7/20 Memorial Foundation, Inc.	City of Aurora, Colorado

The report will be intended for use by and restricted to the use of the specified parties and our report will contain such restricted use language.

The following apply for the agreed-upon procedure services described above:

**Our Responsibilities** We will conduct our agreed-upon procedures engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants.

**Limitations & Fraud** Our engagement will not include a detailed examination of all transactions and cannot be relied upon to disclose misstatements that might exist due to error, fraud, and illegal acts. However, we will inform you of any such matters, if material, that come to our attention.

You accept that these procedures are not a substitute for management’s responsibility to ensure controls are in place to prevent and detect theft and all other forms of fraud and illegal acts. Therefore, you agree we are not responsible for the cost of damages or any liability arising from errors or irregularities, fraud, defalcations, or any other form of noncompliance or theft, caused by current or former employees, directors, owners, or third parties.

**Report** If, for any reason, we are unable to complete our procedures, we may decline to issue a report as a result of this engagement.

**Management  
Responsibilities**

The management of the City of Aurora, Colorado is responsible for the following:

- Proper recording of transactions and preparation of financial statements
- Establishing and maintaining effective internal control over financial reporting
- Setting the proper tone
- Creating and maintaining a culture of honesty and high ethical standards
- Establishing appropriate controls to prevent, deter, and detect fraud and illegal acts
- Identifying and ensuring compliance with laws and regulations applicable to its activities
- Establishing and maintaining effective internal control over compliance
- Implementing and monitoring controls

To facilitate our engagement, management of the City is responsible for supplying us with all necessary information and for allowing us access to personnel to assist in performing our services. It should be understood that management is responsible for the accuracy and completeness of these items and for the subject matter.

**Written  
Representations**

At the conclusion of our engagement, we will request certain written representations from you about the subject matter information and related matters.

## BKD, LLP Terms and Conditions Addendum

### GENERAL

1. **Overview.** This addendum describes **BKD, LLP's** standard terms and conditions ("Terms and Conditions") applicable to Our provision of services to the Client ("You"). The Terms and Conditions are a part of the contract between You and **BKD, LLP**. For the purposes of the Terms and Conditions, any reference to "Firm," "We," "Us," or "Our" is a reference to **BKD, LLP** ("BKD"), and any reference to "You" or "Your" is a reference to the party or parties that have engaged Us to provide services.

### BILLING, PAYMENT, & TERMINATION

2. **Billing and Payment Terms.** We will bill You for Our professional fees and costs as outlined in Our contract. Interest will be charged on any unpaid balance after 30 days at the rate of 10 percent per annum, or as allowed by law at the earliest date thereafter, and highest applicable rate if less than 10 percent.

We reserve the right to suspend or terminate Our work for this engagement or any other engagement for nonpayment of fees. If Our work is suspended or terminated, You agree that We will not be responsible for Your failure to meet governmental and other deadlines, for any penalties or interest that may be assessed against You resulting from Your failure to meet such deadlines, and for any other damages (including but not limited to consequential, indirect, lost profits, or punitive damages) incurred as a result of the suspension or termination of Our services.

Our fees may increase if Our duties or responsibilities are increased by rulemaking of any regulatory body or any additional new accounting or auditing standards. Our engagement fees do not include any time for post-engagement consultation with Your personnel or third parties, consent letters and related procedures for the use of Our reports in offering documents, inquiries from regulators, or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

3. **Billing Records.** If these services are determined to be within the scope and authority of Section 1861(v)(1)(I) of the Social Security Act, We agree to make available to the Secretary of Health and Human Services, or to the U.S. Comptroller General, or any of their duly authorized representatives, such of Our books, documents, and records that are necessary to certify the nature and extent of Our services, until the expiration of four (4) years after the furnishing of these services. This contract allows access to contracts of a similar nature between subcontractors and related organizations of the subcontractor, and to their books, documents, and records.
4. **Termination.** Either party may terminate these services in good faith at any time for any reason, including Your failure to comply with the terms of Our contract or as We determine professional standards require. Both parties must agree, in writing, to any future modifications or extensions. If services are terminated, You agree to pay BKD for time expended to date. In addition, You will be billed costs and fees for services from other professionals, if any, as well as an administrative fee of four (4) percent to cover items such as copies, postage and other delivery charges, supplies, technology-related costs such as software licensing, user access, and research tools, and similar expense items.

### DISPUTES & DISCLAIMERS

5. **Mediation.** Any dispute arising out of or related to this engagement will, prior to resorting to litigation, be submitted for nonbinding mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. Unless the parties agree otherwise, the American Arbitration Association ("AAA") will administer any such mediation in accordance with its Commercial Mediation Rules. The mediator will be selected by agreement of the parties. If We cannot agree, a mediator shall be designated by the AAA. The mediation proceeding shall be confidential. Each party will bear its own costs in the mediation, but the fees and expenses of the mediator will be shared equally.
6. **Indemnification.** Unless disallowed by law or applicable professional standards, You agree to hold BKD harmless from any and all claims which arise from knowing misrepresentations to BKD, or the intentional withholding or concealment of information from BKD by Your management or any partner, principal, shareholder, officer, director, member, employee, agent, or assign of Yours. You also agree to indemnify BKD for any claims made against BKD by third parties, which arise from any wrongful actions of Your management or any partner, principal, shareholder, officer, director, member, employee, agent, or assign of Yours. The provisions of this paragraph shall apply regardless of the nature of the claim.
7. **Statute of Limitations.** You agree that any claim or legal action arising out of or related to this contract and the services provided hereunder shall be commenced no more than one (1) year from the date of delivery of the work product to You or the termination of the services described herein (whichever is earlier), regardless of any statute of limitations prescribing a longer period of time for commencing such a claim under law. This time limitation shall apply regardless of whether BKD performs other or subsequent services for You. A claim is understood to be a demand for money or services, demand for mediation, or the service of suit based on a breach of this contract or the acts or omissions of BKD in performing the services provided herein. This provision shall not apply if enforcement is disallowed by applicable law or professional standards.
8. **Limitation of Liability.** You agree that BKD's liability, if any, arising out of or related to this contract and the services provided hereunder, shall be limited to the amount of the fees paid by You for services rendered under this contract. This limitation shall not apply to the extent it is finally, judicially determined that the liability resulted from the intentional or willful misconduct of BKD or if enforcement of this provision is disallowed by applicable law or professional standards.
9. **Waiver of Certain Damages.** In no event shall BKD be liable to You or a third party for any indirect, special, consequential, punitive, or exemplary damages, including but not limited to lost profits, loss of revenue, interruption, loss of use, damage to goodwill or reputation, regardless of whether You were advised of the possibility of such damages, regardless of whether such damages were reasonably foreseeable, and regardless of whether such damages arise under a theory of contract, tort, strict liability, or otherwise.
10. **Severability.** If any portion of this contract is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this contract.

11. **Assignment.** You acknowledge and agree that the terms and conditions of this contract shall be binding upon and inure to the parties' successors and assigns, subject to applicable laws and regulations.
12. **Disclaimer of Legal or Investment Advice.** Our services do not constitute legal or investment advice.

#### RECORDS, WORKPAPERS, DELIVERABLES, & PROPRIETARY INFORMATION

13. **Maintenance of Records.** You agree to assume full responsibility for maintaining Your original data and records and that BKD has no responsibility to maintain this information. You agree You will not rely on BKD to provide hosting, electronic security, or backup services, *e.g.*, business continuity or disaster recovery services, to You unless separately engaged to do so. You understand that Your access to data, records, and information from BKD's servers, *i.e.*, BKDconnect, can be terminated at any time and You will not rely on using this to host Your data and records.
14. **BKD Workpapers.** Our workpapers and documentation retained in any form of media for this engagement are the property of BKD. We can be compelled to provide information under legal process. In addition, We may be requested by regulatory or enforcement bodies (including any State Board) to make certain workpapers available to them pursuant to authority granted by law or regulation. Unless We are prohibited from doing so by law or regulation, BKD will inform You of any such legal process or request. You agree We have no legal responsibility to You in the event We determine We are obligated to provide such documents or information. In addition, You agree to compensate or reimburse BKD for all costs and expenses, including reasonable attorney's fees, associated with BKD's compliance with requests or demands for its workpapers or other information related to this engagement, and for any testimony required by summons or subpoena.
15. **Use of Deliverables and Drafts.** You agree You will not modify any deliverables or drafts prepared by Us for internal use or for distribution to third parties. You also understand that We may on occasion send You documents marked as draft and understand that those are for Your review purpose only, should not be distributed in any way, and should be destroyed as soon as possible.

Our report on any financial statements must be associated only with the financial statements that were the subject of Our engagement. You may make copies of Our report, but only if the entire financial statements (exactly as attached to Our report, including related footnotes and supplementary information, as appropriate) are reproduced and distributed with Our report. You agree not to reproduce or associate Our report with any other financial statements, or portions thereof, that are not the subject of Our engagement.

16. **Proprietary Information.** You acknowledge that proprietary information, documents, materials, management techniques, and other intellectual property are a material source of the services We perform and were developed prior to Our association with You. Any new forms, software, documents, or intellectual property We develop during this engagement for Your use shall belong to Us, and You shall have the limited right to use them solely within Your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements, and other documents which We make available to You are confidential and proprietary to Us. Neither You, nor any of Your

agents, will copy, electronically store, reproduce, or make any such documents available to anyone other than Your personnel. This provision will apply to all materials whether in digital, "hard copy" format, or other medium.

#### REGULATORY

17. **U.S. Securities and Exchange Commission ("SEC") and other Regulatory Bodies.** Where We are providing services either for (a) an entity that is registered with the SEC, (b) an affiliate of such registrant, or (c) an entity or affiliate that is subject to rules, regulations, or standards beyond those of the American Institute of Certified Public Accountants ("AICPA"), any term of this contract that would be prohibited by or impair Our independence under applicable law or regulation shall not apply to the extent necessary only to avoid such prohibition or impairment.
18. **Offering Document.** You may wish to include Our report(s) on financial statements in an exempt offering document. You agree that any report, including any auditor's report, or reference to Our firm, will not be included in any such offering document without notifying us. Any agreement to perform work in connection with an exempt offering document, including providing agreement for the use of the auditor's report in the exempt offering document, will be a separate engagement.

Any exempt offering document issued by You with which We are not involved will clearly indicate that We are not involved by including a disclosure such as, "BKD, LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. BKD, LLP also has not performed any procedures relating to this offering document."

