

BROADWAY STATION METROPOLITAN DISTRICT NO. 1
Denver County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2021

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YEAR ENDED DECEMBER 31, 2021**

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Board of Directors
Broadway Station Metropolitan District No. 1
Denver County, Colorado

Independent Auditor’s Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Broadway Station Metropolitan District No. 1 (the “District”), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Broadway Station Metropolitan District No. 1 as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Wipfli LLP

Wipfli LLP
Lakewood, Colorado

December 22, 2022

BASIC FINANCIAL STATEMENTS

BROADWAY STATION METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities
ASSETS	
Cash and Investments	\$ 905,534
Cash and Investments - Restricted	5,400
Due from Other Districts	1,804,466
Accounts Receivable	34,280
Capital Assets: Not Being Depreciated	68,588,759
Total Assets	71,338,439
LIABILITIES	
Accounts Payable	2,003,553
Due to Other Districts	55,606
Retainage Payable	566,276
Noncurrent Liabilities:	
Due in More Than One Year	1,937,205
Total Liabilities	4,562,640
NET POSITION	
Restricted for:	
Emergency Reserves	5,400
Unrestricted	66,770,399
Total Net Position	\$ 66,775,799

See accompanying Notes to Basic Financial Statements.

**BROADWAY STATION METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Capital Projects	Total Governmental Fund
ASSETS			
Cash and Investments	\$ 126,244	\$ 779,290	\$ 905,534
Cash and Investments - Restricted	5,400	-	5,400
Due from District No. 2	5,251	-	5,251
Due from District No. 3	31,218	1,767,997	1,799,215
Accounts Receivable	-	34,280	34,280
Total Assets	\$ 168,113	\$ 2,581,567	\$ 2,749,680
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 8,928	\$ 1,994,625	\$ 2,003,553
Due from District No. 3	55,606	-	55,606
Retainage Payable	-	566,276	566,276
Total Liabilities	64,534	2,560,901	2,625,435
FUND BALANCES			
Restricted for:			
Emergency Reserves	5,400	-	5,400
Committed:			
Capital Projects	-	20,666	20,666
Assigned:			
For Subsequent Year's Expenditures	147,509	-	147,509
Unassigned	(49,330)	-	(49,330)
Total Fund Balances	103,579	20,666	124,245
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 168,113	\$ 2,581,567	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets, Not Being Depreciated

68,588,759

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Developer Advance Payable

(181,913)

Accrued Interest on Developer Advance

(1,755,292)

Net Position of Governmental Activities

\$ 66,775,799

See accompanying Notes to Basic Financial Statements.

**BROADWAY STATION METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	General	Capital Projects	Total Governmental Fund
REVENUES			
Transfers from District No. 2	\$ 120,522	\$ 186,611	\$ 307,133
Transfers from District No. 3	56,218	15,846,950	15,903,168
Total Revenues	176,740	16,033,561	16,210,301
EXPENDITURES			
General			
Accounting	47,213	-	47,213
Auditing	15,500	-	15,500
Banking Fees	80	-	80
Insurance and Bonds	12,321	-	12,321
Legal Services	20,565	265,213	285,778
Permits and Fees	9,000	-	9,000
Utilities	14,372	-	14,372
Contingency	37,758	(12,334)	25,424
Capital Projects			
Capital Outlay	-	17,335,551	17,335,551
Dues and Licenses	-	100	100
Miscellaneous	-	125,174	125,174
Utilities	-	14,688	14,688
Total Expenditures	156,809	17,728,392	17,885,201
NET CHANGE IN FUND BALANCES	19,931	(1,694,831)	(1,674,900)
Fund Balances - Beginning of Year	83,648	1,715,497	1,799,145
FUND BALANCES - END OF YEAR	<u>\$ 103,579</u>	<u>\$ 20,666</u>	<u>\$ 124,245</u>

See accompanying Notes to Basic Financial Statements.

