

**MERIDIAN RANCH METROPOLITAN DISTRICT (MRMD)
MERIDIAN SERVICE METROPOLITAN DISTRICT (MSMD)
MERIDIAN RANCH METROPOLITAN DISTRICT 2018 SUBDISTRICT (MRMD 2018 Subdistrict)
REGULAR MEETING AGENDA**

<u>Board of Directors</u>	<u>Office</u>	<u>Term Expiration</u>
Butch Gabrielski	President	May 2023
Wayne Reorda	Secretary/Treasurer	May 2022
Bill Gessner	Asst. Secretary/Treasurer	May 2023
Mike Fenton	Asst. Secretary/Treasurer	May 2023
Tom Sauer	Asst. Secretary/Treasurer	May 2022

DATE: Wednesday, September 8, 2021

TIME: 10:00 a.m.

PLACE: Meridian Ranch Recreation Center
10301 Angeles Road
Peyton, CO 80831

The Public may participate in person or by following this link [Click here to join the meeting](#) or by telephone by calling +1 872-242-8662 and using Phone Conference ID: 616179219#

I. ADMINISTRATIVE ITEMS:

- A. Call to Order
- B. Conflicts of Interest
- C. Approve Agenda
- D. Visitor Comments (Limited to 3 minutes per resident or household)
- E. Review and Approve August 4, 2021, Combined Regular Board Meeting Minutes (enclosure) **Page 3**
- F. Review and Approve August 4, 2021, Combined Special Board Meeting Minutes (enclosure) **Page 7**
- G. Review and Approve August 10, 2021, Combined Special Board Meeting Minutes (enclosure) **Page 9**

II. FINANCIAL ITEMS:

- A. Presentation of the 2020 Audit for MRMD **Page 13**
- B. Presentation of the 2020 Audit for MSMD **Page 42**
- C. Review and Accept MSMD Cash Position Summary and Unaudited Financial Statements (enclosure and/or distributed under separate cover) **Page 78**
- D. Review Tap Fee Report for Information Only (enclosure and/or distributed under separate cover) **Page 87**
- E. Review, Ratify and Approve Monthly Payment of Claims (enclosure and/or distributed under separate cover) **Page 89**
- F. Receive Finance Committee Report **Page 92**

III. OPERATIONS & ENGINEERING ITEMS:

A. Information Items (No Action)

1. MSMD Operations Reports – Water, Sewer, Parks and Grounds, Recreation (enclosure and/or handout) **Page 93**
2. Manager’s Verbal Report
3. Presentation and Discussion concerning engagement of a financial consulting firm to develop a Build Out CIP financial plan for water and wastewater infrastructure. **Page 96**

B. Action Items

1. Consider and authorize Board President to sign contract with a consultant to be determined
2. Consider and authorize Board President to sign Resolution No. MSMD 21-04 Regarding Securing Capacity in Chico Basin Wastewater Treatment Facility. **Page 175**
3. Consider De-obligating remaining Covid Relief Funds **Page 177**

IV. DEVELOPER ITEMS:

- A. Verbal Report from Construction Manager

V. DIRECTOR ITEMS:

- A.

VI. LEGAL ITEMS:

- A. Enter into Executive Session pursuant to C.R.S. 24-6-402(4)(b) to receive legal advice regarding arbitration/post-arbitration matters with Cherokee Metropolitan District, including financing of arbitration obligation, and status of Sterling Ranch Participation.

VII. ADJOURNMENT:

The next regular meeting of the Boards is scheduled for Wednesday, October 6, 2021, at 10:00 a.m. at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831.

RECORD OF PROCEEDINGS

**MINUTES OF THE COMBINED REGULAR MEETING
OF THE BOARDS OF DIRECTORS OF THE
MERIDIAN RANCH METROPOLITAN DISTRICT (MRMD)
MERIDIAN SERVICE METROPOLITAN DISTRICT (MSMD)
MERIDIAN RANCH METROPOLITAN DISTRICT 2018 SUBDISTRICT (MRMD 2018 Subdistrict)**

Held: August 4, 2021, 10:00 a.m., at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831

Attendance: The following Directors were in attendance:

Butch Gabrielski, President
Wayne Reorda, Secretary/Treasurer
Bill Gessner, Asst. Secretary/Treasurer
Mike Fenton, Asst. Secretary/Treasurer
Tom Sauer, Asst. Secretary/Treasurer

Also present were:

Jim Nikkel; Meridian Service Metro District
Carrie Billingsly; Meridian Service Metro District
Beth Aldrich; Meridian Service Metro District
Kerrie Dean; Meridian Service Metro District
Braden McCrory; Meridian Service Metro District
Ryan Kozlowski; Meridian Service Metro District
Tobias Bagley; Meridian Service Metro District
Sue Blair; Community Resource Services (via telephone)
Lisa Mayers and Jamie Cotter (via telephone); Spencer Fane
Tom Kerby; Tech Builders (via telephone)
Jim O'Hara; Tech Builders (via telephone)
Raul Guzman; Tech Builders (via telephone)
Nancy Loew; Homeowner (via telephone)
Andrea Bautista; Homeowner
Demetrius Jones; Homeowner
Judy Taylor; Homeowner
Audrey Kopp; Homeowner
Jason Kopp; Homeowner
Fran Matthews; Homeowner

Call to Order A quorum of the Board was present, and the Directors confirmed their qualification to serve. The meeting was called to order at 10:06.

Disclosure Matter Ms. Mayers noted that written disclosures of the interests of all Directors have been filed with the Secretary of State.

RECORD OF PROCEEDINGS

Approve Agenda The Board reviewed the Agenda. A motion was made to amend the agenda by deleting item III.B.1. The motion was seconded and approved by unanimous vote of directors present.

Visitor Comments Ms. Bautista had questions concerning the ongoing landscaping issues in Meridian Ranch. Mr. Gabrielski and Mr. Nikkel reassured Ms. Bautista that the landscaping issues are being addressed. Ms. Bautista also wanted to know if the district would allow her to stain a section of district fencing next to her home that was discolored by irrigation. After discussion it was decided that Mr. McCrory would meet Ms. Bautista at her property to review the fence. The Board did not oppose allowing the fence to be stained to conform to district requirements.

Mr. Jones had questions concerning which tasks are the responsibility of the district and which tasks are BrightView's responsibility. After discussion, it was decided that Mr. Nikkel will email the contract with BrightView to Mr. Jones for him to examine.

Ms. Lowe had concerns regarding the following.

- Landscape maintenance, dead trees need to be replaced, water schedule needs to be examined, invasive weeds need to be removed, some areas need new mulch, areas that have dirt and no grass need to be reseeded or sod put down, mowing schedule needs to be examined.
- Possibly reallocating funds to help pay for landscaping issues.
- Getting the information that is going to be posted on the new Facebook page, (Meridian Karen's United), to residents that do not have Facebook accounts.
- Concerns at the Recreation Center include, keeping the pool clean, more of a focus on social activities, and more classes and activities for active older adults.

Approve Minutes The Board reviewed the July 7, 2021, Regular Board Minutes and the July 21, 2021, Special Meeting Minutes, a motion was made and seconded to approve the minutes as presented. The motion was approved by unanimous vote of directors present.

Financial Items Cash Position Summary and Financial Statements: Ms. Billingsly reviewed the cash position summary and monthly financial reports for June 2021. A motion was made to accept the cash position summary and financial statements as presented. The motion was seconded and approved by unanimous vote of directors present.

RECORD OF PROCEEDINGS

Review 2020 Tap Fee Report: Ms. Billingsly reviewed the June 2021 Tap Fee Report with the Board for information only.

Approval of Payment of Claims: Ms. Billingsly reviewed the updated claims presented for approval at this meeting:

MRMD: Check #'s 02284-02289 totaling \$1,430.50.

MSMD: Bill.com payments and Check #'s 13293-13297 totaling \$427,373.31.

A motion was made and seconded to approve the MSMD payment of claims. The motion was approved by unanimous vote of directors present.

A motion was made and seconded to approve the MRMD payment of claims. The motion was approved by unanimous vote of directors present.

Operations & Engineering Items

Information Items:

MSMD Operations Reports:

- Mr. McCrory presented the water, sewer, parks and grounds, and drainage operation reports which included information from pages 30-31 of the Board Packet.
- Mr. Kozlowski presented the Recreation Center Report to the Board which included information from page 32 of the Board Packet. Mr. Kozlowski also noted:
 - There will be another blood drive at the Recreation Center on August 20th. It will take place in a mobile bus in the parking lot.

Managers Verbal Report: Mr. Nikkel provided status reports on the following matters:

- LFH Wells 5 and 8 are now complete
- LFH Well 7 will be complete by Late August
- MVEA still has not brought power into well sites 7 or 8

Action Items:

1. Consider and authorize Board President to sign contract for Preliminary Permitting Services with JDS Hydro for Water Treatment Plant Expansion, Site Development Plan, \$17,900.

A motion was made and seconded to authorize the Board President to sign a contract for Preliminary Permitting Services with JDS Hydro for Water Treatment Plant Expansion, Site Development Plan, \$17,900. The motion was approved by unanimous vote of directors present.

RECORD OF PROCEEDINGS

Developer Items Mr. Guzman provided a verbal report to the Board on the status of Meridian Ranch development activities with no major updates from last month.

Director Items There were none.

Legal Items Receive legal advice regarding arbitration/post-arbitration matters with Cherokee Metropolitan District.

A motion was made, seconded and approved by unanimous vote of directors present to open an Executive Session pursuant to C.R.S. Section 24-6-402(4)(b) to receive legal advice regarding arbitration/post-arbitration matters with Cherokee Metropolitan District. The Executive Session was conducted with legal counsel present.

A motion was made, seconded and approved by unanimous vote of directors present to close the Executive Session.

Adjournment There being no further business to come before the Board, the President adjourned the meeting at 12:09 p.m.

The next regular meeting of the Boards is scheduled for September 8, 2021, at 10:00 a.m. at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831.

Respectfully submitted,

Secretary for the Meeting

RECORD OF PROCEEDINGS

**MINUTES OF THE COMBINED SPECIAL MEETING
OF THE BOARDS OF DIRECTORS OF THE
MERIDIAN RANCH METROPOLITAN DISTRICT (MRMD)
MERIDIAN SERVICE METROPOLITAN DISTRICT (MSMD)
MERIDIAN RANCH METROPOLITAN DISTRICT 2018 SUBDISTRICT (MRMD 2018 Subdistrict)
CHEROKEE RANCH METROPOLITAN DISTRICT**

Held: August 4, 2021, 1:30 p.m., at the Cherokee Metropolitan District, 6250 Palmer Park Blvd, Colorado Springs, CO 80915

Attendance: The following Directors were in attendance:

Butch Gabrielski, President
Wayne Reorda, Secretary/Treasurer
Bill Gessner, Asst. Secretary/Treasurer
Mike Fenton, Asst. Secretary/Treasurer
Tom Sauer, Asst. Secretary/Treasurer

Also present were:

Jim Nikkel; Meridian Service Metro District
Jamie Cotter; Spencer Fane
CMD Board of Directors and Staff:
Rene Sintas
Walter Herrley
Dennis Daniels
Steven Hasbrouck
Larry Keleher
Paul Rufien, General Counsel
Amy Lathen
Cathy Fromm
Jeff Munger
Kevin Brown
Connie Hughes

Call to Order A quorum of the Board was present, and the Directors confirmed their qualification to serve. The meeting was called to order at 1:35 p.m.