19. **BKD Not a Municipal Advisor.** BKD is not acting as Your municipal advisor under Section 15B of the *Securities Exchange Act of 1934*, as amended. As such, BKD is not recommending any action to You and does not owe You a fiduciary duty with respect to any information or communications regarding municipal financial products or the issuance of municipal securities. You should discuss such matters with internal or external advisors and experts You deem appropriate before acting on any such information or material provided by BKD.

#### TECHNOLOGY

20. **Electronic Sites.** You agree to notify Us if You desire to place Our report(s), including any reports on Your financial statements, along with other information, such as a report by management or those charged with governance on operations, financial summaries or highlights, financial ratios, etc., on an electronic site. You recognize that We have no responsibility to review information contained in electronic sites.
21. **Electronic Signatures and Counterparts.** This contract and other documents to be delivered pursuant to this contract may be executed in one or more counterparts, each of which will be deemed to be an original copy and all of which, when taken together, will be deemed to constitute one and the same agreement or document, and will be effective when counterparts have been signed by each of the parties and delivered to the other parties. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this contract are intended to authenticate this writing and to have the same

force and effect as manual signatures. Delivery of a copy of this contract or any other document contemplated hereby, bearing an original manual or electronic signature by facsimile transmission (including a facsimile delivered via the internet), by electronic mail in “portable document format” (“.pdf”) or similar format intended to preserve the original graphic and pictorial appearance of a document, or through the use of electronic signature software, will have the same effect as physical delivery of the paper document bearing an original signature.

22. **Electronic Data Communication and Storage.** In the interest of facilitating Our services to You, We may send data over the internet, temporarily store electronic data via computer software applications hosted remotely on the internet, or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, We employ measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with Our obligations under applicable laws, regulations, and professional standards.

You recognize and accept that We have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by us. You consent to Our use of these electronic devices and applications during this engagement.

#### OTHER MATTERS

23. **Third-Party Service Providers.** BKD may from time to time utilize third-party service providers, *e.g.*, domestic software processors or legal counsel, or disclose confidential information about You to third-party service providers in serving Your account. BKD maintains, however, internal policies, procedures, and safeguards to protect the confidentiality and security of Your information. In addition, BKD will secure confidentiality agreements with all service providers to maintain the confidentiality of Your information. If We are unable to secure an appropriate confidentiality agreement, You will be asked to consent prior to BKD sharing Your confidential information with the third-party service provider.
24. **Independent Contractor.** When providing services to You, We will be functioning as an independent contractor; and in no event will We or any of Our employees be an officer of You, nor will Our relationship be that of joint venturers, partners, employer and employee, principal and agent, or any similar relationship giving rise to a fiduciary duty to You.
25. **Use of BKD Name.** Any time You intend to reference BKD’s firm name in any manner in any published materials, including on an electronic site, You agree to provide Us with draft materials for review and approval before publishing or posting such information.
26. **Praxity.** BKD is an independent accounting firm allowed to use the name “Praxity” in relation to its practice. BKD is not connected, however, by ownership with any other firm using the name “Praxity.” BKD will be solely responsible for all work carried out on Your behalf. In deciding to engage BKD, You acknowledge that We have not represented to You that any other firm using the name “Praxity” will in any way be responsible for Our work.

27. **BKD Status as LLP.** BKD is a registered limited liability partnership under Missouri law. Under applicable professional standards, partners of **BKD, LLP** have the same responsibilities as do partners in a general accounting and consulting partnership with respect to conformance by themselves and other professionals in BKD with their professional and ethical obligations. However, partners in a registered limited liability partnership do not have individual civil liability, directly or indirectly, for any debts, obligations, or liabilities of or chargeable to the registered limited liability partnership or each other, whether arising in tort, contract, or otherwise.
28. **Entire Agreement.** The contract, including this *Terms and Conditions Addendum* and any other attachments or addenda, encompasses the entire agreement between You and BKD and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this contract must be made in writing and signed by both You and BKD.
29. **Force Majeure.** We shall not be held responsible for any failure to fulfill Our obligations if such failure was caused by circumstances beyond Our control.

**Attachment**  
City of Aurora 457 Plan Agreed-Upon Procedures  
Year Ended December 31, 2021

1. Internal controls
  - a. Identify segregation of control issues by review of duties grids completed by the City for cash inflows, cash outflows and investing transaction cycles
  - b. Perform walkthroughs of design effectiveness of the cash inflows, cash outflows and investing transaction cycles
  - c. Obtain the Nationwide SOC report and review report
2. Plan documents
  - a. Obtain and read any plan amendments
3. Eligibility requirements
  - a. Pick 10 new employees and determine if participants were appropriately auto enrolled into the plan
4. Participant data testing – Sample 30 participants
  - a. Send negative confirmations to participant to determine if the participant agrees with balances at year-end, contributions made during the year and investment allocations elections
  - b. Analytical test each participant’s annual contributions by recalculating the annual contribution based on the participants contribution elections or default deferral rate, as applicable
5. Contribution testing
  - a. Compare total employee contributions withheld from payroll to contributions received by the plan and also to W-3 detail as of year-end and identify any differences
  - b. Test three payroll periods to determine if contributions were transmitted within two days of pay dates
  - c. Select five participants over the age of 50 to determine if Nationwide provided information about catchup contributions to the participant, or determine whether information was provided to all personnel via email or during onboarding process
6. Distribution testing
  - a. Sample three individual participant distributions to support and determine if they were paid timely. A period of 15 days or earlier from the time the request was sent will be used to determine timeliness.
  - b. Sample three hardship distributions and determine if required support was obtained prior to the distribution
  - c. Sample three terminations and determine if the termination date per plan agrees with the date per City information
7. Loans
  - a. Select three new loans in current year for compliance with loan policy document
8. Investments
  - a. Test fair value measurements by selecting five purchases and five sales from each quarterly statement and comparing those to the prices of the security on that day as published by a third party

- b. Review minutes to determine the Investment Policy Statement was reviewed and updated as necessary and applicable
- c. Perform analysis of fund utilizing FI360 report



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*Postlethwaite & Netterville and Associates, L.L.C.*

## Report on the Firm's System of Quality Control

To the Partners of BKD, LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of BKD, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### **Firm's Responsibility**

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### **Peer Reviewer's Responsibility**

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### **Required Selections and Considerations**

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, an audit of a broker-dealer, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As part of our peer review, we considered reviews by regulatory entities as communicated to the firm, if applicable, in determining the nature and extent of our procedures.

### **Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of BKD, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. BKD, LLP has received a peer review rating of *pass*.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
November 2, 2020



# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> Quarterly Report on the Audit of Mayor and Council Expenses
<b>Item Initiator:</b> Wayne C. Sommer, Internal Audit Manager, Office of the Internal Auditor
<b>Staff Source/Legal Source:</b> N/A
<b>Outside Speaker:</b> N/A
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### COUNCIL MEETING DATES:

**Study Session:** N/A

**Regular Meeting:** N/A

### ITEM DETAILS:

- Agenda long title
- Waiver of reconsideration requested, and if so, why
- Sponsor name
- Staff source name and title / Legal source name and title
- Outside speaker name and organization
- Estimated Presentation/discussion time

The Quarterly Report on the Audit of Mayor and Council Expenses

Wayne C. Sommer, Internal Audit Manager, Office of the Internal Auditor  
5 minutes

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### ACTIONS(S) PROPOSED *(Check all appropriate actions)*

- |   |  |
|---|--|
| <input type="checkbox"/> Approve Item and Move Forward to Study Session   | <input type="checkbox"/> Approve Item as proposed at Study Session   |
| <input type="checkbox"/> Approve Item and Move Forward to Regular Meeting   | <input type="checkbox"/> Approve Item as proposed at Regular Meeting |
| <input checked="" type="checkbox"/> Information Only  |  |
| <input type="checkbox"/> Approve Item with Waiver of Reconsideration<br>Reason for waiver is described in the Item Details field. |  |

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### PREVIOUS ACTIONS OR REVIEWS:

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**Policy Committee Name:** N/A

**Policy Committee Date:** N/A

**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

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**HISTORY (Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)**

This recurring engagement was requested by the M&F Committee. We presented the first report at the January 25, 2022 M&F Committee meeting and to the full Council at the Study Session held on March 7, 2022. The scope period for the first report covered expenses from January 1, 2021 through October 31, 2021. Subsequent reports are to be provided quarterly.

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**ITEM SUMMARY (Brief description of item, discussion, key points, recommendations, etc.)**

For the expenses tested in the period November 1, 2021 through January 31, 2022, we identified 2 exceptions totaling \$1,050.23 out of expenses for the quarter of \$132,935.89.

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**QUESTIONS FOR COUNCIL**

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**LEGAL COMMENTS**

The city charter requires that the city manager shall keep the council advised of the financial condition, future needs of the city, and the overall general condition of the city, and shall make such recommendations to the council for adoption as deemed necessary or expedient. This item is informational only. (See, Aurora City Charter Art. 7-4 (f)). (Hernandez).

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**PUBLIC FINANCIAL IMPACT**

- YES       NO

**If yes, explain:** N/A

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**PRIVATE FISCAL IMPACT**

- Not Applicable       Significant       Nominal

**If Significant or Nominal, explain:** N/A



## Mayor and City Council Operating Expense Audit

To: Council Member Curtis Gardner  
Chair, Management and Finance Committee

From: The Office of the Internal Auditor

Date:

November 1, 2021 – January 31, 2022

Internal Audit has completed its review of the Mayor and City Council for the three months beginning November 1, 2021 and ending January 31, 2022 (scope period.) We have detailed below the exceptions discovered during our test work to the *Rules of Order and Procedure* in force at that time.

For the scope period there were 66 transactions totaling \$132,935.89. We sampled 33 transactions. The sample we tested was \$18,152.38. This represents 50% of transactions and 13% of the total dollars.

Exception Type	Number of Exceptions	Total Dollars
Inadequate Detail	1	\$19.99
Improve Expense Guidance	1	1,030.24

- *Inadequate Detail:* One transaction in our sample lacked adequate supporting documentation. The transaction contained a meal receipt which lacked an itemized list of items purchased. Where an itemized receipt is not provided, we are unable to verify whether prohibited items such as alcohol were purchased.
- *Unclear Expense Guidance:* The existing Rules do not specify whether an upgrade within economy class is acceptable.



# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> Q1 2022 Internal Audit Quarterly Report
<b>Item Initiator:</b> Wayne Sommer, Internal Audit Manager
<b>Staff Source/Legal Source:</b> N.A
<b>Outside Speaker:</b> N/A
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### COUNCIL MEETING DATES:

**Study Session:** NA

**Regular Meeting:** NA

### ITEM DETAILS:

- Agenda long title
- Waiver of reconsideration requested, and if so, why
- Sponsor name
- Staff source name and title / Legal source name and title
- Outside speaker name and organization
- Estimated Presentation/discussion time

Q1 Internal Audit Quarterly Report to the Audit Committee

Wayne C. Sommer, Internal Audit Manager

10 minutes

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### ACTIONS(S) PROPOSED *(Check all appropriate actions)*

- |   |  |
|---|--|
| <input type="checkbox"/> Approve Item and Move Forward to Study Session   | <input type="checkbox"/> Approve Item as proposed at Study Session   |
| <input type="checkbox"/> Approve Item and Move Forward to Regular Meeting   | <input type="checkbox"/> Approve Item as proposed at Regular Meeting |
| <input checked="" type="checkbox"/> Information Only  |  |
| <input type="checkbox"/> Approve Item with Waiver of Reconsideration<br>Reason for waiver is described in the Item Details field. |  |

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**PREVIOUS ACTIONS OR REVIEWS:**

**Policy Committee Name:** N/A

**Policy Committee Date:** NA

**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

---

**HISTORY (Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)**

The Office of the Internal Auditor provides quarterly reports to the Audit Committee on its progress against its annual audit plan and any changes therein

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**ITEM SUMMARY (Brief description of item, discussion, key points, recommendations, etc.)**

This report will include:

- Progress against the 2022 Annual Audit Plan
- An update on the status of audit recommendation implementation
- A change to one engagement in the audit plan
- Addition of an engagement at the request of a City Council Member
- Information on upcoming changes to our audit software

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**QUESTIONS FOR COUNCIL**

None

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**LEGAL COMMENTS**

The city charter requires that the city manager shall keep the council advised of the financial condition, future needs of the city, and the overall general condition of the city, and shall make such recommendations to the council for adoption as deemed necessary or expedient. This item is informational only. (See, Aurora City Charter Art. 7-4 (f)). (Hernandez)

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**PUBLIC FINANCIAL IMPACT**

YES       NO

**If yes, explain:** N/A

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**PRIVATE FISCAL IMPACT**

Not Applicable       Significant       Nominal

**If Significant or Nominal, explain:** N/A

# Internal Audit Report



## 2022 Office of the Internal Auditor Operations Report

For the quarter ended March 31, 2022



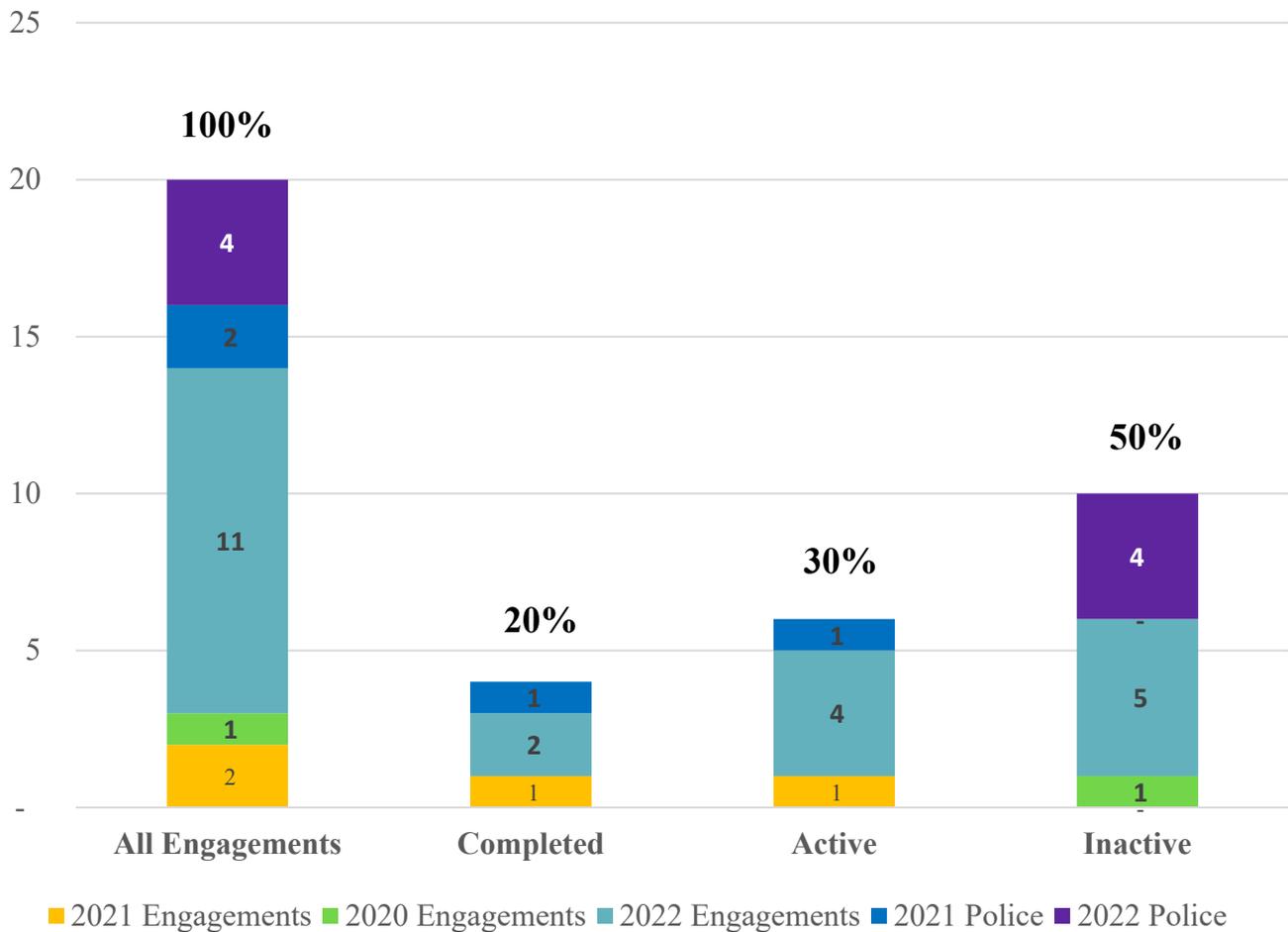


## 2022 ENGAGEMENT PROGRESS SUMMARY

Through March 31, Internal Audit has completed 20% of scheduled engagements (6% for Q1 2021); another 30% are currently active (29% for Q1 2021). In total, 50% of all our possible engagements are either active or were completed in the first quarter (35% for Q1 2021.) Of the active engagements, we anticipate five being completed in the second quarter.

We are fully staffed.

### 2022 Engagement Status Chart



*As of March 31, 2022*

## Agile Engagements

Internal Audit applies its own custom agile approach to our engagements. This approach brings valuable information to our clients more quickly than the traditional approach through a report provided at the end of each milestone.

This is an explanation of our Milestones:

**Team Preparation:** *Ensure that the engagement team can properly conduct the engagement.*

**Client Evaluation:** *Gain a deeper understanding of the client's operating environment and client issues that may affect the engagement objectives and that may influence subsequent engagement procedures.*

**Process Controls and Efficiency:** *Determine whether appropriate process controls exist and whether processes are efficient.*

**Risks:** *Assess the impact of identified risks on the engagement objectives, scope, and on the objectives test work procedures.*

**Planning and Preparation Finalization:** *Determine the final engagement objectives, scope, and objectives test work procedures.*

**Objectives Test Work:** *Obtain sufficient evidence to afford a reasonable basis for conclusions on the engagement objectives.*

**Reporting:** *Summarize the results of our engagement procedures and our related conclusions, findings, and recommendations in a clear and concise report that addresses all engagement objectives.*

**Wrap Up:** *Complete all administrative tasks necessary for a complete and orderly closeout of the engagement.*

2022 Operations Report—For the quarter ended March 31, 2022

In the table below, purple shading shows completed milestone work; yellow cells represent milestones in progress; and, orange shading represents future milestone work and the projected quarter in which that work is anticipated. This information is as of March 31.

Engagements	Milestones							
	1. Team Preparation	2. Client Evaluation	3. Internal Controls	4. Risk Evaluations	5. Preparation Finalization	6. Objectives Test Work	7. Reporting	8. Wrap Up
Visit Aurora							Q2	Q2
APD Property and Evidence							Q2	Q2
APD Vice and Narcotics Change of Command Cash Count	COMPLETED							
2021 Mayor and City Council Expenses	COMPLETED							
Mayor and City Council Expenses-Q1	COMPLETED							
Mayor and City Council Expenses-Q2						Q2	Q3	Q3
Mayor and City Council Expenses-Q3						Q3	Q3	Q4
Mayor and City Council Expenses-Q4						Q4	Q4	2023
Marijuana Enforcement	ON HOLD							
Asset Management Review	TBD							
IT Operational Assessment	Q2	Q2	Q3	Q3	Q3	Q4	Q4	Q4
<i>NEW</i> Youth Violence Prevention Program	Q2	Q2	Q2	Q3	Q3	Q3	Q3	Q3
Citywide Culture Survey						Q2	Q2	Q3
City Clerk’s Office: System Implementation After Action Report	TBD							
Police: Records Division Culture Survey	COMPLETED							
Police: K-9, Part 2								

Engagements	Milestones							
	1. Team Preparation	2. Client Evaluation	3. Internal Controls	4. Risk Evaluations	5. Preparation Finalization	6. Objectives Test Work	7. Reporting	8. Wrap Up
Police: Crisis Intervention						Q2	Q2	Q2
Police: Body Worn Camera Follow-Up	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2
Police: Impound Lot Operations								
Police: Promotions, Selections, and Assignments								

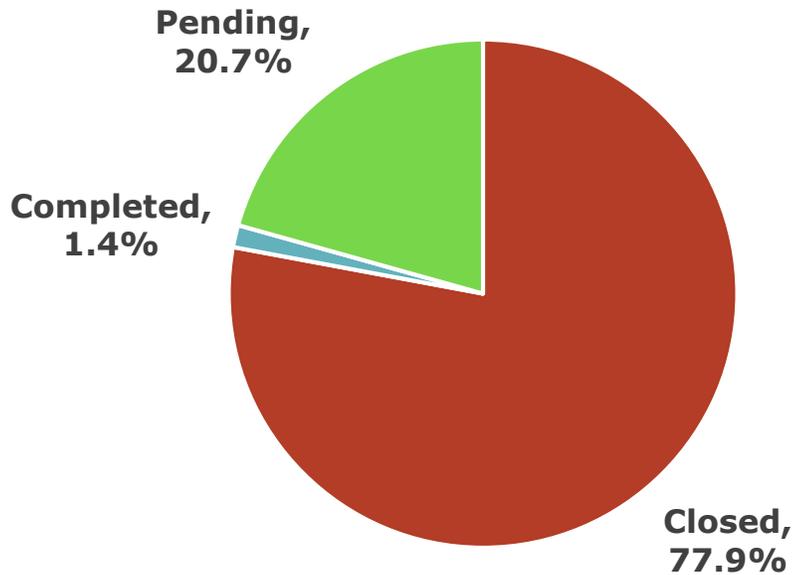
**Other Matters**

**Staff Professional Development:** All staff is on track to complete their annually required 40 hours (minimum) of continuing professional training for 2022.