**BROADWAY STATION METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS) OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Total Governmental Funds	\$ (1,674,900)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation/amortization expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay - Current Year	17,335,551
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Developer Advance - Change in Liability	<u>(132,134)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 15,528,517</u></u>
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**BROADWAY STATION METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Other Revenue	\$ 500	\$ -	\$ (500)
Transfers from District No. 2	136,476	120,522	(15,954)
Transfers from District No. 3	56,357	56,218	(139)
Total Revenues	<u>193,333</u>	<u>176,740</u>	<u>(16,593)</u>
EXPENDITURES			
General and Administrative:			
Accounting	30,000	47,213	(17,213)
Auditing	-	15,500	(15,500)
Banking Fees	-	80	(80)
Insurance and Bonds	6,000	12,321	(6,321)
Legal Services	60,000	20,565	39,435
Miscellaneous	1,000	-	1,000
Permits and Fees	10,000	9,000	1,000
Utilities	3,500	14,372	(10,872)
Contingency	200,495	37,758	162,737
Total Expenditures	<u>310,995</u>	<u>156,809</u>	<u>154,186</u>
NET CHANGE IN FUND BALANCE	(117,662)	19,931	137,593
Fund Balance (Deficit) - Beginning of Year	<u>117,662</u>	<u>83,648</u>	<u>(34,014)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 103,579</u>	<u>\$ 103,579</u>

See accompanying Notes to Basic Financial Statements.

BROADWAY STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 DEFINITION OF REPORTING ENTITY

Broadway Station Metropolitan District No. 1 (the District), a quasi-municipal corporation was approved by eligible electors of the District at an election held on February 6, 2006. The District was organized by order of the District Court for the City and County of Denver on May 12, 2006. The District was formed in conjunction with Broadway Station Metropolitan District No. 2 (District No. 2) and Broadway Station Metropolitan District No. 3 (District No. 3 and together with the District and District No. 2, the Districts), for the purpose of providing certain public improvements and services to and for the benefit of the properties within the Districts. The District's service area is located in the City and County of Denver (City). The District exists as a quasi-municipal corporation and political subdivision of the State of Colorado under Title 32, Article 1 of the Colorado Revised Statutes, as amended (C.R.S.)

The District follows the Governmental; Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity, GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to appointment of a voting majority of the organization's governing body, ability to impose it's will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and

BROADWAY STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

Budgets

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

BROADWAY STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pooled Cash and Investments

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

Capital Assets

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

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of the net investment in capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

BROADWAY STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (continued)

Fund Balance (continued)

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

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

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

BROADWAY STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 905,534
Cash and Investments - Restricted	5,400
Total Cash and Investments	<u>\$ 910,934</u>

Cash and investments as of December 31, 2021, consist of the following:

Deposits with Financial Institutions	\$ 910,934
Total Cash and Investments	<u>\$ 910,934</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

On December 31, 2021, the District's cash deposits had a bank balance of \$931,901 and carrying balance of \$910,934.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021 are as follows:

	Balance - December 31, 2020	Additions	Reductions	Balance - December 31, 2021
Capital Assets, Not Being Depreciated:				
Road and Improvement	\$ 45,123,208	\$ 17,335,551	\$ -	\$ 62,458,759
Land	6,130,000	-	-	6,130,000
Total Capital Assets, Not Being Depreciated	<u>\$ 51,253,208</u>	<u>\$ 17,335,551</u>	<u>\$ -</u>	<u>\$ 68,588,759</u>

BROADWAY STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 CAPITAL ASSETS (CONTINUED)

Upon completion and acceptance, certain capital assets will be conveyed by the District to other local governments. The District will not ordinarily be responsible for maintenance of such transferred assets and no depreciation is provided for such assets. All capital assets not transferred to the City or other local governments will be operated and maintained by the District, and depreciation will be provided for such assets upon completion.