Legal Items Receive legal advice regarding arbitration/post-arbitration matters with Cherokee Metropolitan District.

A motion was made, seconded and approved by unanimous vote of directors present to open an Executive Session pursuant to C.R.S. Section 24-6-402(4)(b) to receive legal advice regarding arbitration/post-arbitration matters with

RECORD OF PROCEEDINGS

Cherokee Metropolitan District. A motion was made, seconded and approved by unanimous vote of directors present to close the executive session.

Adjournment

There being no further business to come before the Board, the President adjourned the meeting at 3:25 P.M.

The next regular meeting of the Boards is scheduled for Wednesday, September 8, 2021, at 10:00 a.m. at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831.

Respectfully submitted,

Secretary for the Meeting

RECORD OF PROCEEDINGS

**MINUTES OF THE COMBINED SPECIAL MEETING
OF THE BOARDS OF DIRECTORS OF THE
MERIDIAN RANCH METROPOLITAN DISTRICT (MRMD)
MERIDIAN SERVICE METROPOLITAN DISTRICT (MSMD)
MERIDIAN RANCH METROPOLITAN DISTRICT 2018 SUBDISTRICT (MRMD 2018 Subdistrict)**

Held: August 10, 2021, 10:00 a.m., at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831

Attendance: The following Directors were in attendance:

Butch Gabrielski, President
Wayne Reorda, Secretary/Treasurer
Bill Gessner, Asst. Secretary/Treasurer
Mike Fenton, Asst. Secretary/Treasurer
Tom Sauer, Asst. Secretary/Treasurer

Also present were:

Jim Nikkel; Meridian Service Metro District
Ron Fano; Spencer Fane
Jamie Cotter; Spencer Fane (via telephone)
Tiffany Lu Leichman; Sherman & Howard (via telephone)
Matt Chorske (via telephone)
Bianca Jones (via telephone)
Raul Guzman; Tech Builders (via telephone)

Call to Order A quorum of the Board was present, and the Directors confirmed their qualification to serve. The meeting was called to order at 10:05 A.M.

Disclosure Matter Mr. Fano noted that written disclosures of the required conflict of interests of all Directors have been filed with the Secretary of State.

Approve Agenda The Board reviewed the Agenda. A motion was made to approve the agenda. The motion was seconded and approved by unanimous vote of directors present.

Legal Items Receive legal advice regarding arbitration/post-arbitration matters with Cherokee Metropolitan District.

A motion was made, seconded and approved by unanimous vote of directors present to open an Executive Session pursuant to C.R.S. Section 24-6-402(4)(b) to receive legal advice regarding arbitration/post-arbitration matters with Cherokee Metropolitan District. A motion was made, seconded and approved

RECORD OF PROCEEDINGS

by unanimous vote of directors present to close the executive session at 10:55 a.m.

In open session, The following motions were made motion were made, seconded and approved by unanimous vote of directors present to:

1. Participate in Cherokee Metropolitan District's debt service in order to satisfy obligations under the arbitration award.
2. Proceed with entering of a promissory note to secure a short-term loan from GTL, Inc. in the amount of \$1,854,439.16 to satisfy immediate obligation owed to Cherokee by August 13, 2021
3. Pursue a bank loan or other financing in the appropriate amount to be determined (estimated as possibly up to \$5.3 million or as low as \$3.1 million), with final approval of amounts to be determined through adoptions of a formal resolution at a public meeting to be held later.

Adjournment

There being no further business to come before the Board, the President adjourned the meeting at 11:10 A.M.

The next regular meeting of the Boards is scheduled for Wednesday, September 8, 2021, at 10:00 a.m. at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831.

Respectfully submitted,

Secretary for the Meeting



Meridian Service Metropolitan District
ATTN: Jim Nikkel, General Manager
11886 Stapleton Drive
Falcon, CO 80111

Re: Opinion Concerning Executive Session Held August 4, 2021

Dear Mr. Nikkel:

In my opinion, the executive session concerning the arbitration/post arbitration matters with Cherokee Metropolitan District that occurred during the Board meeting that I attended in person on August 4, 2021 was properly announced and was a privileged attorney-client communication. Therefore, no record or electronic recording of the executive session was required pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S.

Sincerely,

SPENCER FANE LLP

A handwritten signature in blue ink that reads "Lisa K. Mayers".

Lisa K. Mayers

RON FANO
DIRECT DIAL: 303-839-3820
rfano@spencerfane.com

August 10, 2021

Meridian Service Metropolitan District
ATTN: Jim Nikkel, General Manager
11886 Stapleton Drive
Falcon, CO 80111

Re: Opinion Concerning Executive Session Held August 10, 2021

Dear Mr. Nikkel:

In my opinion, the executive session concerning the arbitration/post arbitration matters with Cherokee Metropolitan District that occurred during the Board meeting that I attended in person on August 10, 2021 was properly announced and was a privileged attorney-client communication. Therefore, no record or electronic recording of the executive session was required pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S.

Sincerely,

SPENCER FANE LLP



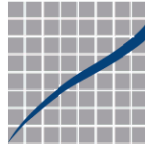
Ronald L. Fano

MERIDIAN RANCH METROPOLITAN DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2020

DRAFT

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Meridian Ranch Metropolitan District

El Paso County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Meridian Ranch Metropolitan District ("District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2020, 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.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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.

Other 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 identified in the table of contents, is presented for purposes of 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. Such 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, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DRAFT - NOT FOR DISTRIBUTION

Colorado Springs, Colorado

REPORT DATE PENDING

BASIC FINANCIAL STATEMENTS

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MERIDIAN RANCH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities
<u>ASSETS</u>	
Cash and investments	\$ 554,715
Cash and investments - restricted	5,284,621
Receivable from County Treasurer	17,654
Other receivable	50,000
Property taxes receivable	2,161,011
Total assets	8,068,001
<u>LIABILITIES</u>	
Accounts payable	4,117
Interest payable	161,992
Noncurrent liabilities:	
Due within one year	1,395,000
Due in more than one year	59,290,000
Total liabilities	60,851,109
<u>DEFERRED INFLOW OF RESOURCES</u>	
Deferred property tax revenues	2,161,011
Total deferred inflows of resources	2,161,011
<u>NET POSITION</u>	
Restricted for:	
Emergency reserve	1,733
Debt service	6,775,496
Unrestricted	(61,721,348)
Total net position	\$ (54,944,119)

The accompanying notes and independent auditor's report
should be read with this financial statement.

**MERIDIAN RANCH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	Program Revenues			Capital Grants and Contributions	Net (Expenses) Rev Changes in Net Pos
	Expenses	Charges for Services	Operating Grants and Contributions		
FUNCTIONS/PROGRAMS					
PRIMARY GOVERNMENT					
General government	\$ 4,517,170	\$ -	\$ 6,184,300	\$ -	\$ 1,667,130
Interest and related costs on long-term debt	2,171,210	-	-	-	(2,171,210)
Total primary government	\$ 6,688,380	\$ -	\$ 6,184,300	\$ -	(504,080)
GENERAL REVENUES					
Property taxes					2,014,059
Specific ownership taxes					218,946
Investment income					15,171
Total general revenues					2,248,176
Change in net position					1,744,096
Net position, beginning of year					(56,688,215)
Net position, end of year					\$ (54,944,119)

The accompanying notes and independent auditor's report
should be read with this financial statement.

**MERIDIAN RANCH METROPOLITAN DISTRICT
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General Fund	Conservation Trust	Debt Service	Total Governmental Funds
ASSETS				
Cash and investments	\$ 10,715	\$ -	\$ 544,000	\$ 554,715
Cash and investments - restricted	684,033	-	4,600,588	5,284,621
Other receivable	-	-	50,000	50,000
Receivable from County Treasurer	3,531	-	14,123	17,654
Property taxes receivable	432,234	-	1,728,777	2,161,011
Due from other funds	1,701	-	-	1,701
Total assets	\$ 1,132,214	\$ -	\$ 6,937,488	\$ 8,069,702
LIABILITIES				
Accounts payable	\$ 4,117	\$ -	\$ -	\$ 4,117
Due to other funds	1,701	-	-	1,701
Total liabilities	5,818	-	-	5,818
DEFERRED INFLOW OF RESOURCES				
Deferred property tax revenues	432,234	-	1,728,777	2,161,011
Total deferred inflows of resources	432,234	-	1,728,777	2,161,011
FUND BALANCE				
Restricted for:				
Emergency reserve	1,733	-	-	1,733
Debt service	-	-	5,208,711	5,208,711
Unrestricted	692,429	-	-	692,429
Total fund balances	694,162	-	5,208,711	5,902,873
Total liabilities and fund balances	\$ 1,132,214	\$ -	\$ 6,937,488	

Amounts reported in 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:

Interest payable	(161,992)
Bonds payable	(60,685,000)
Net position of governmental activities	\$ (54,944,119)

The accompanying notes and independent auditor's report
should be read with this financial statement.

**MERIDIAN RANCH METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

	<u>General Fund</u>	<u>Conservation Trust</u>	<u>Debt Service Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 402,841	\$ -	\$ 1,611,218	\$ 2,014,059
Specific ownership taxes	43,789	-	175,157	218,946
Conservation trust funds	-	30,300	-	30,300
Investment income	4,795	-	10,376	15,171
Total revenues	451,425	30,300	1,796,751	2,278,476
EXPENDITURES				
Management and accounting	18,968	-	-	18,968
County Treasurer fees	6,046	-	24,182	30,228
Directors fees	6,900	-	-	6,900
Dues and subscriptions	552	-	-	552
Election	2,238	-	-	2,238
Insurance and bonds	4,652	-	-	4,652
Payroll taxes	528	-	-	528
Professional fees	16,634	-	-	16,634
Miscellaneous	1,231	-	736	1,967
Debt service:				
Interest	-	-	2,176,017	2,176,017
Principal	-	-	1,310,000	1,310,000
Paying agent fees	-	-	200	200
Total expenditures	57,749	-	3,511,135	3,568,884
Excess of revenues over (under) expenditures	\$ 393,676	\$ 30,300	\$(1,714,384)	\$(1,290,408)

The accompanying notes and independent auditor's report
should be read with this financial statement.