## RECOMMENDATIONS

We maintain and track the implementation status of our audit recommendations in our TeamMate audit software. The chart below displays the status of recommendations as of March 31, 2022. As of that date, 20.7% (25% for Q1 2021) of all audit recommendations issued remained incomplete (Pending.) The table that follows outlines the status of audit outstanding recommendations by engagement. Internal Audit regularly monitors the progress made on these recommendations.

**Audit Recommendation Status as of March 31, 2022**



**Closed:** Client management has approved the implementation. No further action is necessary.

**Completed:** The client has implemented the recommendation and is waiting for client management’s final approval.

**Pending:** Implementation is not completed.

## 2022 Operations Report—For the quarter ended March 31, 2022

Report Release Date	Audit Plan Year	Engagement Name	Closed	Completed	Pending	Grand Totals
January 2016	2015	Payroll and HR Audit	14		1	15
September 2017	2016	Citywide Physical Security Assessment	14		9	23
September 2017	2016	Core 4 Culture Impact Assessment	3		1	4
March 2018	2016	Fire Department Overtime	21		1	22
April 2017	2016	Overall Disaster Preparedness Assessment	10		1	11
May 2018	2017	Lethal and Less Lethal Weapons Inventory and Control Review	16		2	18
May 2019	2018	Fleet Management Operational Review	29	1	4	34
November 2018	2018	Overall Disaster Preparedness: Recommendations Follow-up	3		4	7
October 2019	2018	Purchasing Operations Review-Part 1	2		4	6
February 2020	2019	Grant Administration Processes	9	2	5	16
October 2019	2019	Planning and Development Administration Culture Survey	8		6	14
January 2021	2020	APD - Versadex Case Management		3	3	6
September 2020	2020	APD - Body Camera Compliance	4		6	10
May 2021	2020	Economic Development Rebates Tracking			8	8
June 2021	2021	APD - Property and Evidence Audit	5		1	6
January 2022	2022	APD - Records Culture Survey	1		18	19
December 2021	2022	Colorado Criminal Justice Records Act	1		14	15
<b>Subtotals for engagements with pending recommendations</b>			<b>140</b>	<b>6</b>	<b>88</b>	<b>234</b>
<i>Subtotals as a percentage of Grand Totals</i>			<i>59.8%</i>	<i>2.6%</i>	<i>37.6%</i>	<i>100.0%</i>
<b>Subtotals for all other engagements</b>			<b>192</b>	<b>0</b>	<b>0</b>	<b>192</b>
<i>Subtotals as a percentage of Grand Totals</i>			<i>100.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>100.0%</i>
<b>Totals for all recommendation statuses</b>			<b>332</b>	<b>6</b>	<b>88</b>	<b>426</b>
<i>Totals as a percentage of Grand Totals</i>			<i>77.9%</i>	<i>1.4%</i>	<i>20.7%</i>	<i>100.0%</i>

### Implementation Notes

In the following pages we provide the detailed implementation status of all pending audit recommendations.

2022 Operations Report—For the quarter ended March 31, 2022

Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
2015	2015-2   Payroll and HR Audit	Review of shared access	Establish policies that govern shared drive accessibility permissions.	Information Security is developing a suite of policies that will address the issues.	Timothy "Tim" McCain, Information Security Officer
2016	2016-5COA   Citywide Physical Security Assessment	Details not provided for security reasons. Nine issues categorized under Access, Training, Security Cameras and Security.	Details not provided for security reasons. Nine recommendations.	The access and security recommendations, including new tracking systems (in progress), will be reviewed by the new Facilities Security Manager once they are hired. Training will be reviewed by the new Facilities Security Manager and APD. The Security Camera Policy has been approved by Management.	Katrina Rodriguez, Facilities Project Delivery Manager and Chair of Physical Security Steering Committee
2016	2016-1AFD1   Fire Department Overtime	Outcome Descriptions Could Benefit from Increased Clarity and Specificity (Report recommendation #2)	We recommend that the City review the current outcomes expressed in the Public Safety goal and the AFR <i>Community Expectations</i> and consider appropriate clarifications about the desired results related to AFR's services.	Aurora Fire Rescue will conduct a review to clarify community expectations and would welcome any clarifications that City Council and City Management may agree to offer. This is occurring as part of the Citywide Strategic Planning process.	Jason Batchelor, Deputy City Manager
2016	2016-2COA   Core 4 Culture Impact Assessment	Recognition	Greater emphasis on recognition is necessary to sustain the initiative. The current recognition efforts need improvement. There is a need for increased publicity around recognition opportunities. The City should decide if the current formal recognition opportunities are sufficient and relevant.	Current plans include a separate recognition for Years of Service, a separate recognition for Core 4 (developing recognition criteria for each value), and an Employee Appreciation Week.	Kendall Koca, Office of Special Projects Manager

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Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
2016	2016-3COA   Overall Disaster Preparedness Assessment	IT COOP Plan	Internal Audit recommends that IT management work with department/division level business owners to develop a comprehensive disaster recovery/continuing operations plan that encompasses the critical systems needed to maintain operations during a disaster.	This recommendation is linked to the remaining disaster preparedness recommendations. It will be implemented in accordance with the associated recommendations.	Scott M Newman, IT Director
2017	2017-5APDOD   Lethal and Less Lethal Weapons Inventory and Control Review	Compliance with weapon inspections	Comply with established directives. Review the efficiency and effectiveness of converting manual inspection records to electronic records to improve record maintenance.	APD is currently working with IT on final testing on a new system to track weapons inspections electronically.	Justin Shipley, Police Lieutenant
2017	2017-5APDOD   Lethal and Less Lethal Weapons Inventory and Control Review	Compliance with weapon proficiency	Develop procedures to verify annual qualifications on department owned firearms. Evaluate other methods of accounting for qualifications including utilizing software for records.	APD is currently working with IT on final testing on a new system to track weapons qualifications electronically.	Justin Shipley, Police Lieutenant
2018	2018-3MGTFM   Fleet Management Operational Review	Overdue asset escalation	Develop a procedure for escalating overdue assets internally within Fleet and with Departments.	Pending FASTER system updates (currently 2-3 versions behind, 10 weeks to get each update completed.) Targeting for completion in the third quarter.	Ron Forrest, Manager Level 2

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Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
2018	2018-3MGTFM   Fleet Management Operational Review	Performance measures	We recommend that Fleet: -Utilizes the FASTER software to send the survey to 100% of customers. -Reconfigure the survey questions format to ensure the complete results can be translated to the measure -Cease the practice of withholding survey data -Includes the Fire Shop in the performance measures -Work with the City budget office to develop useful performance measures for all areas including reevaluating percentage of repairs and measures for inventory and fuel	Pending FASTER system updates (currently 2-3 versions behind, 10 weeks to get each update completed.) Targeting for completion in the third quarter.	Ron Forrest, Manager Level 2
2018	2018-3MGTFM   Fleet Management Operational Review	Scheduling services	Develop procedures utilizing FASTER to schedule services via a customer portal. Develop training and guidelines to allow customers to schedule their own services where appropriate.  Evaluate the requirements necessary to allow users to enter required information via a kiosk or desktop computer. Assess the cost of any equipment with the benefit of reducing the time required for dual entry and printed forms.	Pending FASTER system updates, targeting for completion in the third quarter.	Ron Forrest, Manager Level 2

2022 Operations Report—For the quarter ended March 31, 2022

Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
2018	2018-3MGTFM   Fleet Management Operational Review	Secondary reviews	Develop procedures to complete and document secondary reviews of key processes. Secondary reviews can include reviewing the complete documentation or performing random spot checks. The documentation could include initialing and dating documentation or saving emails outside of Outlook.	Pending FASTER system updates, targeting for completion in the third quarter.	Ron Forrest, Manager Level 2
2018	2018-7MGTPP   Purchasing Operations Review-Part 1	City Staff Training	We recommend Purchasing Services develop more focused training on and marketing of the PPLs (Purchasing Procedure Letters) and other purchasing resources.	Purchasing has updated the training through the LMS. The training will be updated after the PPLs have been finalized (mid-2022).	Bryn Fillinger, Manager of Purchasing & Contracts
2018	2018-7MGTPP   Purchasing Operations Review-Part 1	Performance Measures	We recommend Management consider the PALTs' (Purchasing Administration Lead Time) use in future operational changes, such as providing a rationale for revising the days associated to a dollar amount or procurement type. It can also be used to assess staff performance, providing additional training and assistance to those who consistently miss the PALT.	Using an annual customer service survey, Purchasing will use the results to develop outcome focused performance measures. The survey has been issued and will close early Q2 2022.	Bryn Fillinger, Manager of Purchasing & Contracts
2018	2018-7MGTPP   Purchasing Operations Review-Part 1	Review and Update PPLs	We recommend that Management review and update--for content and format--the PPLs and all other policies, procedures, or guidelines applicable to the purchasing process, then publicize the updates to all City staff via the City's intranet and through future training activities conducted by the Purchasing division.	Purchasing is making consistent progress on the PPL updates; meeting weekly with staff, legal, and the advisory committee, as needed, for review and approval of updates.	Bryn Fillinger, Manager of Purchasing & Contracts