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2021:

	Balance - December 31, 2020	Additions	Reductions	Balance - December 31, 2021	Due Within One Year
Governmental Activities					
Other Debts					
Developer Advances - Operating	\$ 181,913	\$ -	\$ -	\$ 181,913	\$ -
Developer Advance Accrued Interest - Capital	1,469,766	117,581	-	1,587,347	-
Developer Advance Accrued Interest - Operating	153,392	14,553	-	167,945	-
Total Long-Term Obligations	<u>\$ 1,805,071</u>	<u>\$ 132,134</u>	<u>\$ -</u>	<u>\$ 1,937,205</u>	<u>\$ -</u>

Interim Funding Agreement

On August 12, 2015, the District entered into an Interim Funding Agreement with Broadway Station Partners, LLC (Developer) whereby the Developer agreed to advance up to \$80,000 to pay the costs of improvements and operating and administrative expenses. The Developer's obligation to make Advances (i) shall be reduced by the amount of any available proceeds of bonds issued by the District for funding the costs of the Improvements and (ii) shall be subject to the Maximum Funding Obligation (as defined in the agreement). The District agreed to reimburse the Developer for funds advanced with interest at 8% per annum compounded annually accrued from the actual date of each advance. On November 18, 2015, the parties entered into a First Amendment to the Interim Funding Agreement whereby the Developer agreed to increase the amount to be advanced to \$4,885,000. On December 31, 2021, the District owed the Developer \$181,913 in principal and \$167,945 in interest under this agreement.

Reimbursement Agreement for Public Infrastructure Funding

The District, District No. 2, District No. 3 and the Developer, entered into the Reimbursement Agreement for Public Infrastructure Funding (the Reimbursement Agreement), dated as of October 1, 2017 (executed January 5, 2018), concerning the advance of funds to any of the Districts by the Developer (Developer Advances) for planning, design, engineering, surveying, legal, accounting, testing, permitting, inspecting, infrastructure development management, construction management, construction, installation and completion of the infrastructure and all related expenses, including, without limitation, environmental remediation authorized under the Service Plan, the City IGA, the Urban Redevelopment Plan (as defined below), the Redevelopment Agreement and the District Agreements.

BROADWAY STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Reimbursement Agreement for Public Infrastructure Funding (continued)

Pursuant to the Reimbursement Agreement, the Developer is to make Developer Advances to the District, or at the request of the District, to District No. 2 or District No. 3, in such amounts and at such times as may be requested to fund planning, design, engineering, surveying, legal, accounting, testing, permitting, inspecting, infrastructure development management, construction management, construction, installation and completion of the infrastructure and all related expenses, including, without limitation, environmental remediation authorized under the Service Plan, the City IGA, the Urban Redevelopment Plan, the Redevelopment Agreement and the District IGAs. The Developer's obligation to fund such advance is dependent on (i) the District initiating, with the agreement of the Developer, of a phase of the Processing of Construction of Infrastructure (as such terms are used in the Reimbursement Agreement) by submitting a report to the City in accordance with the City IGA; and (ii) the authorizing of such Process of Construction Costs (as such term is used in the Reimbursement Agreement) in accordance with the Service Plan, the District Agreements, the City IGA and other applicable documents.

The Districts' obligation to reimburse the Developer for Developer Advances shall be memorialized by the issuance of one or more notes by the District within 15 days of the Developer Advance. Each note shall bear interest at a rate of 8%, unless otherwise specified in such note. The district issuing the note shall reimburse the Developer, from funds legally available to such issuing district in any fiscal year that are not pledged for the payment of other district obligations or otherwise appropriated or obligated for any current or future purpose. The Reimbursement Agreement shall terminate on December 31, 2042, unless terminated earlier in accordance with the Redevelopment Agreement or the repayment of all amounts due and owing under the Reimbursement Agreement. The District's obligation to repay the Developer Advances (and any interest thereon) under the Redevelopment Agreement is subordinate to any District bonds. On November 23, 2020, Amendment No. 3 to the Reimbursement Agreement for Public Infrastructure Funding was approved, whereby the Districts agreed to immediately reimburse the Developer \$14,222,888 discharging in full the amount outstanding to the Developer. During 2020, the District repaid the Developer in total \$22,545,170 of principal and interest with bond proceeds from District No. 2 and District No. 3. At December 31, 2021, the District owed the Developer \$1,587,347 in interest.