**MERIDIAN RANCH METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

	<u>General Fund</u>	<u>Conservation Trust</u>	<u>Debt Service Projects</u>	<u>Total Governmental Funds</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Intergovernmental revenues -				
Meridian Service Metro District	\$ -	\$ -	\$ 6,154,000	\$ 6,154,000
Intergovernmental expenses -				
Meridian Service Metro District	(220,000)	(30,300)	(4,184,000)	(4,434,300)
Transfer from (to) other funds	(18,307)	-	18,307	-
Total other financing sources (uses)	(238,307)	(30,300)	1,988,307	1,719,700
Net change in fund balances	155,369	-	273,923	429,292
Fund balances, beginning of year	538,793	-	4,934,788	5,473,581
Fund balances, end of year	\$ 694,162	\$ -	\$ 5,208,711	\$ 5,902,873

The accompanying notes and independent auditor's report
should be read with this financial statement.

**MERIDIAN RANCH METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net change in fund balances - total governmental funds	\$	429,292
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term obligations provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences is the treatment of long-term obligations and related items as follows:

Principal payments on bonds		1,310,000
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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:

Interest payable - change in liability		4,804
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Change in net position of governmental activities	\$	1,744,096
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The accompanying notes and independent auditor's report
should be read with this financial statement.

**MERIDIAN RANCH METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>			
Property taxes	\$ 402,893	\$ 402,841	\$ (52)
Specific ownership taxes	32,206	43,789	11,583
Investment income	8,500	4,795	(3,705)
Total revenues	443,599	451,425	7,826
<u>EXPENDITURES</u>			
Management and accounting	30,000	18,968	11,032
County Treasurer fees	6,043	6,046	(3)
Directors fees	6,000	6,900	(900)
Dues and subscriptions	1,500	552	948
Election	1,500	2,238	(738)
Insurance and bonds	5,000	4,652	348
Payroll taxes	400	528	(128)
Professional fees	38,000	16,634	21,366
Miscellaneous	1,000	1,231	(231)
Total expenditures	89,443	57,749	31,694
<u>OTHER FINANCING SOURCES (USES)</u>			
Intergovernmental expenses - Meridian Service Metro District	(220,000)	(220,000)	-
Transfer from (to) other funds	-	(18,307)	(18,307)
Total other financing sources (uses)	(220,000)	(238,307)	(18,307)
Net change in fund balance	\$ 134,156	155,369	\$ 21,213
Fund balance, beginning of year		538,793	
Fund balance, end of year		\$ 694,162	

The accompanying notes and independent auditor's report
should be read with this financial statement.

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. DEFINITION OF REPORTING ENTITY

Meridian Ranch Metropolitan District ("District"), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on May 5, 1998 concurrently with Meridian Service Metropolitan District ("Meridian Service") (collectively, the "Districts") to provide water and wastewater service, street improvements, safety protection, parks and recreation facilities, drainage, landscape, mosquito control, transportation and television relay for public and private purposes by any available means. The Districts also have limited fire protection powers in a cooperative manner with Falcon Fire Protection District. The Districts' service area is located in El Paso County, Colorado. The District is intended to be the financing district related to Meridian Service, the operating district.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and fund financial statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. 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 assets plus deferred outflows of resources and liabilities plus deferred inflows of resources of the District is reported as net position.

See independent auditor's report

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and fund financial statements (continued)

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

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 position

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Expenditures for property and equipment are shown as increases in assets and redemptions of bonds, notes and developer advances are recorded as reduction in liabilities.

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are 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 period. The major sources of revenue subject to accrual are property taxes, specific ownership taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

See independent auditor's report

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting and financial statement position (continued)

The District reports the following major governmental funds:

General fund - The general fund is used to account for all financial resources of the District except those required to be accounted for in another fund.

Conservation trust fund - The conservation trust fund is used to account for the receipt and spending of lottery proceeds.

Debt service fund - The debt service fund is used to account for the accumulation of resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs of the governmental funds.

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

Budgets

In accordance with the local government budget law of Colorado, the District's board of directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's board of directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

During the year ended December 31, 2020, the District modified the appropriation in the debt service fund.

Pooled cash and investments

The District follows the practice of pooling cash 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.

See independent auditor's report

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes

Property taxes are levied by the District's board of directors. The levy is based on assessed valuations determined by the county assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the county commissioners to assess the property tax obligation of the individual properties as of January 1 of the following year. The county treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April, or at the taxpayers election, in equal installments in February and June. Delinquent taxpayers are notified in August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The county treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred inflows of resources related to property tax revenues are recorded as revenues in the year they are available or collected.

Deferred inflows of resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The revenues are recognized when earned in the government-wide statements. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenues, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Fund balances

Fund balances for governmental funds are 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 inventory) or is legally or contractually required to be maintained intact.

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (continued)

Restricted fund balance - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as grantors or 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 policy to use the most restrictive classification first.

3. CASH AND INVESTMENTS

Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 554,715
Cash and investments - restricted	<u>5,284,621</u>
 Total cash and investments	 <u><u>\$ 5,839,336</u></u>

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

Deposits with financial institutions	\$ 554,715
Investments	<u>5,284,621</u>
	 <u><u>\$ 5,839,336</u></u>

See independent auditor's report

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. CASH AND INVESTMENTS (CONTINUED)

Deposits with financial institutions

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. The 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 102% of the aggregate uninsured deposits.

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

As of December 31, 2020, the District's cash deposits had a bank balance of \$554,808 and a book balance of \$554,715.

Investments

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

The District generally limits its concentration of investments to those below which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless otherwise formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

See independent auditor's report

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain United States government agency securities
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2020, the Districts had the following in investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colotrust Plus+	Weighted average under one year	\$ 684,033
Governmental money markets	Weighted average under 60 days	<u>4,600,588</u>
		<u>\$ 5,284,621</u>

Colotrust

During 2020, the District invested in the Colorado Local Government Liquid Asset Trust ("Colotrust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all state statutes governing Colotrust. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00.

See independent auditor's report

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. CASH AND INVESTMENTS (CONTINUED)

Colotrust (continued)

Colotrust offers shares in two portfolios, Colotrust Prime and Colotrust Plus+. Both portfolios may invest in US Treasury securities and repurchase agreements collateralized by US Treasury securities. Colotrust Plus+ may also invest in certain obligations of US government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of US government agencies. A designated custodial bank serves as custodian for the Colotrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for Colotrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colotrust. ColoTrust is rated AAAM by S&P Global Ratings.

Governmental money markets

The BBVA Public Funds Money Market is a money market fund that is managed by BBVA and each share is equal in value to \$1. The fund is rated AAAM and invests in high quality short-term US government securities. The average maturity of the underlying securities is 90 days or less.

4. LONG-TERM OBLIGATIONS

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

	Balance 1/1/2020	Additions	Repayments/ Accretion	Balance 12/31/2020	Due within one year
Bonds payable:					
Series 2008	\$ 7,000,000	\$ -	\$ -	\$ 7,000,000	\$ -
Loans:					
Series 2013	28,220,000	-	(960,000)	27,260,000	990,000
Series 2014	3,075,000	-	(100,000)	2,975,000	105,000
Series 2018	23,700,000	-	(250,000)	23,450,000	300,000
	<u>\$61,995,000</u>	<u>\$ -</u>	<u>\$ (1,310,000)</u>	<u>\$ 60,685,000</u>	<u>\$ 1,395,000</u>

See independent auditor's report

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. LONG-TERM OBLIGATIONS (CONTINUED)

The details of the Districts long-term obligation are as follows:

2008 Series Bonds

On October 8, 2008, the District issued Subordinate General Obligation Limited Tax Bonds in the amount of \$27,715,000. The Series 2008 Bonds mature on December 1, 2037, with an interest rate of 5.00% until the bond is paid in full. Interest and principal payments are due annually on December 15. The Series 2008 Bonds are subject to redemption prior to maturity, at the option of the District, on any date, without redemption premium. The Series 2008 Bonds are also subject to mandatory sinking fund redemptions on December 1, 2012 and on each December 1 thereafter, prior to the maturity of the Series 2008 Bonds.

The Series 2008 Bonds are subordinate obligations of the District secured by and payable from pledged revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) the "Required Mill Levy" (as defined below), (2) the capital fees, (3) the portion of the specific ownership taxes which is collected as a result of the imposition of the Required Mill Levy and (4) any other legally available monies which the District determines to be treated as pledged revenue. The Required Mill Levy consists of an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay principal, premium, if any, and interest on bonds as the same become due and payable. The maximum Required Mill Levy is 50.000 mills and the minimum Mill Levy is 20.000, adjusted for changes in the ratio of actual value to assessed value of property within the District.

2013 Series Loan

On March 28, 2013, the District obtained a Tax-Free Loan Refunding and Improvement Issue, Series 2013 in the amount of \$33,500,000, the proceeds of which were used to cancel the Series 2009 and the Series 2011 bonds, partially pay the 2008 subordinate debt and provide new construction money.

The Series 2013 Loan has a fixed-rate of 3.03% for ten years and assumes a 5.5% rate thereafter with a 30-year amortization. Interest is payable on June 1 and December 1. Principal payments are due annually on December 1 with a balloon maturity on March 28, 2023.

The Series 2013 Loan is secured by and payable on a parity basis with the Series 2018 Loan from pledged revenues consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy, (2) the portion of the specific ownership taxes which is collected as a result of the imposition of the Required Mill Levy, (3) facility fees transferred for Meridian Service (see Note 7 – Intergovernmental Agreements) and (4) any other legally available monies which the District determines to be treated as pledged revenue.

See independent auditor's report

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. LONG-TERM OBLIGATIONS (CONTINUED)

2013 Series Loan (continued)

The Series 2013 Loan requires a reserve fund to be held and administered by the custodian as long as the loan is outstanding in whole or in part. The reserve fund constitutes a trust fund held for the benefit of the lender and the owner of the loan and the money in such fund shall be disbursed only in accordance with the loan agreement. The current reserve fund requirement is \$890,000. The balance in the reserve fund as of December 31, 2020 totaled \$1,411,633.

2014 Series Loan

On November 18, 2014, the District obtained a senior tax-exempt loan of \$3,500,000. The Series 2014 Loan has a 3.17% fixed rate with interest payable on June 1 and December 1. Principal payments are due annually on December 1 with a balloon maturity on March 28, 2023.

The Series 2014 Loan is secured by and payable on a parity basis with the Series 2018 Loan from pledged revenues consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy, (2) the portion of the specific ownership taxes which is collected as a result of the imposition of the Required Mill Levy, (3) facility fees transferred for Meridian Service (see Note 7 – Intergovernmental Agreements) and (4) any other legally available monies which the District determines to be treated as pledged revenue.