2022 Operations Report—For the quarter ended March 31, 2022

Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
2018	2018-7MGTPP   Purchasing Operations Review-Part 1	Automation of Processes	We recommend that Purchasing Services automate purchasing activities and contract management.	Automation of procurement/contracts is included in the requirements for the new ERP System. Implementation of the new system is expected in 2023.	Bryn Fillinger, Manager of Purchasing & Contracts
2018	2018-5COA   Overall Disaster Preparedness: Recommendations Follow-up	COOP Gap Analysis	<p>OEM: We recommend that OEM include detailed response guidance, regardless of the template required, to ensure each annex contains sufficient information that addresses the who, what, when, where, how, and why of their plan.</p> <p>In addition, we recommend adding reconstitution as a required annex as it documents the process by which a department/division will resume normal operations after the emergency/disaster has concluded.</p> <p>Departments: We recommend the COOP owners adhere to the OEM provided guidance and COOP template to ensure a feasible and executable plan.</p>	<p>The division has implemented the Veoci software tool to develop a citywide template. Implementation of the recommendation is making forward progress.</p> <p>Management approved use of the Disaster Recovery Committee members as department liaisons.</p>	Matthew Chapman, Fire Battalion Chief

2022 Operations Report—For the quarter ended March 31, 2022

Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
2018	2018-5COA   Overall Disaster Preparedness: Recommendations Follow-up	Department/Division Level Plan Updates - Part 2	<p>OEM: We recommend OEM establish minimum and critical criteria for all plans in order to ensure quality, completeness, and adequacy. The OEM may consider requiring all departments to use the Bold template, another best practice template, or a customized City of Aurora template. We recommend that OEM determine which annexes are “required” or “supplemental” based on the department’s categorization as Life Line or continuing operations for whichever template they select.</p> <p>Departments: We recommend each department select a COOP owner, responsible for documenting and maintaining a complete and feasible COOP, according to the template specified by OEM.</p>	<p>The division has implemented the Veoci software tool to develop a citywide template. Implementation of the recommendation is making forward progress.</p> <p>Management approved use of the Disaster Recovery Committee members as department liaisons.</p>	Matthew Chapman, Fire Battalion Chief

2022 Operations Report—For the quarter ended March 31, 2022

Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
2018	2018-5COA   Overall Disaster Preparedness: Recommendations Follow-up	Resolution Compliance	<p>City Management and OEM: We recommend City Management and OEM work to comply with the City Council Resolution No. R2004-80. This includes plan owners, Department Directors, Deputy City Manager’s, the City Manager, and City Council receiving NIMS documentation training and, at a minimum, ICS 100, 200, 700, and 800 training in order to prepare to respond to the low complexity incidents. These ICS web-based courses are for those expected to be in a supervisory role during an incident.</p> <p>Departments: Ensure the Department Director, COOP owner, and any other staff in a COOP supervisory role complete the required ICS trainings.</p>	<p>This recommendation is tied to the goal of providing and reporting on the training of all City of Aurora staff according to the National Incident Management System. Implementation of the recommendation is making forward progress.</p> <p>Management approved use of the Disaster Recovery Committee members as department liaisons.</p>	Matthew Chapman, Fire Battalion Chief

2022 Operations Report—For the quarter ended March 31, 2022

Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
2018	2018-5COA   Overall Disaster Preparedness: Recommendations Follow-up	Separation of IT COOP Responsibilities	Internal Audit will separate the IT recommendations from the OEM/City department recommendations. This will provide a more accurate perspective related to measuring progress.	This recommendation is linked to the remaining disaster preparedness recommendations. It will be implemented in accordance with the associated recommendations.	Scott M Newman, IT Director

2022 Operations Report—For the quarter ended March 31, 2022

Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
2019	2019-12PLNCS   Planning Culture Survey	Training and Development	We recommend engaging each division in developing a team charter. A team charter is useful in helping a team understand their mission, how the mission fits in the overall City mission, and the parameters within which they can operate autonomously. Team charters also allow a team to establish and document its own operational standards and mutual expectations for team participation. Team members sign the completed charter signifying their consent to abide by requirements therein. Internal Audit can provide templates and assistance in developing team charters.	New director has been on-board for 2.5 months. Working with managers to draft division charters. Also working on developing training plan to ensure existing staff and new hires know how to navigate the various systems and tools used.	Jeannine Rustad, Director of Planning and Development Services
2019	2019-12PLNCS   Planning Culture Survey	Governance	We recommend engaging in a facilitated strategic planning process for internal Department operations.	Planning has been participating in the city-wide strategic planning process.	Jeannine Rustad, Director of Planning and Development Services
2019	2019-12PLNCS   Planning Culture Survey	Staff Involvement	We recommend developing ways to increase two-way feedback and staff participation in decision-making and problem solving.	New director has been on-board for 2.5 months. Actions taken to empower staff and create 2-way communication include forming staff committees to review ideas for flex schedules, in-office coverage, and activities to boost morale. Staff created an organization chart that includes each member's photo, position, a bit of personal background and strengths (from Strengths Finder).	Jeannine Rustad, Director of Planning and Development Services

2022 Operations Report—For the quarter ended March 31, 2022

Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
2019	2019-12PLNCS   Planning Culture Survey	Teamwork	We recommend developing a program where PDS staff can job shadow different groups within PDS and other departments to expand their knowledge and awareness of other groups.	New director has been on-board for 2.5 months. Focus has been on hiring to get fully staffed, as well as reviewing organizational staffing needs to relieve workload pressure. Once this is accomplished, cross training (shadowing) and multi-divisional teams will be implemented.	Jeannine Rustad, Director of Planning and Development Services
2019	2019-12PLNCS   Planning Culture Survey	Training and Development	We recommend investing in a facilitated team building retreat that would emphasize team skills such as understanding personality differences (Meyers Briggs or the full Insights product), communication styles and preferences, feedback and coaching, appreciating differences, appreciative inquiry, and team dynamics and problem solving. Including a social aspect such as a PROS cooking class would also be beneficial.	New director has been on-board for 2.5 months. Focus has been on hiring to get fully staffed, as well as reviewing organizational staffing needs to relieve workload pressure. Next steps will include ensuring all new employees have taken Strengths Finder, or have all staff take a common personality assessment per the recommendation. Additionally, a committee has been formed to start implementing ways to come together and build morale, such as quarterly pot-lucks; a volunteer day; and others.	Jeannine Rustad, Director of Planning and Development Services
2019	2019-12PLNCS   Planning Culture Survey	Workload	We recommend Management evaluate workloads across staff to ensure they are optimal and equitable.	This has been a priority for the new director. Current efforts are focusing on filling vacant positions, assessing staffing needs and advocating for additional positions.	Jeannine Rustad, Director of Planning and Development Services

2022 Operations Report—For the quarter ended March 31, 2022

Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
2019	2019-11FINGR   Grant Administration Processes	Data capture	We recommend City Management stress the importance of inputting all grant application and denial information into the eCivis system. This could include holding the Directors accountable for the accuracy of their department's eCivis data. We recommended Finance identify all grants that are not in eCivis and provide the information to Management.	Grant staff developed an Excel worksheet for each department and requested grant information (asking the departments to create grant charts) from the POC's for the affiliated department. This information was then reconciled to eCivis to identify what is missing from the system. Grant staff is in the process of meeting with the individual departments to correct data entries, missing forms, and closeout completed projects in eCivis as applicable.	Nancy Wishmeyer, Controller
2019	2019-11FINGR   Grant Administration Processes	Finance reviews	We recommend Finance develop criteria for good grant internal controls and financial procedures and then review the Departments controls and financial procedures.	Grant staff is in the process of procuring each department's internal controls for review and comparison. This information will then be used for updates in coordination with other recommendations.	Nancy Wishmeyer, Controller
2019	2019-11FINGR   Grant Administration Processes	Grant controls	We recommend Finance develops procedures to ensure controls are effective and documented and review the current Guidelines and Grants processes and ensure that guidance includes segregating duties where possible.	Grant staff is in the process of reviewing the internal control criteria and providing necessary information updates as well as suggestions on grant guidelines. These suggestions are being developed through primary research consisting of interviews with department leadership, review of current grant	Nancy Wishmeyer, Controller

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Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
				awards, and review of state and federal guidelines.	
2019	2019-11FINGR   Grant Administration Processes	Grant training	We recommend Finance increase the frequency of Grant training and expand the avenues available for training. Finance should work with HR training to develop a grants curriculum including topics such as period of availability and compliance.	Grant staff is in the process of researching training materials to develop various training courses/sessions that would then create a curriculum. Once the materials are developed, HR training will be contacted to help develop in LMS. Grant staff assembled a list of federal, state, and private company training opportunities and the Grants SharePoint site now has a “training corner” that has direct links to these pages. Regular emails to the department POCs are also disseminated with grant-related information and training opportunities.	Nancy Wishmeyer, Controller
2019	2019-11FINGR   Grant Administration Processes	Internal performance measures	We recommend Finance develop internal performance measures around the key Finance processes, this could include turnaround time for Org creation requests or the timeliness of review of cash draw requests.	Grant staff is in the process of updating eCivis to accurately reflect that necessary personnel are affiliated on the workflows and teams. These affiliations determine task assignment and how the stages move through the system.	Nancy Wishmeyer, Controller

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Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
				Compliance Staff is also working on updating the training for eCivis to help make the system more user-friendly for the departments and Finance staff.	
2020	2020-9PDECDEV   Economic Development Rebates Tracking	Agreement with AEDC needs updating	<p>We recommend:</p> <ul style="list-style-type: none"> <li>-The City develops a reporting template for AEDC verifying businesses met all compliance requests prior to payment.</li> <li>-Planning and Development Services works with the City Clerk and City Attorney's Office to develop a record retention schedule for incentive agreements and supporting documentation.</li> <li>-The City determines whether AEDC will adhere to the retention schedule or provide copies of support directly to the City for retention.</li> <li>-The City updates the AEDC agreement specifying what reports and information AEDC must provide, when it must be provided, and how it must be provided.</li> <li>-The City updates the AEDC agreement's language to specify if an annual report of prior year activity is required or if a yearly update is sufficient. These reports should be sufficient for the City to determine whether it is receiving sufficient value for its investment.</li> </ul>	New agreement recently signed. Internal Audit is following up with Planning and Development Services on the recently provided agreement.	Andrea Amonick, Manager of Development Services