The Districts' obligation to reimburse the Developer Advances is payable from, among other sources, amounts owed to the Districts under the Redevelopment Agreement between the District and the Denver Urban Renewal Authority (DURA) dated as of October 18, 2017, as amended by a First Supplement dated as of March 12, 2020 (together as amended, the Redevelopment Agreement). Under the Redevelopment Agreement, DURA has, as directed by the District, issued to District No. 2 three Junior Subordinate Bonds, namely, the Series 2020JS-1 Bond, Series 2020JS-99 Bond and Series 2020JS-100 Bond (collectively, the DURA Junior Subordinate Bonds) in the aggregate principal amount of \$25,890,555 (the DURA Reimbursement Amount), together with interest accruing thereon commencing on November 4, 2019, in order to reimburse from tax increment revenue (the DURA Revenue) certain "Reimbursable Project Costs" (as defined in the Redevelopment Agreement) that were funded directly by the Developer and are reimbursable by the Districts.

BROADWAY STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Reimbursement Agreement for Public Infrastructure Funding (Continued)

In conjunction with the issuance of the First Supplement to the Redevelopment Agreement, the Districts and the Developer entered into Amendment No. 1 to the Reimbursement Agreement dated as of November 4, 2019 (Amendment No. 1) and Amendment No. 2 to the Reimbursement Agreement dated as of June 24, 2020 (Amendment No. 2). Amendment No. 2 amended, restated and replaced Amendment No. 1, and by its terms, Amendment No. 2 constitutes a Junior District Obligation (as defined in the Redevelopment Agreement) in the aggregate principal amount of \$25,890,555 (the DURA Reimbursement Amount as defined in the Redevelopment Agreement) to reimburse certain Developer Advances made to fund District eligible Reimbursable Project Costs. The Junior District Obligation under Amendment No. 2 (the Amendment No. 2 JDO) was established in conjunction with the DURA Junior Subordinate Bonds and was generally structured in two parts: (i) District No. 3 would make a cash payment in the amount of \$8,000,000 from District No. 3's Series 2019B Bond funds to the Developer to pay a portion of the outstanding Developer Advances incurred for District-eligible Reimbursable Project Costs, and (ii) the balance of the Amendment No. 2 JDO incurred for Reimbursable Project Costs that did not constitute District-eligible Reimbursable Project Costs in the approximate principal amount of \$5,621,582, along with interest accruals, would be paid and passed through to the Developer from DURA Revenue paid on the DURA Junior Subordinate Bonds.

The Districts and the Developer entered into Amendment No. 3 to the Reimbursement Agreement dated as of November 4, 2019 (Amendment No. 3) to provide for (i) in addition to the cash payment of \$8,000,000 previously made to the Developer in accordance with the terms of Amendment No. 2, an additional cash payment of \$14,222,888 (the Additional Cash Payment) to the Developer to pay off and discharge in full the remaining outstanding Developer Advances, including interest accruals, that constitute District-eligible Reimbursable Project Costs using District No. 3's Series 2019B Bond funds, and (ii) the payment and discharge of the balance of the Amendment No. 3 JDO with respect to the Pass Through Junior District Obligation (as defined below) to the Developer from DURA Revenue payments to be made on the DURA Junior Subordinate Bonds.

Amendment No. 3 constitutes the Junior District Obligation (the Amendment No. 3 JDO) issued in conjunction with the DURA Junior Subordinate Bonds as authorized by and issued in accordance with and subject to the terms of the Redevelopment Agreement and the First Supplement. The principal amount of the Amendment No. 3 JDO is \$25,890,555. Under Amendment No. 3, District No. 3 processed a requisition in the amount of the Additional Cash Payment with the Trustee for the Series 2019B Bonds to pay the Developer for and discharge in full all outstanding Developer Advances that constitute District-eligible Reimbursable Project Costs. Except for the payment of the Pass Through Junior District Obligation with respect to the non-District eligible Reimbursable Project Costs, the Districts and Developer agreed that all other payments made to the District on the DURA Junior Subordinate Bonds were to be transferred to District No. 3. The Districts and Developer also acknowledged and agreed that the principal amount of \$5,621,582 of the Amendment No. 3 JDO represents Reimbursable Project Costs that are not District-eligible Reimbursable Project Costs (the Pass Through Junior District Obligation).