2018 Series Loan

On April 17, 2018, the District obtained a Tax-Exempt Promissory Note, Series 2018 in the amount of \$24,000,000, the net proceeds of which were transferred to Meridian Service Metropolitan District to pay and reimburse the costs of public improvements and pay issuance and other costs in connection with the Loan for the District. The loan has a fixed-rate of 3.58% continuing through and including the maturity date. Interest is payable on June 1 and December 1. Principal payments are due annually on December 1 with a balloon maturity on April 17, 2030.

The Series 2018 Loan is secured by and payable from pledged revenues consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy, (2) the portion of the specific ownership taxes which is collected as a result of the imposition of the Required Mill Levy, (3) facility fees transferred for Meridian Service (see Note 7 – Intergovernmental Agreements) and (4) any other legally available monies which the District determines to be treated as pledged revenue.

See independent auditor's report

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. LONG-TERM OBLIGATIONS (CONTINUED)

2018 Series Loan (continued)

The custodian is required to apply pledged revenues and other collateral in the following order of priority: (1) to the credit of the loan payment fund, (2) to the credit of the reserve fund, (3) to the credit of such fund or account as may be designated by the lender and (4) to the credit of any other fund or account as may be designated by the District. The custodian is to hold and administer the loan payment fund, a trust fund held for the benefit of the owners of the loans, and the money in such fund is to be disbursed only in accordance with the custodial agreement. After making the required 2020 debt payments, the balance in the loan payment fund at December 31, 2020 was \$3,188,955.

The loan has a fixed-rate of 3.58% continuing through and including the maturity date. Interest is payable on June 1 and December 1. Principal payments are due annually on December 1 with a balloon maturity on April 17, 2030.

The District is required, pursuant to the agreements, to maintain bond and reserve cash accounts. The reserve accounts are required to be maintained as long as the bonds and loans are outstanding.

The District's long-term obligations will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,395,000	\$ 2,134,237	\$ 3,529,237
2022	1,520,000	2,089,560	3,609,560
2023	4,035,000	2,409,446	6,444,446
2024	1,190,000	2,528,848	3,718,848
2025	1,290,000	2,468,021	3,758,021
2026-2030	27,165,000	10,776,253	37,941,253
2031-2035	9,095,000	5,674,567	14,769,567
2036-2040	10,040,000	2,966,732	13,006,732
2041-2042	4,955,000	441,092	5,396,092
	<u>\$ 60,685,000</u>	<u>\$ 31,488,756</u>	<u>\$ 92,173,756</u>

See independent auditor's report

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

5. NET POSITION

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

Restricted assets include net 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 restricted net assets as of December 31, 2020 as follows:

Restricted net position	
Emergency reserve (Note 10)	\$ 1,733
Debt service (Note 4)	<u>6,775,496</u>
Total restricted net position	<u>\$ 6,777,229</u>

The District's unrestricted net deficit as of December 31, 2020, totaled \$61,721,348. This deficit amount is primarily as result of the District being responsible for the financing and repayment of bonds issued for public improvements constructed by Meridian Service pursuant to an intergovernmental agreement.

6. AGREEMENTS

Pursuant to a facilities fee agreement dated January 18, 2006, entered into between the Districts and GTL Development, Inc. ("Land Owner"), the Land Owner has agreed to guarantee the payment of any shortfall in scheduled collections of facilities fees by the Districts. Any shortfall not paid by the required payment date is subject to reimbursement with simple interest, from the due date, at a percentage rate of 12% per annum. As shortfalls are remedied, any advances from the Land Owner are to be repaid.

7. INTERGOVERNMENTAL AGREEMENTS

The District entered into an intergovernmental agreement with Meridian Service on July 17, 2001, as amended on March 26, 2013, to set forth rights and obligations of the Districts pursuant to their respective service plans. The Districts agreed that the facilities described in the service plans were needed by the Districts and that such facilities would benefit the residents and property owners in both Districts in terms of cost, quality and level of service. Each of the Districts agreed that Meridian Service would own (subject to potential transfer to other governmental entities or authorities) operate, maintain and construct facilities benefiting both Districts and that the District would contribute to the costs of construction, operation and maintenance of such facilities.

See independent auditor's report

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

7. INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

In this regard, the District agreed to issue limited tax general obligation bonds, or if bonds were not issued, the District agreed to pledge its ad valorem tax revenue at the times and in the amounts required to meet its obligations subject to a 50.000 mill cap (2001 equivalency). Bonds were issued and the District paid the proceeds of the bonds to Meridian Service. Any and all bond proceeds received by Meridian Service were to be applied to the payment of public infrastructure costs or were to be utilized to pay all or a portion of Meridian Service's outstanding debt.

To assist in the repayment of the District's debt, Meridian Service is required to transfer revenues collected from facilities fees and user fees to the District (with the exception of Latigo Trails tap fees). During 2020, the District recorded an intergovernmental revenue of \$6,154,000 from Meridian Service to assist in the repayment of debt issued by the District.

The District also agreed to transfer conservation trust fund collections to Meridian Service to be used by Meridian Service for eligible projects.

8. RELATED PARTIES

Some of the members of the board of directors are affiliated with or are employees of developers of land within the District. These members may have conflicts of interest in dealing with the District.

9. RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool ("Pool"). 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.

The District pays annual premiums to the Pool for liability, property, public officials liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. Settled claims have not exceeded this coverage in any of the past three fiscal years.

See independent auditor's report

**MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 within the State of Colorado.

Spending and revenue limits are determined based on the prior 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.

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

On November 7, 2000, a majority of the District's electors authorized the District to collect and spend or retain in a reserve any and all revenues annually from any revenue sources other than ad valorem taxes of the District with regard to any limitations under TABOR.

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 and qualifications as an enterprise will require judicial interpretation.

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SUPPLEMENTARY INFORMATION

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**MERIDIAN RANCH METROPOLITAN DISTRICT
 CONSERVATION TRUST FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2020**

	Budget Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>			
Conservation trust funds	\$ 37,000	\$ 30,300	\$ (6,700)
Total revenues	37,000	30,300	(6,700)
Excess of revenues over (under) expenditures	37,000	30,300	(6,700)
<u>OTHER FINANCING SOURCES (USES)</u>			
Intergovernmental expenses - Meridian Service Metro District	(37,000)	(30,300)	6,700
Transfer from (to) other funds	-	-	-
Total other financing sources (uses)	(37,000)	(30,300)	6,700
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

See independent auditor's report.

**MERIDIAN RANCH METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Property taxes	\$1,611,427	\$ 1,611,427	\$ 1,611,218	\$ (209)
Specific ownership taxes	128,824	128,824	175,157	46,333
Investment income	15,000	15,000	10,376	(4,624)
Total revenues	1,755,251	1,755,251	1,796,751	41,500
<u>EXPENDITURES</u>				
County Treasurer fees	24,171	24,171	24,182	(11)
Miscellaneous	1,000	1,000	736	264
Debt service:				
Interest	2,181,020	2,181,020	2,176,017	5,003
Principal	1,310,000	1,310,000	1,310,000	-
Paying agent fees	1,000	1,000	200	800
Total expenditures	3,517,191	3,517,191	3,511,135	6,056
Excess of revenues over (under) expenditures	(1,761,940)	(1,761,940)	(1,714,384)	47,556
<u>OTHER FINANCING SOURCES (USES)</u>				
Intergovernmental revenues -				
Meridian Service Metro District	3,485,000	3,485,000	6,154,000	2,669,000
Intergovernmental expenses -				
Meridian Service Metro District	(750,000)	(4,200,000)	(4,184,000)	16,000
Transfer from (to) other funds	-	-	18,307	18,307
Total other financing sources	2,735,000	(715,000)	1,988,307	2,703,307
Net change in fund balance	\$ 973,060	\$ (2,476,940)	273,923	\$ 2,750,863
Fund balance, beginning of year			4,934,788	
Fund balance, end of year			\$ 5,208,711	

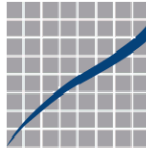
See independent auditor's report

MERIDIAN SERVICE METROPOLITAN DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2020

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BiggsKofford
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Meridian Service Metropolitan District
El Paso County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of Meridian Service Metropolitan District as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District as of December 31, 2020, 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.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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.

Other 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 identified in the table of contents, is presented for purposes of 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. Such 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, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DRAFT - NOT FOR DISTRIBUTION

Colorado Springs, Colorado

REPORT DATE PENDING

BASIC FINANCIAL STATEMENTS

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MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 3,115,278	\$ 4,847,081	\$ 7,962,359
Cash and investments - restricted	4,644,962	-	4,644,962
Accounts receivable	511,219	1,757,874	2,269,093
Prepaid expenses	64,014	81,261	145,275
Security deposits	2,000	9,580	11,580
Capital assets not being depreciated	7,743	1,138,050	1,145,793
Capital assets, net	11,983,481	32,172,585	44,156,066
Total assets	\$ 20,328,697	\$ 40,006,431	\$ 60,335,128
LIABILITIES			
Accounts payable	\$ 961,391	\$ 4,288,349	\$ 5,249,740
Accrued liabilities	17,435	584,597	602,032
Due to Meridian Ranch Metropolitan District	-	34,000	34,000
Noncurrent liabilities:			
Accounts payable, noncurrent	-	19,779,700	19,779,700
Developer advance and accrued interest	-	22,308,465	22,308,465
Total liabilities	978,826	46,995,111	47,973,937
NET POSITION			
Net investments in capital assets	11,983,481	9,864,120	21,847,601
Restricted for:			
Emergency reserve	8,300	-	8,300
Parks and ground	438,423	-	438,423
Recreation	389,567	-	389,567
Capital projects	6,463,673	-	6,463,673
Unrestricted	66,427	(16,852,800)	(16,786,373)
Total net position	\$ 19,349,871	\$ (6,988,680)	\$ 12,361,191

The accompanying notes and independent auditor's report
should be read with these financial statements.

MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
PRIMARY GOVERNMENT							
General government	\$ 2,968,993	\$ 2,688,361	\$ -	\$ 432,068	\$ 151,436	\$ -	\$ 151,436
Interest and related costs on long-term debt	-	-	-	-	-	-	-
Total primary government	2,968,993	2,688,361	-	432,068	151,436	-	151,436
BUSINESS-TYPE ACTIVITIES							
Water	7,544,885	2,971,563	156,346	5,054,385	-	637,409	637,409
Sewer	31,110,629	1,565,576	142,959	8,442,075	-	(20,960,019)	(20,960,019)
Total business-type activities	\$ 38,655,514	\$ 4,537,139	\$ 299,305	\$ 13,496,460	-	(20,322,610)	(20,322,610)
GENERAL REVENUES							
Investment income					60,062	-	60,062
Miscellaneous					62,888	64,669	127,557
Intergovernmental revenues					250,300	4,184,000	4,434,300
Transfers from other funds					2,814,000	-	2,814,000
Total general revenues and transfers					3,187,250	4,248,669	7,435,919
Change in net position					3,338,686	(16,073,941)	(12,735,255)
Net position, beginning of year, as restated (Note 13)					16,011,185	9,085,261	25,096,446
Net position, end of year					\$ 19,349,871	\$ (6,988,680)	\$ 12,361,191

The accompanying notes and independent auditor's report
should be read with these financial statements.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	<u>General Fund</u>	<u>Parks and Ground</u>	<u>Recreation</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and investments	\$ 70,429	\$ 56,458	\$ 123,897	\$ 2,864,494	\$ 3,115,278
Cash and investments - restricted	-	309,239	114,130	4,221,593	4,644,962
Accounts receivable	2,630	109,635	196,093	202,861	511,219
Prepaid expenses	8,952	20,227	34,835	-	64,014
Security deposits	2,000	-	-	-	2,000
Total assets	\$ 84,011	\$ 495,559	\$ 468,955	\$ 7,288,948	8,337,473
<u>LIABILITIES</u>					
Accounts payable	\$ 14,692	\$ 55,068	\$ 66,356	\$ 825,275	961,391
Accrued liabilities	2,335	2,068	13,032	-	17,435
Total liabilities	17,027	57,136	79,388	825,275	978,826
<u>FUND BALANCE</u>					
Nonspendable:					
Prepaid expenditures	8,952	20,227	34,835	-	64,014
Security deposits	2,000	-	-	-	2,000
Restricted:					
Emergency reserve	8,300	-	-	-	8,300
Capital projects	-	-	-	6,463,673	6,463,673
Parks and ground	-	418,196	-	-	418,196
Unassigned:					
General government	47,732	-	354,732	-	402,464
Total fund balances	66,984	438,423	389,567	6,463,673	7,358,647
Total liabilities and fund balances	\$ 84,011	\$ 495,559	\$ 468,955	\$ 7,288,948	

Amounts reported in 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	7,743
Capital assets, net	11,983,481
Net position of governmental activities	\$ 19,349,871

The accompanying notes and independent auditor's report
should be read with these financial statements.

MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	<u>General Fund</u>	<u>Parks and Ground</u>	<u>Recreation</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES					
Intergovernmental revenues	\$ 220,000	\$ 30,300	\$ -	\$ -	\$ 250,300
Recreation center fees	-	-	1,642,750	-	1,642,750
Parks and grounds fees	-	836,210	-	-	836,210
Street lighting fees	-	160,353	-	-	160,353
Other revenues	19,936	17,622	25,330	-	62,888
Interest	11,363	1,147	-	47,552	60,062
Lease revenues	32,748	-	-	-	32,748
Falcon Freedom Days	-	-	16,300	-	16,300
Total revenues	284,047	1,045,632	1,684,380	47,552	3,061,611
EXPENDITURES					
Accounting	30,137	14,981	24,300	-	69,418
Capital expenditures	-	18,634	22,948	310,902	352,484
Dues and subscriptions	7,953	119	586	-	8,658
Engineering	592	3,942	4,303	-	8,837
Insurance	2,700	11,184	18,016	-	31,900
Landscaping	-	320,970	-	-	320,970
Legal	74,689	390	1,276	819	77,174
Miscellaneous	7,757	4,489	7,786	-	20,032
Office supplies	6,768	5,003	40,958	-	52,729
Other expenses	37,275	82	35,821	-	73,178
Professional services	42,221	-	-	-	42,221
Repairs and maintenance	-	18,893	181,740	-	200,633
Salaries and payroll	10,030	162,942	872,905	-	1,045,877
Supplies	-	853	58,652	-	59,505
Utilities	56,257	161,237	142,025	-	359,519
Total expenditures	276,379	723,719	1,411,316	311,721	2,723,135
Excess of revenues over (under) expenditures	7,668	321,913	273,064	(264,169)	338,476
OTHER FINANCING SOURCES (USES)					
Transfer from (to) other funds	-	(33,978)	(213,000)	4,154,952	3,907,974
Total other financing sources (uses)	-	(33,978)	(213,000)	4,154,952	3,907,974
Net change in fund balances	7,668	287,935	60,064	3,890,783	4,246,450
Fund balances, beginning of year	59,316	150,488	329,503	2,572,890	3,112,197
Fund balances, end of year	\$ 66,984	\$ 438,423	\$ 389,567	\$ 6,463,673	\$ 7,358,647

The accompanying notes and independent auditor's report should be read with these financial statements.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net change in fund balances - total governmental funds	\$ 4,246,450
--	--------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Transfers of assets to business type-activities	(1,093,974)
Contributed assets	432,068
Capital outlay	352,484
Depreciation expense	(598,342)
Change in net position of governmental activities	\$ 3,338,686

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The accompanying notes and independent auditor's report
should be read with these financial statements.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 220,000	\$ 220,000	\$ 220,000	\$ -
Other revenues	15,000	15,000	19,936	4,936
Interest	-	11,500	11,363	(137)
Lease revenues	32,334	32,350	32,748	398
Grant reimbursement	-	18,000	-	(18,000)
Total revenues	267,334	296,850	284,047	(12,803)
EXPENDITURES				
General and administrative:				
Accounting	18,300	30,550	30,137	413
Dues and subscriptions	3,800	1,200	7,953	(6,753)
Engineering	500	600	592	8
Insurance	2,000	2,750	2,700	50
Legal	22,000	70,000	74,689	(4,689)
Miscellaneous	3,500	10,500	7,757	2,743
Office supplies	5,000	8,000	6,768	1,232
Other expenses	37,800	40,800	37,275	3,525
Professional services	45,900	48,000	42,221	5,779
Salaries and payroll	9,196	10,100	10,030	70
Utilities	65,281	57,025	56,257	768
Total expenditures	213,277	279,525	276,379	3,146
Net change in fund balance	\$ 54,057	\$ 17,325	7,668	\$ (9,657)
Fund balance, beginning of year			59,316	
Fund balance, end of year			\$ 66,984	

The accompanying notes and independent auditor's report
should be read with these financial statements.

MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 3,637,764	\$ 1,209,317	\$ 4,847,081
Accounts receivable - user fees	309,041	1,448,833	1,757,874
Prepaid expenses	47,508	33,753	81,261
Deposits	4,790	4,790	9,580
Total current assets	3,999,103	2,696,693	6,695,796
Capital assets:			
Capital assets not being depreciated	1,138,050	-	1,138,050
Capital assets, net	20,198,709	11,973,876	32,172,585
Total capital assets	21,336,759	11,973,876	33,310,635
Total assets	\$ 25,335,862	\$ 14,670,569	\$ 40,006,431
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 106,755	\$ 4,181,594	\$ 4,288,349
Accrued liabilities	304,752	279,845	584,597
Facility fees payable - Meridian Ranch Metropolitan District	17,000	17,000	34,000
Total current liabilities	428,507	4,478,439	4,906,946
Noncurrent liabilities:			
Accounts payable, noncurrent	-	19,779,700	19,779,700
Developer advance and accrued interest	20,249,929	2,058,536	22,308,465
Total noncurrent liabilities	20,249,929	21,838,236	42,088,165
Total liabilities	20,678,436	26,316,675	46,995,111
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	1,086,830	9,915,340	11,002,170
Unrestricted	3,570,596	(21,561,446)	(17,990,850)
Total net position	4,657,426	(11,646,106)	(6,988,680)
Total liabilities and net position	\$ 25,335,862	\$ 14,670,569	\$ 40,006,431

The accompanying notes and independent auditor's report
should be read with these financial statements.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Service charges	\$ 2,756,901	\$ 1,565,576	\$ 4,322,477
Meter services	214,662	-	214,662
Total operating revenues	2,971,563	1,565,576	4,537,139
<u>OPERATING EXPENSES</u>			
Cost of services:			
Operations	379,626	519,815	899,441
Engineering	58,403	228,326	286,729
Payroll	392,767	339,287	732,054
Repairs and maintenance	427,185	62,075	489,260
Administrative and general expenses:			
Accounting and management	59,571	57,818	117,389
Capital outlay	124,427	58,234	182,661
Depreciation	1,048,977	568,043	1,617,020
Dues and subscriptions	1,997	764	2,761
Insurance	44,292	43,484	87,776
Interest expense	465,774	-	465,774
Legal	10,674	530,958	541,632
Miscellaneous expenses	12,667	10,064	22,731
Office expense	9,378	12,817	22,195
Utilities	451,147	68,668	519,815
Total expenditures	3,486,885	2,500,353	5,987,238
Operating income (loss)	(515,322)	(934,777)	(1,450,099)
<u>NONOPERATING REVENUES AND EXPENSES</u>			
Facilities fees	2,902,000	5,581,452	8,483,452
IGA Meridian Ranch reimbursements	156,346	142,959	299,305
Miscellaneous income	22,815	41,854	64,669
Tap fees transferred to Meridian Ranch Metropolitan District	(3,094,000)	(3,094,000)	(6,188,000)
Net nonoperating revenues and expenses	(12,839)	2,672,265	2,659,426
Income before other financing uses	(528,161)	1,737,488	1,209,327

The accompanying notes and independent auditor's report
should be read with these financial statements.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<u>OTHER FINANCING USES</u>			
Contributed assets	2,152,385	2,860,623	5,013,008
Transfer from (to) other funds	(964,000)	(1,850,000)	(2,814,000)
Contributions to other governments	-	(23,666,276)	(23,666,276)
Transfers from other governments	4,184,000	-	4,184,000
Total other financing uses	5,372,385	(22,655,653)	(17,283,268)
Change in net position	4,844,224	(20,918,165)	(16,073,941)
Net position, beginning of year as restated (Note 13)	(186,798)	9,272,059	9,085,261
Net position, end of year	\$ 4,657,426	\$ (11,646,106)	\$ (6,988,680)

The accompanying notes and independent auditor's report
should be read with these financial statements.

MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers	\$ 2,649,357	\$ 263,792	\$ 2,913,149
Payments to vendors	(1,557,522)	(1,672,890)	(3,230,412)
Net cash flows from operating activities	1,091,835	(1,409,098)	(317,263)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Acquisition of capital assets	(3,063,737)	(308,432)	(3,372,169)
Miscellaneous income	22,815	41,854	64,669
Facilities fees	2,902,000	5,581,452	8,483,452
Transfers to other funds	(964,000)	(1,850,000)	(2,814,000)
Tap fees transferred to Meridian Ranch Metropolitan District	(3,094,000)	(3,094,000)	(6,188,000)
IGA Meridian Ranch Metropolitan District reimbursement	156,346	142,959	299,305
Transfers from other governments	4,184,000	-	4,184,000
Net cash flows from capital and related financing activities	143,424	513,833	657,257
Net change in cash and investments	1,235,259	(895,265)	339,994
Cash and investments, beginning balance	2,402,505	2,104,582	4,507,087
Cash and investments, ending balance	<u>\$ 3,637,764</u>	<u>\$ 1,209,317</u>	<u>\$ 4,847,081</u>
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>			
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	\$ (515,322)	\$ (934,777)	\$ (1,450,099)
Changes in operating assets and liabilities:	1,048,977	568,043	1,617,020
Accounts receivable	(107,544)	(1,301,784)	(1,409,328)
Due to (from) other funds	138,434	59,935	198,369
Prepaid expenses and deposits	(41,360)	(27,766)	(69,126)
Accounts payable	(33,876)	114,406	80,530
Deferred revenue	(81,000)	(80,000)	(161,000)
Accrued liabilities	683,526	192,845	876,371
Net cash flows from operating activities	<u>\$ 1,091,835</u>	<u>\$ (1,409,098)</u>	<u>\$ (317,263)</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. DEFINITION OF REPORTING ENTITY

Meridian Service Metropolitan District (the "District" or "Meridian Service"), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized on May 5, 1998 concurrently with Meridian Ranch Metropolitan District (collectively, "the Districts") to provide water and wastewater service, street improvements, safety protection, parks and recreation facilities, drainage, landscape, mosquito control, transportation and television relay for public and private purposes by any available means. The District also have limited fire protection powers in a cooperative manner with Falcon Fire Protection District. The District is intended to be the operating district related to Meridian Ranch Metropolitan District ("Meridian Ranch"), the financing district (see Note 9).

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and fund financial statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the District. The difference between the assets and liabilities of the District 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 contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting and financial statement position

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 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 period. The material sources of revenue subject to accrual are service fees and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District report the following major governmental funds:

General fund - The general fund is used to account for all financial resources of the District except those required to be accounted for in another fund.

Parks and ground and recreation funds - The parks and ground and recreation funds account for parks and recreation operations that are financed and operated with the intent that the costs of providing goods and services to the general public on a continued basis be financed or recovered primarily through user charges.

Capital projects fund - The capital projects fund accounts for financial resources to be used for the acquisition and construction of major capital equipment and facilities.

The District reports the following major proprietary funds:

Water fund - The water fund accounts for the water operations that are financed and operated with the intent that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Sewer fund - The sewer fund accounts for the sewer operations that are financed and operated with the intent that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Use of estimates

The preparation of financial statements in accordance with accounting principals generally accepted in the United States of America ("US GAAP") requires the District to use estimates and assumptions. Those estimates and assumptions affect the reported balances of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from the estimates.

See independent auditor's report

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with 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.

The District incurred expenditures in excess of appropriations for the year ended December 31, 2020 in the water and sewer funds, which may be a violation of local government budget law.

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. Investments are carried at fair value.

Cash equivalents

For purposes of the statements of cash flows, the District considers cash deposits and highly liquid investments (included restricted assets) with maturities of three months or less when purchased to be cash equivalents.

Capital assets

Capital assets, which include property, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and a useful life greater than one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Park and recreation facilities	40 years
Water facilities	30 years
Sewer facilities	30 years
Vehicles and equipment	5-15 years

See independent auditor's report

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Facilities fees

A water tap fee and a sewer tap fee per single family equivalent unit are charged against properties within the District. The facilities fees are due when a building permit is issued.

Water rights

The cost of water rights includes acquisition cost, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

Net position and fund balances

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 balances for governmental funds are 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 is legally or contractually required to be maintained intact.

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 policy to use the most restrictive classification first.

See independent auditor's report

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. CASH AND INVESTMENTS

Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 7,962,359
Cash and investments - restricted	<u>4,644,962</u>
 Total cash and investments	 <u><u>\$ 12,607,321</u></u>

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

Deposits with financial institutions	\$ 7,962,359
Investments	<u>4,644,962</u>
	 <u><u>\$ 12,607,321</u></u>

Deposits with financial institutions

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. The 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 102% of the aggregate uninsured deposits.

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

As of December 31, 2020, the District's cash deposits had a bank balance of \$6,419,549 and a book balance of \$7,962,359.

Investments

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

The District generally limits its concentration of investments to those below which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless otherwise formally approved by the boards of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

3. CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain United States government agency securities
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2020, the District had the following in investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Liquid Asset Trust	Weighted average under one year	<u>\$ 4,644,962</u>
<u>Colotrust</u>		

During 2020, the District invested in the Colorado Local Government Liquid Asset Trust ("Colotrust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The state securities commission administers and enforces all state statutes governing Colotrust. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00.

Colotrust offers shares in two portfolios, Colotrust Prime and Colotrust Plus+. Both portfolios may invest in US Treasury securities and repurchase agreements collateralized by US Treasury securities. Colotrust Plus+ may also invest in certain obligations of US government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of US government agencies. A designated custodial bank serves as custodian for the Colotrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for Colotrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colotrust. Colotrust is rated AAAM by S&P Global Ratings. Colotrust records its investments at fair value and the District records its investments in Colotrust at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2020 follows:

	Balance 1/1/2020	Additions/ Reclass- ifications	Dispositions/ Reclass- ifications	Balance 12/31/2020
Governmental activities				
Capital assets not being depreciated:				
Construction in progress	\$ 1,104,479	\$ 9,163	\$ (1,105,899)	\$ 7,743
Total capital assets not being depreciated	<u>1,104,479</u>	<u>9,163</u>	<u>(1,105,899)</u>	<u>7,743</u>
Capital assets being depreciated:				
Parks and recreation facilities	15,561,888	735,228	10,505	16,307,621
Vehicles and equipment	<u>96,007</u>	<u>41,582</u>	<u>-</u>	<u>137,589</u>
Total capital assets being depreciated	15,657,895	776,810	10,505	16,445,210
Less accumulated depreciation	<u>(3,863,386)</u>	<u>(598,343)</u>	<u>-</u>	<u>(4,461,729)</u>
Total capital assets being depreciated, net	<u>11,794,509</u>	<u>178,467</u>	<u>10,505</u>	<u>11,983,481</u>
Governmental activities capital assets, net	<u>\$ 12,898,988</u>	<u>\$ 187,630</u>	<u>\$ (1,095,394)</u>	<u>\$ 11,991,224</u>

Depreciation expense for governmental activities for the year ended December 31, 2020 totaled \$598,343.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. CAPITAL ASSETS (CONTINUED)

	Balance 1/1/2020	Additions/ Reclass- ifications	Dispositions/ Reclass- ifications	Balance 12/31/2020
Business-type activities:				
Capital assets not being depreciated:				
Water rights	\$ 257,085	\$ -	\$ -	\$ 257,085
Construction in progress	12,752	2,164,330	(1,296,117)	880,965
Total capital assets not being depreciated	<u>269,837</u>	<u>2,164,330</u>	<u>(1,296,117)</u>	<u>1,138,050</u>
Capital assets being depreciated:				
Water system facilities	29,608,548	2,056,824	2,198,039	33,863,411
Sewer system facilities	15,307,526	2,860,623	168,758	18,336,907
Vehicles - water	-	93,049	-	93,049
Vehicles - sewer	-	139,673	-	139,673
Total capital assets being depreciated	<u>44,916,074</u>	<u>5,150,169</u>	<u>2,366,797</u>	<u>52,433,040</u>
Less accumulated depreciation	<u>(18,643,433)</u>	<u>(1,617,022)</u>	<u>-</u>	<u>(20,260,455)</u>
Total capital assets being depreciated, net	<u>26,272,641</u>	<u>3,533,147</u>	<u>2,366,797</u>	<u>32,172,585</u>
Business-type activities capital assets, net	<u>\$ 26,542,478</u>	<u>\$ 5,697,477</u>	<u>\$ 1,070,680</u>	<u>\$ 33,310,635</u>

Depreciation expense for business-type activities for the year ended December 31, 2020 totaled \$1,617,022.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

5. LONG-TERM OBLIGATIONS

Developer advances

On March 20, 2001, the District entered into a reimbursement agreement with GTL Development, Inc. ("Developer") to reimburse the Developer for advances made on behalf of the District for operations, maintenance and capital infrastructure costs, along with accrued interest from the date of receipt at the rate of 5% per annum. On March 4, 2020, this agreement was revised and the Developer agreed to forego the compounding of interest from March 18, 2018 through January 1, 2026 (Note 13).

	<u>Balance 1/1/2020</u>	<u>Additions</u>	<u>Repayments/ Accretion</u>	<u>Balance 12/31/2020</u>	<u>Due within one year</u>
Developer advances	\$ 9,315,476	\$ -	\$ -	\$ 9,315,476	\$ -
Accrued interest	12,257,458	735,531	-	12,992,989	-
	<u>\$21,572,934</u>	<u>\$ 735,531</u>	<u>\$ -</u>	<u>\$22,308,465</u>	<u>\$ -</u>

On November 7, 2000, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$170,000,000 at an interest rate not to exceed 16% per annum.

As of December 31, 2020, the District had authorized and unissued indebtedness in the following amounts allocated for the following purposes:

	<u>Authorized</u>	<u>Remaining</u>
Street improvements	\$29,435,000	\$29,435,000
Water	35,765,000	35,765,000
Sanitation	7,320,000	7,320,000
Safety protection	1,740,000	1,740,000
Park and recreation	7,620,000	7,620,000
Mosquito control	1,305,000	1,305,000
Television realty and	1,055,000	1,055,000
Public transportation	260,000	260,000
Operations	500,000	500,000
Refunding	85,000,000	85,000,000
	<u>170,000,000</u>	<u>170,000,000</u>

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

6. RETIREMENT PLAN

Defined Contribution Money Purchase Plan - IRC 401(a) and Deferred Compensation Plan

The District has adopted an employees' qualified money purchase plan and trust ("Plan") in accordance with Internal Revenue Code Section 401(a). The Plan is administered by ICMA Retirement Corporation. The Plan is a defined contribution plan with the District contributing an amount equal to 6.2% of each participant's compensation for the year. Each full-time employee age 16 or older, is eligible to participate. Each participant is required to match the District's contribution. The District adopted an employees' 457(b) deferred compensation plan where the District shall contribute on behalf of each participant 100% of the voluntary participant contribution made by the participant for the plan year not to exceed 3% of earnings. The District is not liable for further pension benefits in excess of the contributions made to the Plan nor liable for losses from depreciation or shrinkage in the value of any investments acquired under the Plan. The employer and the employees' contributions are fully vested at the date of contribution. Contributions are tax deferred until withdrawn. The District contributed \$69,502 to the Plan in 2020.