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Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
			The City should also define terminology such as "status."		
2020	2020-9PDECDEV   Economic Development Rebates Tracking	Agreement concerns	<p>We recommend:</p> <ul style="list-style-type: none"> <li>-Training for Planning and Development Services staff on responsibilities regarding agreements, including compliance with effective dates and dates on signatures.</li> <li>-Enter all agreements into the Agreement Control System managed by the Finance Department.</li> <li>-Working with the City Attorney's Office on the effective date wording to ensure this section's intent and purpose is clear.</li> </ul>	PDS concurs with the recommendations of the audit. There have been no new agreements since the conclusion of the audit.	Andrea Amonick, Manager of Development Services
2020	2020-9PDECDEV   Economic Development Rebates Tracking	Claw-back process inadequate	We recommend PDS develop and implement written procedures for tracking payment receipt when the City enacts the agreements' claw-back sections. We also recommend Planning work with the City Attorney's Office to obtain the referenced payment owed to the City.	Staff has updated the language in newer agreements about the provisions for how much incentive can be received if the job milestones (number of jobs) has not been reached at the time of the request. Incentive payments are now prorated to the % of job goal reached at the time of the request for payment. For example, if the job goal is 100 jobs over 10 years and at the time of request, we	Andrea Amonick, Manager of Development Services

2022 Operations Report—For the quarter ended March 31, 2022

Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
				<p>have confirmed that they have created 20 jobs, then only 20% of the amount collected to date can be requested. This eliminates the need for clawing back funding if the job goal is not reached. However, staff will continue to monitor requests for payment to ensure that job goals are met. Should a clawback be required for any reason, staff will send strongly worded affirmative notices to the business, requesting a refund of funds already distributed. If no action is voluntarily taken by the business, Staff will advise the executive team, and if authorized will present the request to "claw back" funds to the City Council (in Executive session) for action.</p>	
2020	2020-9PDECDEV   Economic Development Rebates Tracking	Management of the waiver process lacked sufficient care and attention	We recommend the City discontinue waiving taxes at the point when business taxes are paid. Waivers could resume when the City can effectively track waivers of taxes within a software system and has procedures to ensure businesses met contractual requirements before waiving taxes.	Staff has communicated to AEDC that waivers make it difficult to enforce provisions of the agreement and has recommended that waivers NOT be offered as a matter of practice. This has been the case for the last several years. However, while AEDC has not offered waivers as they have negotiated with companies seeking incentives, they have advised us that they believe it should	Andrea Amonick, Manager of Development Services

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Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
				<p>remain an option if only as a last resort to attract a highly desirable company. Since all incentives must be authorized by City Council, this provides City Council the opportunity to offer this if they deem the reward is worth the risk. Should council wish to make this option available in the future, staff will provide extra monitoring and communication with the Building Division and staff to specifically track these exceptions. Additionally, if the policy is changed to remove waivers from incentives, it will require an affirmative vote of City Council in a public meeting to make this change.</p>	
2020	2020-9PDECDEV   Economic Development Rebates Tracking	Missing Monitoring Procedures and Controls	<p>We recommend Development Services create a checklist or form to document their reviews of AEDC's compliance with their agreement. Additionally, Development Services should work with AEDC to create a checklist for monitoring business requirements, including a minimum number of site visits over the agreement term.</p>	<p>Planning and Development services is reviewing the first annual report since audit release and examples of the checklists used.</p>	<p>Andrea Amonick, Manager of Development Services</p>

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Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
2020	2020-9PDECDEV   Economic Development Rebates Tracking	Non-compliance with agreements	We recommend Planning and Development Services comply with its responsibilities in agreements and ensures that businesses are complying with theirs	Pending Development Services review of the first annual report after the audit recommendations.	Andrea Amonick, Manager of Development Services
2020	2020-9PDECDEV   Economic Development Rebates Tracking	Policies lack some leading practices	We recommend Planning and Development Services develop written policies and procedures for the jobs incentive program and address missing leading practices identified within our audit. Procedures should include performance measures for all aspects of the job incentives program.	Implementation in progress.	Andrea Amonick, Manager of Development Services
2020	2020-9PDECDEV   Economic Development Rebates Tracking	Tracking spreadsheet inaccurate and incomplete	We recommend: -Track each incentive program separately -Include detailed descriptions of results and summaries. -Utilize formulas, pivot tables, and other analytical tools. -Update inaccurate information in the spreadsheet. -Develop procedures to update each spreadsheet promptly; and -Develop processes to review the spreadsheet at least annually for accuracy and completeness.	Updated spreadsheet provided April 12, 2022. Pending closing out recommendation.	Andrea Amonick, Manager of Development Services

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Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
2020	2020-4APDBDYCAM   APD Body Camera Compliance	Access	We recommend APD evaluate a future system’s ability to capture the reason for accessing video by individuals outside the incident. APD should also develop procedures to monitor access for compliance with Directive 16.4.9.	New system further restricts officer's access to videos outside of their own. Will look at additional functionality in Axon Performance related to reporting and consideration of including access as part of the supervisor review.	John Schneebeck, Manager of Police Business Services
2020	2020-4APDBDYCAM   APD Body Camera Compliance	Activation and Deactivation	We recommend APD comply with Directive 16.4.5. We also recommend APD develop procedures to monitor for compliance with deactivation.	Pending implementation of Axon Performance and a template for supervisor reviews, including policy compliance areas.	John Schneebeck, Manager of Police Business Services
2020	2020-4APDBDYCAM   APD Body Camera Compliance	Categorization	We recommend APD evaluate future BWC systems for the capability to identify or flag videos in the system where the event has multiple categorizations. We also recommend APD develop procedures to review videos periodically for proper categorization.	Pending implementation of Axon Performance and the new CAD.	John Schneebeck, Manager of Police Business Services
2020	2020-4APDBDYCAM   APD Body Camera Compliance	Supervisor Review	We recommend APD assign responsibility for monitoring department-wide body-worn camera compliance with Directive 16.4 to an appropriate unit. We also recommend APD develop a structured approach for supervisor reviews, including templates and checklists, or specific compliance areas Supervisors can document within the BWC system.	Pending implementation of Axon Performance, which includes the supervisor review functions.	John Schneebeck, Manager of Police Business Services

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Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
2020	2020-4APDBDYCAM   APD Body Camera Compliance	Utilization of BWC	We recommend Aurora Police develop procedures to monitor compliance with the utilization of cameras. Options could include randomly selecting CAD calls to review for the existence of videos or when reviewing videos with multiple officers ensuring that all officers have videos of the incident.	Pending development of procedures following the implementation of Axon Performance.	John Schneebeck, Manager of Police Business Services
2020	2020-4APDBDYCAM   APD Body Camera Compliance	Video Download	We recommend APD provide refresher training covering the requirements for downloads to ensure compliance with its established policies. We also recommend for future systems that APD requires capabilities for monitoring timeliness of downloads.	New Policy in place, training on new policy in progress.	John Schneebeck, Manager of Police Business Services
2020	2020-8APDCM   APD - Versadex Case Management	Inconsistent Practices Across APD Investigative Units	Implementing the Versadex case management module's full capabilities consistently across all units will lead to more efficient case management activities.	Management agrees with the recommendation.	Caleb Luallin, Police Sergeant

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Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
2020	2020-8APDCM   APD - Versadex Case Management	Create a Sustainment Team	As the Department establishes and APD Versadex sustainment team ("the team"), we recommend these team tasks: -Create and provide a formal case management training; -Develop and monitor performance measures. -Perform HANDLE and ORG audits; -Review current business practices for efficiency and remove intermediary or inefficient activities; and, -Assess the number and adequacy of offense codes and internal case status codes to improve efficiency and effectiveness.	The group has been selected. Issues sheet has been recreated and items are being added to it. No meetings have taken place at this point.	Caleb Luallin, Police Sergeant
2020	2020-8APDCM   APD - Versadex Case Management	Report Validation and Routing Rules	Implementing the Versadex case management module's full capabilities consistently across all units will lead to more efficient case management activities.	Many discussions with Chief's office and command staff. All are on board with making this a priority. Prior to implementing, training policy needs to be updated to require report validation.	Caleb Luallin, Police Sergeant
2021	2021 - 2APDPE   APD - Property and Evidence Audit	Multiple Storage Facilities	We recommend the P&E Leadership Team and Business Services Manager work with Public Works and APD Management to develop a plan to consolidate the storage locations into one facility. The plan should have measurable goals and outcomes to ensure yearly progress and accountability.	We have added additional space in the PD HQ building for P&E storage. Still not ideal but the City does not have the funds to purchase more space for us.	Colleen Delena, Police Lieutenant

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Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
APD	APD 2021 - 2 Records Culture   APD Records Culture Survey	Workload	We recommend that Records Management evaluate workloads across employees and shifts to ensure they are optimal and equitable.	Pending consultant staffing study results.	Brett Parvin, Police Lieutenant
APD	APD 2021 - 2 Records Culture   APD Records Culture Survey	Workload - Delegation	We recommend that Records Management identify opportunities to empower employees to work independently where appropriate.	Records will work to identify empowerment and independent work opportunities.	Brett Parvin, Police Lieutenant
APD	APD 2021 - 2 Records Culture   APD Records Culture Survey	Team goals and performance measures	We recommend that Records Management works with all employees to establish Section and Team goals, performance metrics, and a communication plan to share updates on progress toward achieving them.	Management will work with employees and committees to establish overall goals and keep a running status of progress on a storyboard in an office common area. Individual goals are currently assigned on annual and midyear evaluations in the goals/objectives section. This will be clearly discussed with the employee during review intervals. The upcoming increase in staffing will assist the unit with development, specifically emphasizing prioritization and logical task grouping for job duties. This will assist in the creation of performance measures applicable for that unit.	Brett Parvin, Police Lieutenant
APD	APD 2021 - 2 Records Culture   APD Records Culture Survey	Professional Development and Training – Section wide training	We recommend training or activities related explicitly to cooperative teamwork across the Section, perhaps focusing on communicating with different personalities in the workplace. Training options could include the Discovery Insights (a familiar	A schedule will be created with ongoing teamwork, communication, informal leadership, and emotional intelligence built into in-service, which will occur two times per year. Additional training needs will be	Brett Parvin, Police Lieutenant