**BROADWAY STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Reimbursement Agreement for Public Infrastructure Funding (Continued)

The principal amount of the Pass Through Junior District Obligation, together with any interest accruals thereon, are payable exclusively from the DURA Revenue received by District No. 2 from DURA payments on the DURA Junior Subordinate Bonds, including any interest thereon paid by DURA pursuant to the First Supplement, and shall not be payable from any ad valorem taxes, bond proceeds or other funds of any of the Districts (see Junior Subordinate Bonds note below).

On February 10, 2021, Amendment No. 4 to Reimbursement Agreement for Public Infrastructure Funding Agreement was entered into by and between Broadway Station Metropolitan District No. 1 (“District No. 1”), Broadway Station Metropolitan District No. 2 (“District No. 2”) and Broadway Station Metropolitan District No. 3 (“District No. 3” and together with District No. 1 and District No. 2, the “Districts” or either of the Districts separately, a “District”), each District a quasi-municipal corporation and political subdivision of the State of Colorado (the “State”) operating within the City and County of Denver (the “City”), and Broadway Station Partners, LLC (the “Company”), a Colorado limited liability company (the Districts and the Company collectively, the “Parties” or either of the Parties separately, a “Party”). The Parties agree to amend the Reimbursement Agreement as follows. Developer Advances for Process of Construction Costs for Entitlement Services relating to Filing 3 Public Infrastructure and Filing 4 Public Infrastructure. The Parties agree that the beneficial value of and reimbursable amount for all Services actually performed by and paid to BAM by the Company relating to the Entitlements for the Filing 3 Public Infrastructure and the Filing 4 Public Infrastructure, for which the Districts have any reimbursement obligation under the Reimbursement Agreement, shall total no more than \$960,000 (the “Entitlement Advance”) and that no other compensation or reimbursement for such Services shall be requested from, charged to or payable by the Districts with respect thereto, without condition or limitation.

As of December 31, 2021, the District had remaining voted debt authorization of approximately \$378,000,000. The District has not budgeted to issue any debt during 2022.

NOTE 6 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

The restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2021, consisting of constitutional provisions only as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 5,400

BROADWAY STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 AGREEMENTS

Amended and Restated Inter-District Financing Agreement

The Districts entered into an Amended and Restated Inter-District Financing Agreement, dated as of October 1, 2017 (the Financing Agreement). The purpose of the Financing Agreement is to establish a cooperative intergovernmental relationship among the Districts, to implement the terms of each of the Districts' Service Plans with respect to the financing and completion of public infrastructure improvements acquired, constructed, installed and completed to serve the Development and to establish various controls with respect to the incurrence of obligations of the Districts including bonds, notes and other obligations of the Districts and on the implementation of the debt service and regional mill levies.

In accordance with the Financing Agreement, District No. 1 is to exercise all duties, authorities and powers as are generally provided in the Special District Act or other state law and as more particularly described in the Governing Documents (as defined below) to facilitate, coordinate and effectuate the financing of Eligible Costs (as such term is used in the Financing Agreement), the completion of public infrastructure improvements acquired, constructed, installed and completed to serve the Development and the imposition of the debt service mill levy and the regional mill levy.

District No. 3 and District No. 2 agreed in the Financing Agreement to pay the principal and interest on any bonds or other obligations of the District No. 2 or District No. 3 or the District, as applicable, from amounts pledged and available to the applicable district to a bond trustee under a bond indenture including the Indentures and the Trustee. Such pledge is solely to the extent of revenues pledged to the particular bonds. In no event shall a District's obligation to pay exceed the maximum amounts authorized at the Elections to the Special District Act or state law. The Financing Agreement sets forth the procedures to be followed by the Districts for the imposition of their debt service mill levies and the regional mill levy. In accordance with the Financing Agreement, District No. 3 and District No. 2 shall certify their respective debt service mill levies, and their respective regional mill levies at the rates determined by the District. All revenues received from the debt service mill levy shall be paid to the bond trustee or if no trustee, to the District.

Amended and Restated Inter-District Construction and Service Agreement

The Districts entered into an Amended and Restated Inter-District Construction and Service Agreement, dated as of October 1, 2017 (the Service Agreement and, together with the Financing Agreement, the District Agreements). The purpose of the Service Agreement is to establish a cooperative intergovernmental relationship among the Districts, to implement the terms of each of the Districts' Service Plans with respect to the financing and completion of public infrastructure improvements acquired, constructed, installed and completed to serve the Development and to establish various requirements with respect to the generation, collection and use of revenue, including but not limited to the operating mill levy, to be used for the operation, maintenance and repair of public infrastructure improvements acquired, constructed, installed and completed to serve the Development and the management, administration and provision of services within the Development.