7. NET POSITION

The District has a net position consisting of three components: net investments in capital assets, net of related debt; restricted; and unrestricted. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

As of December 31, 2020, the District had net investments in capital assets as follows:

	Governmental Activities	Business-type Activities	Total
Net investments in capital assets:			
Capital assets, net	\$11,983,481	\$32,429,670	\$ 44,413,151
Outstanding developer advances and accrued interest	-	(22,308,465)	\$(22,308,465)
 Net investments in capital assets	 \$ 11,983,481	 \$ 10,121,205	 \$ 22,104,686

Restricted positions include net positions that are subject to restrictions for use either by external restrictions 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, 2020 as follows:

Restricted net position:		
Emergency reserve (Note 10)		\$ 8,300
Capital projects		6,463,673
Parks and ground		438,423
Recreation		389,567
		\$ 7,299,963

Unrestricted net position consists of net assets that do not meet the definition of invested in capital, net of related debt or restricted net assets.

See independent auditor's report

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

8. INTERGOVERNMENTAL AGREEMENT

The District entered into an intergovernmental agreement with Meridian Ranch on July 17, 2001 to set forth rights and obligations of the District pursuant to their respective service plans. The District agree that the facilities described in the service plans are needed by the District and that such facilities will benefit the residents and property owners in both District in terms of cost, quality and level of service.

Each of the District agree that the District will own (subject to potential transfer to other governmental entities or authorities) operate, maintain and construct facilities benefiting both District, and that Meridian Ranch will contribute to the costs of construction, operation, and maintenance of such facilities.

In this regard, Meridian Ranch agreed to issue limited tax general obligation bonds, or if bonds are not issued, Meridian Ranch has agreed to pledge its ad valorem tax revenue at the times and in the amounts required to meet its obligations subject to a 50.000 mill cap (2001 equivalency). If bonds are issued, Meridian Ranch will transfer the net proceeds of the bonds to the District. Any and all bond proceeds received by the District will be applied to the payment of public infrastructure costs or will be utilized to pay all or a portion of Meridian Ranch's outstanding bonds. To assist in the repayment of Meridian Ranch's subordinate bonds, the District is required to transfer revenue collected from facilities fees and/or user fees to Meridian Ranch. The water taps from Latigo Trails are not included in fees transferred to Meridian Ranch.

During 2020, the District transferred a total of \$3,264,000 (204 water/sewer taps at \$16,000 each) to Meridian Ranch to assist in the repayment of the subordinate bonds issued by Meridian Ranch.

9. RELATED PARTIES

Some of the members of the board of directors are affiliated with or are employees of developers of land within the District. These members may have conflicts of interest with respect to certain transactions which come before the board of directors.

10. RISK MANAGEMENT

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

The District is a member of the Colorado Special District Property and Liability Pool ("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, public officials liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

11. TAX, SPENDING AND DEBT LIMITATIONS

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

Spending and revenue limits are determined based on the prior 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. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues.

On November 7, 2000, a majority of the District's electors authorized the District to collect and spend or retain in a reserve any and all revenue annually from any revenue source other than ad valorem taxes.

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 the District 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 likely require judicial interpretation.

12. WASTEWATER ARBITRATION CASE

As of December 31, 2020 the District was in arbitration before Judicial Arbitrator Group, Inc. ("JAG") with Cherokee Metropolitan District ("Cherokee"). The arbitration involves issues over a 2003 intergovernmental agreement known as Chino Basin Wastewater Treatment Facility and Black Squirrel Basin Recharge Facility Intergovernmental Agreement ("IGA"). The District contends that Cherokee has breached the IGA by demanding amounts from the District to which it is not entitled under the IGA. The District also contends that Cherokee breached the IGA and made misrepresentations to the District relating to an undisclosed stipulation which has materially affected the District's ability to benefit from a replacement plan. Cherokee's counterclaims assert that the District has failed to pay amounts due under the IGA. The suit was arbitrated in March 2021 and the arbitrator issued a decision, holding that the District must pay 45.8% of all documented costs for Cherokee to complete certain upgrades and repairs to bring the wastewater treatment facility into compliance with its discharge permit, which are expected to total approximately \$42,500,000. In addition, the arbitrator ordered the District to pay \$1,844,036 plus 8% annual interest to Cherokee Metropolitan District.

13. RESTATEMENT

The District has restated its net position as of December 31, 2019 for its business-type activity funds related to two adjustments.

An adjustment was made to accrued interest on developer advances to reflect an agreement entered into by the District and the Developer in March of 2018 in which the Developer agreed to forgo compounding interest on outstanding accrued interest balances.

See independent auditor's report

**MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

13. RESTATEMENT (CONTINUED)

An adjustment was made to capital assets for an asset that was mistakenly expensed in a previous year.

	Water Fund	Sewer Fund	Total
Net position, as originally stated	\$ 368,720	\$ 9,308,711	\$ 9,677,431
Adjustment to accrue interest on developer advances (Note 5)	(703,476)	(36,652)	(740,128)
Adjustment to capitalize item mistakenly expensed(Note 4)	147,958	-	147,958
Net position, as restated, as of December 31, 2018	\$ (186,798)	\$ 9,272,059	\$ 9,085,261

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SUPPLEMENTARY INFORMATION

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**MERIDIAN SERVICE METROPOLITAN DISTRICT
PARKS AND GROUND FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Parks and grounds fees	\$ 806,996	\$ 806,996	\$ 836,210	\$ 29,214
Street lighting fees	156,987	156,987	160,353	3,366
Other revenues	-	-	17,622	17,622
Interest	-	-	1,147	1,147
Intergovernmental revenues	37,000	37,000	30,300	(6,700)
Total revenues	1,000,983	1,000,983	1,045,632	44,649
EXPENDITURES				
General and administrative:				
Accounting	6,000	6,000	14,981	(8,981)
Capital expenditures	19,000	14,200	18,634	(4,434)
Dues and subscriptions	2,000	2,000	119	1,881
Engineering	3,500	3,500	3,942	(442)
Insurance	12,000	12,000	11,184	816
Landscaping	444,335	469,335	320,970	148,365
Legal	2,500	2,500	390	2,110
Miscellaneous	500	500	4,489	(3,989)
Office supplies	-	-	5,003	(5,003)
Other expenses	2,000	2,000	82	1,918
Repairs and maintenance	94,000	94,000	18,893	75,107
Salaries and payroll	159,828	159,828	162,942	(3,114)
Supplies	94,000	94,000	853	93,147
Utilities	155,530	155,530	161,237	(5,707)
Total expenditures	995,193	1,015,393	723,719	291,674
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	5,790	(14,410)	321,913	(247,025)
OTHER FINANCING SOURCES (USES)				
Transfer from (to) other funds	(300,000)	(33,978)	(33,978)	-
Total other financing sources (uses)	(300,000)	(33,978)	(33,978)	-
Net change in fund balance	\$ (294,210)	\$ (48,388)	287,935	\$ (247,025)
Fund balance, beginning of year			150,488	
Fund balance, end of year			\$ 438,423	

See independent auditor's report

**MERIDIAN SERVICE METROPOLITAN DISTRICT
RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Recreation center fees	\$ 1,682,287	\$ 1,682,287	\$ 1,642,750	\$ (39,537)
Other revenues	-	-	25,330	25,330
Falcon Freedom Days	35,000	35,000	16,300	(18,700)
Total revenues	1,717,287	1,717,287	1,684,380	(32,907)
EXPENDITURES				
General and administrative				
Accounting	11,000	11,000	24,300	(13,300)
Capital expenditures	22,000	22,000	22,948	(948)
Dues and subscriptions	1,000	1,000	586	414
Engineering	5,200	5,200	4,303	897
Insurance	17,000	17,000	18,016	(1,016)
Legal	5,000	5,000	1,276	3,724
Miscellaneous	500	500	7,786	(7,286)
Office supplies	35,650	35,650	40,958	(5,308)
Other expenses	70,800	70,800	35,821	34,979
Repairs and maintenance	258,000	258,000	181,740	76,260
Salaries and payroll	788,908	788,908	872,905	(83,997)
Supplies	52,300	52,300	58,652	(6,352)
Utilities	175,710	175,710	142,025	33,685
Total expenditures	1,443,068	1,443,068	1,411,316	31,752
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	274,219	274,219	273,064	(64,659)
OTHER FINANCING SOURCES (USES)				
Transfer to Capital Projects Fund	(150,000)	(213,000)	(213,000)	-
Total other financing sources (uses)	(150,000)	(213,000)	(213,000)	-
Net change in fund balance	\$ 124,219	\$ 61,219	60,064	\$ (64,659)
Fund balance, beginning of year			329,503	
Fund balance, end of year			\$ 389,567	

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**MERIDIAN SERVICE METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 750,000	\$ 269,200	\$ -	\$ (269,200)
Interest	-	-	47,552	47,552
Total revenues	750,000	269,200	47,552	(221,648)
EXPENDITURES				
Legal	10,000	2,000	819	1,181
Capital expenditures	930,000	363,200	310,902	52,298
Developer Reimbursements	750,000	-	-	-
Total expenditures	1,690,000	365,200	311,721	52,298
Excess of revenues over (under) expenditures	(940,000)	(96,000)	(264,169)	(169,350)
OTHER FINANCING SOURCES (USES)				
Transfer from (to) other funds	2,514,000	7,244,978	4,154,952	(3,090,026)
Total other financing sources	2,514,000	7,244,978	4,154,952	(3,090,026)
Net change in fund balance	<u>\$ 1,574,000</u>	<u>\$ 7,148,978</u>	3,890,783	<u>\$ (3,259,376)</u>
Fund balance, beginning of year			2,572,890	
Fund balance, end of year			<u>\$ 6,463,673</u>	