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Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
			instrument to City of Aurora staff), Crucial Conversations, or Emotional Intelligence in the Workplace, the latter two taught by Human Resources. Including a social aspect such as a virtual escape room or scavenger hunt would also be beneficial for strengthening relationships, especially between different shifts and those employees working onsite and remotely.	researched and recommended by the Training Committee. Human Resources and Wellness have been contacted to begin development.	
APD	APD 2021 - 2 Records Culture   APD Records Culture Survey	Professional Development and Training – Job Shadow	We recommend developing a program where Records employees have an opportunity to job shadow different groups. These groups could include internal teams within Records, APD, and other departments to expand their knowledge and awareness of the other groups’ missions and contributions to the Department or the City.	The police department has a job shadow program/ride along opportunities that are on hold due to COVID but that I believe will be reinstated when it is safe to do so. Our teams are also encouraged to participate and volunteer in the department’s Peer Support Program, Incline, Mentorship Program, Innovation Design Team, and any other opportunity that will give them a greater awareness and ability to contribute to the overall success of goals and missions of the police department and city. This suggestion will be shared with our Culture Committee to incorporate the previous ideas into a more formal plan, with additions to implement once risks and	Brett Parvin, Police Lieutenant

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Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
				restrictions per COVID protocols are lifted.	
APD	APD 2021 - 2 Records Culture   APD Records Culture Survey	Professional Development and Training – Employee professional development and training	We recommend that Records Management actively encourage and support employee professional development. Employees’ annual personal work goals could include professional development goals. Goals might include learning a specialized process, earning a certification, developing new skills, or allowing employees to attend relevant training or conferences.	A Training Committee is being developed to engage staff in recommendations and research for outside and internal training material. Personal development goals are developed and documented on Core4 Evaluations. Management will actively support and encourage professional development. Acting supervisory and training positions have also been developed to encourage professional development and involvement with unit decisions and direction.	Brett Parvin, Police Lieutenant
APD	APD 2021 - 2 Records Culture   APD Records Culture Survey	Leadership	We recommend that all employees at a level of supervisor or above obtain, at minimum, their Basic Supervisory Certification within one year. We also recommend that Management identify additional resources, such as training and coaching opportunities for supervisors to attend.	Our Records Manager and supervisory team will be utilizing the HR leadership library going forward to discuss and develop leadership strategies. Training specific to team culture and leadership will be scheduled and attended. Additional resources and coaching opportunities will be researched and applied. Management will confirm that Supervisors and above have received their Basic Supervisory Certification or will obtain if not completed.	Brett Parvin, Police Lieutenant

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Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
				<p>There have been enhancements and additions to this training program, and refresher and advanced training will be researched, scheduled, and attended. Seeking out and attending ongoing training is and has been listed as a specific goal/objective for Records Supervisors for many years. We will continue to emphasize the importance in this area.</p>	
APD	APD 2021 - 2 Records Culture   APD Records Culture Survey	Interaction – Interaction with Business Services Manager	We recommend the Business Services Manager periodically but consistently attend Records meetings to increase staff interactions and understanding of work issues.	This will be coordinated by manager when opportunities are scheduled.	John Schneebeck, Manager of Police Business Services
APD	APD 2021 - 2 Records Culture   APD Records Culture Survey	Decision-making and communication	We recommend developing ways to increase two-way feedback and employee participation in decision-making and problem solving on both the team and Section level. For example, Management could post suggestions from the suggestion box and outline the steps taken to implement and address them or explain why they could not be implemented or addressed. Management might also post some suggestions anonymously and ask for input into how they might be implemented.	Three committees, a Culture Committee, an Innovation Committee, and a Training Committee, are being developed to address historical and ongoing needs surrounding culture, process, and training and to incorporate input and a feedback loop at all levels of the unit. This will also be a mechanism for employees to increase their participation.	Brett Parvin, Police Lieutenant

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Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
APD	APD 2021 - 2 Records Culture   APD Records Culture Survey	Employee compensation and wellness – Compensation study	We recommend the Records Manager works with Human Resources to educate employees on the changes from the compensation study, including the changes to the promotions and tier structure.	Current changes underway to process for career advancement.	Brett Parvin, Police Lieutenant
APD	APD 2021 - 2 Records Culture   APD Records Culture Survey	Employee compensation and wellness – Evaluate compensation	We recommend that Records Management work with Human Resources to further evaluate the current compensation compared to other agencies in the Denver region and internally to APD. In addition, Records Management and HR should share these results with employees for transparency.	Meeting held with HR. Referred to Dispatch for info that was helpful in expediting review. Meeting scheduled for Mon 02/14. MS form created and shared with Colorado LE agencies.	Brett Parvin, Police Lieutenant
APD	APD 2021 - 2 Records Culture   APD Records Culture Survey	Employee compensation and wellness – Wellness resources	We recommend that Records Management works with the APD Wellness Unit and Human Resources to create a list of resources for employees. In addition, Records Management should identify training, articles, and other materials to share regularly to help support employees’ mental health.	Management will work with Human Resources and APD Wellness Unit to ensure ongoing communication of support and mental health resources. A Wellness channel is currently used in Microsoft Teams to share articles and information, posts to get to know your coworkers, and resources and videos for mindfulness and stress management. Management and supervisors will remind of its existence and continue to encourage its use and availability as a resource and tool.	Brett Parvin, Police Lieutenant
APD	APD 2021 - 2 Records Culture   APD Records Culture Survey	Guiding Principles – Team Charter	We recommend that Records Management works with employees to develop a team charter and review the charter at least annually	We will begin working on this through team meetings.	Brett Parvin, Police Lieutenant

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Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
			or when there are major changes to team personnel for any needed revisions.		
APD	APD 2021 - 2 Records Culture   APD Records Culture Survey	Interaction – Interaction with Records Manager	We recommend that the Records Manager regularly attend team meetings and supervisor meetings to increase employee interactions and understanding of work issues.	Records Manager attends team briefings when invited by shift supervisors and has a schedule that purposefully overlaps all three shifts. Manager coordinates and attends supervisory meetings biweekly. Records Manager will be actively engaged in working with committees being developed to encourage partnership and teamwork along all levels of the unit.	Brett Parvin, Police Lieutenant
APD	APD 2021 - 2 Records Culture   APD Records Culture Survey	Professional Development and Training – Develop training materials	We recommend that the Records Section develops training materials for non-Records employees such as reference manuals, how-to manuals, and process maps for internal department users, such as dispatch or officers.	Have reached out to Lt.'s for resource, manuals and material that may already exist but need updating/detail. Common errors resource created and shared with Versadex Sgt. for distribution consideration and to incorporate into training. Staff completing process map for Dispatch and Front Desk.	Brett Parvin, Police Lieutenant
APD	APD 2021 - 2 Records Culture   APD Records Culture Survey	Professional Development and Training – Training information sharing	We recommend that Records regularly solicit feedback from employees related to any potential gaps in Officer training and share that information with the Academy training staff, the Electronic Support Section, and the Versadex Sustainment Team at least quarterly to enhance Officer	Records will formalize the process to solicit feedback from employees and provide that information to the assigned Sergeant, Academy training staff, the Electronic Support Section, and the Versadex Sustainment Team to enhance Officer knowledge and increase unit efficiency.	Brett Parvin, Police Lieutenant

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Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
			knowledge and increase unit efficiency.	Initial feedback provided to other units.	
APD	APD 2021 - 2 Records Culture   APD Records Culture Survey	Professional Development and Training – Training schedule	We also recommend that Records Management creates a training schedule to ensure all employees attend training or activities within the implementation timeframe.	A schedule will be created with ongoing teamwork, communication, informal leadership, and emotional intelligence built into in-service, which will occur two times per year. Additional training needs will be researched and recommended by the Training Committee. Human Resources and Wellness have been contacted to begin development.	Brett Parvin, Police Lieutenant
APD	APD 2021 - 2 Records Culture   APD Records Culture Survey	Recognition	We recommend that Records develop activities to recognize staff performance formally and informally.	Culture Committee member identified and recruiting others. Guidelines will be established with activities and program development occurring over next several weeks.	Brett Parvin, Police Lieutenant
APD	APD 2021-1 CCJRA   Colorado Criminal Justice Records Act	CCJRA requests	CCJRA requests	Pending implementation of the NextRequest system.	Christopher Amsler, Police Lieutenant
APD	APD 2021-1 CCJRA   Colorado Criminal Justice Records Act	Completion of requests	Completion of requests	Pending implementation of the NextRequest system.	Brett Parvin, Police Lieutenant

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Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
APD	APD 2021-1 CCJRA   Colorado Criminal Justice Records Act	Improve webpage	Improve webpage	Updates in progress.	Christopher Amsler, Police Lieutenant
APD	APD 2021-1 CCJRA   Colorado Criminal Justice Records Act	Non-compliance with rules and regulations	Non-compliance with rules and regulations	Pending implementation of NextRequest, reminders have been sent to supervisors in the interim.	Brett Parvin, Police Lieutenant
APD	APD 2021-1 CCJRA   Colorado Criminal Justice Records Act	Performance Measures	Performance Measures	Added to policy: 2.7.8 Release  Response and/or follow up on information requests will ideally be within one week from when the request is received. Release of information on allowable cases should reasonably be released within two weeks. Requests from the Records Unit are personal to the requestor and commonly needed for repairs, legal concerns, court filings, and matters that impact the safety and well-being of the requestor and/or family members. Metrics on these goals, including Records' success in meeting these goals, will be reported quarterly to the Chief's Office through the Business and Technical Services Manager.	Brett Parvin, Police Lieutenant

2022 Operations Report—For the quarter ended March 31, 2022

Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
				Will be moved to complete after PRI review and after any changes are made per recommendations, if applicable, and submitted.	
APD	APD 2021-1 CCJRA   Colorado Criminal Justice Records Act	Policy and procedures lacking	Policy and procedures lacking	Drafted policy and procedures, pending any updates from the staffing study review before finalization.	Brett Parvin, Police Lieutenant
APD	APD 2021-1 CCJRA   Colorado Criminal Justice Records Act	Prioritization	Prioritization	Pending results of staffing study.	Brett Parvin, Police Lieutenant
APD	APD 2021-1 CCJRA   Colorado Criminal Justice Records Act	Quality Assurance	Quality Assurance	The following procedure has been developed and added to policy:  2.7.10 Quality Control  The Records Release Unit Supervisor will review processed requests for information prior to performance evaluations biannually to ensure management, release,	Brett Parvin, Police Lieutenant