BROADWAY STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 **Agreements (continued)**

Junior Subordinate Bonds

On March 12, 2020 DURA has entered into the First Supplement to Redevelopment Agreement (the "First Supplement") with District No. 1 and, at the direction of District No. 1, has issued to District No. 2 three Junior Subordinate Bonds, namely the Series 2020JS-1 Bond, Series 2020JS-99 Bond and Series 2020JS-100 Bond (collectively, the DURA Junior Subordinate Bonds) in the aggregate principal amount of \$25,890,555 (the DURA Reimbursement Amount), together with interest accruing thereon commencing on November 4, 2019, in order to reimburse from DURA Revenue (as defined in the Authorizing Resolution) certain Reimbursable Project Costs (as defined in the Redevelopment Agreement) that were funded directly by the Developer. The Districts have reimbursed the Developer for all but the approximate principal amount of \$5,621,582 of such Reimbursable Project Costs and interest accruals thereon.

Upon receipt of the DURA Reimbursement Amount, the Districts will apply such DURA Revenue either (i) to pay and discharge all remaining obligations to the Developer for Reimbursable Project Costs (see the Pass Through Junior District Obligation in the Reimbursement Agreement for Public Infrastructure note above) and/or (ii) to replenish District No. 3's Series 2019B Bond project accounts established to complete public infrastructure work in accordance with the Intergovernmental Agreement between District No. 1 and the City and drawn on to reimburse the Developer for certain District-eligible Reimbursable Project Costs and/or to fund such public infrastructure work directly and/or pay down any existing debt.

Redevelopment Agreement

The District entered into a Redevelopment Agreement with Denver Urban Renewal Authority (DURA) dated October 18, 2017. The Redevelopment Agreement generally outlines the parameters of the redevelopment of the I-25 and Broadway Urban Redevelopment Area including the financing of certain public improvements in connection therewith and the payment of certain fees to DURA. The Redevelopment Agreement contemplated that DURA will reimburse the District up to \$89,438,030 (plus 8% simple interest that may accrue under the terms of the Redevelopment Agreement) for eligible costs incurred by the District and the Developer and its affiliates relating to the redevelopment of the I-25 and Broadway Urban Redevelopment Area.

Eligible costs include costs associated with environmental cleanup, open space improvement, landscaping, infrastructure, signage, detention ponds and wet and dry utilities. The Redevelopment Agreement contains a process under which the District submits requests for reimbursement (referred to as payment requests) for approval and reimbursement by DURA. Pursuant to the Redevelopment Agreement, any costs incurred by the District in excess of the foregoing are to be borne by the District and are not to be reimbursed by DURA. It is anticipated that the Developer will be reimbursed for certain of such costs from proceeds of bonds expected to be issued by DURA in the future (the DURA Bonds), and it is anticipated that the District will be further reimbursed for additional costs of constructing public improvements within the Development from a portion of the proceeds of the Bonds.

BROADWAY STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 AGREEMENTS (CONTINUED)

Redevelopment Agreement (Continued)

The Redevelopment Agreement subjects the property located within the I-25 and Broadway Urban Redevelopment Area to certain use restrictions. Such use restrictions are also contained in the DURA Use Covenants. With certain limited exceptions and unless waived by DURA and the then owner of the property, these restrictions provide that no part of the property can be occupied by or used for the retail business of (a) an adult book, adult novelty, adult video or adult entertainment store, car wash, tattoo parlor, pawnshop, massage parlor, hookah bar or lounge, dance hall, discotheque, nightclub, bar, billiard or pool hall, game parlor or video arcade, a store which has the sale of alcoholic beverages for consumption off premises as its principal business, a store which has the sale of firearms or weapons as its principal business or a store, which has the sale of drug paraphernalia or marijuana paraphernalia as its principal business (sometimes referred to as a head shop); (b) the renting, leasing or selling of or displaying for the purpose of renting, leasing or selling of any motor vehicle or trailer; (c) an automotive maintenance or repair facility or retail automotive fuel filling station; or (d) dispensing, growing or storing marijuana or providing consulting or advice primarily regarding marijuana without the prior written consent of DURA or its successor or assign.