2022 Operations Report—For the quarter ended March 31, 2022

Year	Project Name	Issue Title	Recommendation	Status Updates	Owner
				<p>referral, and denial is proper and in line with applicable laws, and internal policies and procedures.</p> <p>Policy updates will be submitted once all updates are complete.</p>	
APD	APD 2021-1 CCJRA   Colorado Criminal Justice Records Act	Redactions need improvement	Redactions need improvement	The NextRequest system has auto-redaction capabilities that will improve the ability to catch items that may have been missed. New procedures will be developed upon implementation of NextRequest.	Brett Parvin, Police Lieutenant
APD	APD 2021-1 CCJRA   Colorado Criminal Justice Records Act	Request forms need improvement	Request forms need improvement	Pending implementation of NextRequest.	Brett Parvin, Police Lieutenant
APD	APD 2021-1 CCJRA   Colorado Criminal Justice Records Act	Requests tracking needs improvement	Requests tracking needs improvement	Pending implementation of NextRequest.	Christopher Amsler, Police Lieutenant

2022 Operations Report—For the quarter ended March 31, 2022

<b>Year</b>	<b>Project Name</b>	<b>Issue Title</b>	<b>Recommendation</b>	<b>Status Updates</b>	<b>Owner</b>
APD	APD 2021-1 CCJRA   Colorado Criminal Justice Records Act	Review fees	Review fees	Initial review complete, pending the 2023 fee review process.	John Schneebeck, Manager of Police Business Services
APD	APD 2021-1 CCJRA   Colorado Criminal Justice Records Act	Training	Training	Pending implementation of NextRequest.	Christopher Amsler, Police Lieutenant
APD	APD 2021-1 CCJRA   Colorado Criminal Justice Records Act	Define roles and responsibilities	Define roles and responsibilities	Pending results of staffing study.	Christopher Amsler, Police Lieutenant

## INTERNAL AUDIT TEAM

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### **Wayne Sommer** | Internal Audit Manager

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Wayne is a Certified Public Accountant (CPA) and a Chartered Global Management Accountant (CGMA) with 42 years of diverse work experience. He began his career as an auditor for KPMG in Washington, DC (then known as Peat Marwick Mitchell and Co), with specialization in not-for-profit entities and financial institutions. He spent the next seven years in various financial and management capacities at a Northern Virginia savings bank. Prior to coming to the City of Aurora, Wayne spent 23 years at the International City/County Management Association (ICMA) in Washington, DC with 14 of those as Director, Administration and Finance (CFO), and the last nine working in executive management roles performing strategic planning, business development, and organizational change and development. Wayne also managed ICMA's U.S. Programs, which offered research and consulting products and services to local governments, the private sector, and the Federal government. Wayne has been with the City of Aurora since May 2014.

**Professional Associations:** American Institute of Certified Public Accountants; Institute for Internal Auditors; Association of Local Government Auditors

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### **Michelle Crawford** | Internal Audit Senior—Police Auditor

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Michelle is a Certified Internal Auditor (CIA), a Certified Fraud Examiner (CFE), Certified in Risk Management Assurance (CRMA), and has 15 years of experience in governmental auditing. She received her Bachelor's in business administration at the University of Montana and her Master's in accountancy from Missouri State University. Upon graduation from Missouri State University, she started her career at the Missouri State Auditor's office as a Staff Auditor I and progressed over the next seven years to a Senior Auditor. As an auditor with the State Auditor's office, she conducted performance audits of local governments and worked on the statewide Single Audit. Michelle has been with the City of Aurora since October 2014.

**Professional Associations:** Association of Certified Fraud Examiners; Institute for Internal Auditors; Association of Local Government Auditors; National Association for Civilian Oversight of Law Enforcement

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### **Sheree Van Buren** | Internal Audit Staff

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Sheree is a Certified Internal Auditor (CIA) and a Certified Fraud Examiner (CFE), with 12 years of audit experience. She graduated from Colorado State University in 2010 with a Bachelor of Science in Business Administration – Accounting degree. Prior to joining the City of Aurora, she spent three years as an Audit Associate with PwC, LLP. During this time, Sheree worked in the financial services industry, performing year-end financial statement audits for local and international investment companies.

**Professional Associations:** Association of Certified Fraud Examiners; Institute for Internal Auditors; Association of Local Government Auditors; National Forum for Black Public Administrators; Black Employees for a Better Aurora

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**Laiba Saqib** | Internal Audit Staff

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Laiba earned a Master of Professional Accounting (MPAcc) degree from the Metropolitan State University of Denver (MSU Denver) in 2021. She received her Bachelor's in Accounting also from the Metropolitan State University of Denver. During her undergrad degree, Laiba interned as an internal audit intern for the Audit Division at the Colorado Department of Transportation (CDOT). After graduation, Laiba took a job as a tax auditor at the Colorado Department of Revenue and started her graduate degree. During her master's program, Laiba worked as the internal auditor for the University as a semester-long project. Laiba has been with the City of Aurora since March 2021.

**Professional Associations:** Institute for Internal Auditors; Association of Local Government Auditors

## Appendix A: Completed Engagement Summary Reports

- Aurora Police Department: Records Culture Survey
- Mayor and City Council Expenses—Q1



The Executive Summary should be interpreted within the context of the complete engagement report.

## BACKGROUND

The Aurora Police Records Section is the centralized storage and processing area for all records and information relating to Aurora Police Department activities, including criminal reports, arrest records, and accident reports.

During the 2021 Risk Assessment evaluation, we noted concerns with the culture and attitudes in the Records Section. As a result, we issued this survey to establish a culture baseline and make recommendations to Management to address identified issues.

## Records Section Culture Survey

### SCOPE

Our scope included all Records employees as of the survey date, October 1, 2021.

### OBJECTIVE

Establish a baseline for the state of the culture in the Aurora Police Department Records Section.

### CONCLUSIONS

We believe that while there are both strengths and weaknesses within the Records' culture, the current state is less than optimal. Workplace cultures do not decline overnight. Our opinion is that the absence of sufficient management attention over time combined with a lack of strong management skills have contributed to the less than optimal culture, which is clearly impacting Section performance, as noted in the CORA/CCJRA engagement report.

There are significant issues for Management to address as soon as possible and related opportunities to improve the culture that could improve operational effectiveness. Accordingly, we have detailed our recommendations in the full report.

### MANAGEMENT RESPONSE

We agree with the recommendations. Detailed responses follow each recommendation in the full report.



## Mayor and City Council Operating Expense Audit

To: Council Member Curtis Gardner  
Chair, Management and Finance Committee

From: The Office of the Internal Auditor

Date:

November 1, 2021 – January 31, 2022

Internal Audit has completed its review of the Mayor and City Council for the three months beginning November 1, 2021 and ending January 31, 2022 (scope period.) We have detailed below the exceptions discovered during our test work to the *Rules of Order and Procedure* in force at that time.

For the scope period there were 66 transactions totaling \$132,935.89. We sampled 33 transactions. The sample we tested was \$18,152.38. This represents 50% of transactions and 13% of the total dollars.

Exception Type	Number of Exceptions	Total Dollars
Inadequate Detail	1	\$19.99
Improve Expense Guidance	1	1,030.24

- *Inadequate Detail:* One transaction in our sample lacked adequate supporting documentation. The transaction contained a meal receipt which lacked an itemized list of items purchased. Where an itemized receipt is not provided, we are unable to verify whether prohibited items such as alcohol were purchased.
- *Unclear Expense Guidance:* The existing Rules do not specify whether an upgrade within economy class is acceptable.



General Management  
Office of the Internal Auditor  
15151 E. Alameda Parkway Aurora, CO 80012

March 30, 2021

Council Member Angela Lawson  
Aurora City Council  
15151 E Alameda Pkwy  
Aurora Municipal Center  
Aurora, CO 80012

Dear Council Member Lawson,

We have received your request for a program and financial compliance and performance audit of the Youth Violence Prevention Program (the Program.) We are asking that you confirm our understanding of the requirements below.

## SCOPE

Internal Audit is to examine available material related to the audit objectives for the period from program inception through December 31, 2021.

## OBJECTIVES

Based upon our discussions with you, the planned engagement objectives are to:

- Ascertain the degree to which the Program is:
  - Operating in accordance with the City ordinance passed to establish the program.
  - Achieving the goals defined in the referenced ordinance.
- Ascertain the manner and degree to which Program funds are being expensed towards the Programs goals and objectives.
- Evaluate Program operations in regard to efficiency and effectiveness.

## APPROACH

Our plan is to approach the objectives as follows:

- Understand the Program requirements, goals, and objectives as outlined in the City Ordinance establishing the Program.
- Interview relevant parties regarding Program operations and financial management.
- Accumulate related Program compliance and financial data and information.
- Examine Program progress reports provided during the scope period.
- Craft testing procedures for the acquired compliance and financial data and information sufficient to allow us to draw conclusions regarding the engagement objectives.
- Apply other methods as necessary.

We employ an agile approach that divides the engagement into separate and distinct activity groups (milestones.) This approach also allows us to provide valuable feedback in a timely manner.

We will review any findings with appropriate program staff in advance of inclusion in any reports to ensure accuracy and fairness in the process. It is our practice to avoid surprises in the final report. Accordingly, we will provide a written draft report for review, ask questions, allow them to provide comments prior to issuance of a final report. This step is not intended to allow for influencing in any way the findings of the report, but to ensure that our report is accurate and to avoid any surprises before the report is made public. We will provide a final report to you, the program staff, the City Manager, and the M&F Committee upon conclusion of the engagement.

If there are any findings and recommendations in our report, we will work with the appropriate city management staff to assign implementation and review responsibilities. Accepted recommendations are tracked in our TeamMate software. Implementation progress will be reported to the Audit Committee in our quarterly progress reports.

The engagement scope, objectives, and approach are subject to adjustment depending upon the results of our work as it progresses. We will inform you of any engagement scope, objective, or approach changes that we determine in our professional judgment are material in nature.

Our goal is to perform an effective and efficient engagement to minimize the impact on Program operations. Access to specific staff, facilities, and all records will be critical to the timely completion of this engagement. We will work through appropriate City staff to obtain the necessary information and data.

We see ourselves as partners with the City in pursuit of meaningful performance improvement that also enhances transparency and engenders greater community trust.

The lead auditor for this engagement will be assigned based upon staff availability. We will

inform you of the auditor assigned before commencing the engagement. They will be your primary contact throughout the engagement. If at any time you would like to speak directly with me, please do not hesitate to contact me.

Your signature below signifies that you are satisfied with our proposal.

Sincerely,

*Wayne Sommer*

Wayne C. Sommer, CPA, CGMA  
Internal Audit Manager  
City of Aurora Office of the Internal Auditor  
[wsommer@auroragov.org](mailto:wsommer@auroragov.org)  
303-739-7075

*Angela Lawson*

3-30-22

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CM Angela Lawson

Date