The Redevelopment Agreement terminates on the earlier of: (a) payment to the District of the Reimbursable Project Cost (as defined in the Redevelopment Agreement), payment to DURA of certain costs set forth in the Redevelopment Agreement (to the extent applicable), and if applicable, repayment of all DURA Bonds issued by DURA in conjunction with the redevelopment of the I-25 and Broadway Urban Redevelopment Area; (b) December 31, 2042; or (c) delivery of a notice of termination under circumstances contemplated by the Redevelopment Agreement.

On March 12, 2020 DURA has entered into the First Supplement to Redevelopment Agreement (the First Supplement) with District No. 1 and, at the direction of the District, has issued to District No. 2 three Junior Subordinate Bonds, namely the Series 2020JS-1 Bond, Series 2020JS-99 Bond and Series 2020JS-100 Bond (collectively, the DURA Junior Subordinate Bonds) in the aggregate principal amount of \$25,890,555 (the DURA Reimbursement Amount), together with interest accruing thereon commencing on November 4, 2019, in order to reimburse from DURA Revenue (as defined in the Authorizing Resolution) certain Reimbursable Project Costs (as defined in the Redevelopment Agreement) that were funded directly by the Developer.

Broadway Station Metropolitan District Intergovernmental Agreement

The Districts and DURA entered into the Broadway Station Metropolitan District Intergovernmental Agreement, dated as of September 20, 2017 (the District Cooperation Agreement) pursuant to which DURA has agreed to remit during the TIF Period to the District all revenues generated from the imposition of ad valorem property taxes by the Districts on the incremental assessed valuation of property of the Districts.

BROADWAY STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 AGREEMENTS (CONTINUED)

Capital Pledge Agreements

On April 4, 2019, the District entered into a Capital Pledge Agreement with District No. 2 whereby the District agreed to pledge the Property Tax Increment Revenue generated by the debt service mill levies imposed by District No. 2 and the specific ownership tax revenues derived from the debt service mill levies imposed by the District to the District to facilitate the repayment of the District No. 2 Series 2019A Bonds and the Series 2019 B Bonds.

On December 4, 2019, the District entered into a Capital Pledge Agreement with District No. 3 whereby the District agreed to pledge the Property Tax Increment Revenue generated by the debt service mill levies imposed by District No. 3 (together, the TIF Revenue) that are remitted to the District by DURA pursuant to the District Cooperation Agreement to District No. 3 in order to facilitate the repayment of District No. 3's Series 2019A Bonds and the Series 2019 B Bonds.

NOTE 8 RELATED PARTIES

Some of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members.

Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

BROADWAY STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

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

SUPPLEMENTARY INFORMATION

**BROADWAY STATION METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Transfers from District No. 2	\$ -	\$ 186,611	\$ 186,611
Transfers from District No. 3	58,092,932	15,846,950	(42,245,982)
Total Revenues	<u>58,092,932</u>	<u>16,033,561</u>	<u>(42,059,371)</u>
EXPENDITURES			
Capital Outlay	58,092,932	16,126,729	41,966,203
Capital Outlay - Construction Street Improvements	-	85,206	(85,206)
Capital Outlay - Engineering Street Improvements	-	279,969	(279,969)
Capital Outlay - Improvements	-	843,647	(843,647)
Dues and Licenses	-	100	(100)
Legal Services	-	265,213	(265,213)
Miscellaneous	-	125,174	(125,174)
Utilities	-	14,688	(14,688)
Contingency	-	(12,334)	12,334
Total Expenditures	<u>58,092,932</u>	<u>17,728,392</u>	<u>40,364,540</u>
NET CHANGE IN FUND BALANCE	-	(1,694,831)	(1,694,831)
Fund Balance - Beginning of Year	-	<u>1,715,497</u>	<u>1,715,497</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 20,666</u>	<u>\$ 20,666</u>