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**MERIDIAN SERVICE METROPOLITAN DISTRICT
WATER FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service charges	\$ 2,553,283	\$ 2,695,580	\$ 2,756,901	\$ 61,321
Meter services	123,000	235,817	214,662	(21,155)
Total revenues	<u>2,676,283</u>	<u>2,931,397</u>	<u>2,971,563</u>	<u>40,166</u>
EXPENSES				
Operations	579,830	844,500	379,626	464,874
Engineering	50,000	50,000	58,403	(8,403)
Payroll	395,176	383,250	392,767	(9,517)
Repairs and maintenance	56,000	27,000	427,185	(400,185)
Accounting and management	73,280	59,000	59,571	(571)
Capital outlay	1,248,962	1,819,000	2,149,873	(330,873)
Dues and subscriptions	4,000	2,100	1,997	103
Insurance	55,000	44,600	44,292	308
Interest expense	-	-	465,774	(465,774)
Legal	20,000	20,000	10,674	9,326
Office expense	8,000	8,900	9,378	(478)
Miscellaneous expenses	5,000	6,400	12,667	(6,267)
Utilities	438,200	436,000	451,147	(15,147)
Total expenses	<u>2,933,448</u>	<u>3,700,750</u>	<u>4,463,354</u>	<u>(762,604)</u>
NONOPERATING REVENUES AND (EXPENSES)				
Facilities fees	1,742,500	-	2,902,000	2,902,000
IGA Meridian Ranch reimbursement	-	-	156,346	(156,346)
Miscellaneous income	9,500	35,145	22,815	(12,330)
Tap fees transferred to Meridian Ranch	(1,742,500)	-	(3,094,000)	(3,094,000)
Total nonoperating revenues (expenses)	<u>9,500</u>	<u>35,145</u>	<u>(12,839)</u>	<u>(360,676)</u>
Income before other financing uses	<u>2,942,948</u>	<u>3,735,895</u>	<u>4,450,515</u>	<u>(1,123,280)</u>
OTHER FINANCING SOURCES (USES)				
Contributed assets	-	-	2,152,385	2,152,385
Transfer from (to) other funds	(964,000)	(884,000)	(964,000)	(80,000)
Total other financing sources	<u>(964,000)</u>	<u>(884,000)</u>	<u>1,188,385</u>	<u>2,072,385</u>
Change in net position	<u>\$ (1,211,665)</u>	<u>\$ (1,618,208)</u>	<u>(316,245)</u>	<u>\$ 2,514,479</u>
Net position, beginning of year, as restated (Note 13)			<u>(186,798)</u>	
Net position, end of year			<u>\$ (503,043)</u>	

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**MERIDIAN SERVICE METROPOLITAN DISTRICT
RECONCILIATION OF BUDGETARY (ACTUAL) BASIS TO STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
WATER FUND
YEAR ENDED DECEMBER 31, 2020**

The accompanying Schedule of Revenues and Expenditures - Budget Compared to Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant differences in revenues and expenditures for the year ended December 31, 2020 is presented below.

Total revenue per financial statements (operating revenues, non-operating revenues and capital contributions)	<u>\$ 8,205,109</u>
Total actual revenue and receipts per the budget	<u><u>\$ 8,205,109</u></u>
Total expenses and capital expenditures per financial statements	<u>\$ 7,544,885</u>
Add:	
Expense and capital expenditure accruals and non-cash adjustments at December 31, 2020	
Capital outlay	2,025,446
Depreciation	<u>(1,048,977)</u>
Less:	
Expense and capital expenditure accruals and non-cash adjustments at December 31, 2019	
Capital outlay	(964,000)
Depreciation	<u>63,670</u>
Total actual expenses and capital expenditures per the budget	<u><u>\$ 7,557,354</u></u>

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**MERIDIAN SERVICE METROPOLITAN DISTRICT
SEWER FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service charges	\$ 1,518,466	\$ 1,534,125	\$ 1,565,576	\$ 31,451
Total revenues	1,518,466	1,534,125	1,565,576	31,451
EXPENDITURES				
Operations	530,970	662,970	519,815	143,155
Engineering	150,000	210,000	228,326	(18,326)
Payroll	414,792	323,450	339,287	80,713
Repairs and maintenance	10,000	6,700	62,075	(55,375)
Accounting and management	72,380	57,870	57,818	52
Dues and subscriptions	4,500	1,000	764	236
Insurance	45,000	45,000	43,484	1,516
Legal	235,000	420,000	530,958	(110,958)
Office expense	12,000	12,400	12,817	(417)
Miscellaneous expenses	3,500	9,475	10,064	(589)
Utilities	7,000	4,700	68,668	(63,968)
Capital outlay	954,000	477,000	308,432	168,568
Total expenditures	2,439,142	2,230,565	2,182,508	144,607
Excess of revenues over (under) expenditures	(920,676)	(696,440)	(616,932)	176,058
NONOPERATING REVENUES AND (EXPENSES)				
Facilities fees	2,864,570	3,979,500	5,581,452	1,601,952
IGA Meridian Ranch reimbursement	100,000	100,000	142,959	42,959
Miscellaneous income	-	53,500	41,854	(11,646)
Tap fees transferred to Meridian Ranch	(1,742,500)	(2,439,500)	(3,094,000)	654,500
Total nonoperating revenues (expenses)	1,222,070	1,693,500	2,672,265	2,287,765
Income before other financing uses	301,394	997,060	2,055,333	2,463,823
OTHER FINANCING SOURCES (USES)				
Contributed assets	-	-	2,860,623	2,860,623
Transfer from (to) other funds	(1,100,000)	(1,850,000)	(1,850,000)	-
Contributions to other governments	-	-	(23,666,276)	(23,666,276)
Total other financing sources	(1,100,000)	(1,850,000)	(22,655,653)	(20,805,653)
Change in net position	\$ (798,606)	\$ (852,940)	(23,272,585)	\$ (18,341,830)
Net position, beginning of year			9,272,059	
Net position, end of year			\$ (14,000,526)	

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**MERIDIAN SERVICE METROPOLITAN DISTRICT
RECONCILIATION OF BUDGETARY (ACTUAL) BASIS TO STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
WATER FUND
YEAR ENDED DECEMBER 31, 2020**

The accompanying Schedule of Revenues and Expenditures - Budget Compared to Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant differences in revenues and expenditures for the year ended December 31, 2020 is presented below.

Total revenue per financial statements (operating revenues, non-operating revenues and capital contributions)	\$ 10,192,464
Total actual revenue and receipts per the budget	\$ 10,192,464
Total expenses and capital expenditures per financial statements	\$ 29,260,629
Add:	
Expense and capital expenditure accruals and non-cash adjustments at December 31, 2020	
Capital outlay	308,432
Depreciation	(568,043)
Less:	
Expense and capital expenditure accruals and non-cash adjustments at December 31, 2019	
Capital outlay	(626,277)
Depreciation	568,043
Total actual expenses and capital expenditures per the budget	\$ 28,942,784

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**MERIDIAN SERVICE METROPOLITAN DISTRICT
CASH POSITION SUMMARY
For the Period Ended July 31, 2021
Adjusted as of August 30, 2021**

	CHECKING Wells Fargo
Account Activity Item Description	
Cash balance at end of period	\$ 2,689,733
August activity:	
Utility billing from residents	552,201
Recreation Center fees	14,021
Tap fees and meter fees (In)	97,235
Tap fees transferred to MRMD (Out)	(36,000)
El Paso County Collection of Delinquent Accounts	1,869
Hydrant & Temp License Deposits	-
Transfer from Meridian Ranch - CTF	-
AT&T, Falcon Freedom Days and reimbursements	91,901
Payroll	(146,973)
Reserve Transfers	-
Loan from GTL	1,854,439
August checks and payments	
Operations incl. interim checks	(2,603,461)
Interest, fees and returned checks	(385)
Sub-total	2,514,579
September 8th payment Estimate	(233,000)
Adjusted balance	\$ 2,281,579
Less restricted funds as of Aug 31, 2021:	
Conservation Trust Funds	-
5% Reserve Fund	(94,167)
Sewer Reserve Fund	(12,128)
Capital Project Funds	(1,291,933)
Rate Stabilization Fund	10,832
Adjusted Unrestricted Balance	\$ 894,183

**MERIDIAN SERVICE METROPOLITAN DISTRICT
CASH POSITION RECONCILED TO GENERAL LEDGER
CASH POSITION SUMMARY
For the Period Ended July 31, 2021
Adjusted as of August 30, 2021**

Account Activity Item Description	Checking Wells Fargo	Petty Cash	INVESTMENTS ColoTrust Plus					TOTAL ALL ACCOUNTS
			Conservation Trust Funds	5% Reserve	Sewer Reserve (\$2)	Capital Project Funds	Rate Stabilization Funds	
Cash balance at end of period	2,689,732.62	384	26,695	305,588	1	4,223,144	667,602	7,913,147
August activity:								
Utility billing from residents	552,201	-	-	-	-	-	-	552,201
Recreation Center fees	14,021	-	-	-	-	-	-	14,021
Tap fees and meter fees (In)	97,235	-	-	-	-	-	-	97,235
Tap fees transferred to MRMD (Out)	(36,000)	-	-	-	-	-	-	(36,000)
El Paso County Collection of Delinquent Accounts	1,869	-	-	-	-	-	-	1,869
AT&T, Falcon Freedom Days and reimbursements	91,901	-	-	-	-	-	-	91,901
Payroll	(146,973)	-	-	-	-	-	-	(146,973)
Loan from GTL	1,854,439	-	-	-	-	-	-	1,854,439
August checks and payments								
Operations incl. interim checks	(2,603,461)	-	-	-	-	-	-	(2,603,461)
Interest, fees and returned checks	(385)	-	0	18	3	94	15	(254)
Sub-total	2,514,579	384	26,695	305,607	4	4,223,238	667,617	7,738,124
September 8th payment Estimate	(233,000)	-	-	-	-	-	-	(233,000)
Adjusted balance	2,281,579	384	26,695	305,607	4	4,223,238	667,617	7,505,124
Less restricted funds as of Aug 31, 2021:								
Petty Cash	-	(384)	-	-	-	-	-	(384)
Conservation Trust Funds	-	-	(26,695)	-	-	-	-	(26,695)
5% Reserve Fund	(94,167)	-	-	(305,607)	-	-	-	(399,773)
Sewer Reserve Fund	(12,128)	-	-	-	(4)	-	-	(12,132)
Capital Project Funds	(1,291,933)	-	-	-	-	(4,223,238)	-	(5,515,171)
Rate Stabilization Fund	10,832	-	-	-	-	-	(667,617)	(656,785)
Unrestricted cash balance	\$ 894,183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 894,183

Note: Additional investment accounts can be used for extraordinary expenditures.

Meridian Service Metropolitan District
Statement of Revenues, Expenses and Change in Fund Balance
Budget vs. Actual - Accrual Basis
SUMMARY OF ALL FUNDS
For the One Month and Seven Months Ended July 31, 2021

	Month of Jul 2021	YTD Actual	Adopted 2021 Budget	Variance Over (Under) Budget	% of Budget (58.3% YTD)
REVENUES					
General Revenue - Fund 10	\$1,873	\$278,412	\$286,910	(\$8,498)	97.0%
Parks/Grounds Revenue - Fund 15	92,374	637,219	1,107,175	(469,956)	57.6%
Rec Center Revenue - Fund 16	166,546	1,122,290	1,889,250	(766,960)	59.4%
Water Revenue - Fund 40	303,937	1,665,888	3,150,000	(1,484,112)	52.9%
Sewer Revenue - Fund 50	145,435	1,128,793	3,107,525	(1,978,732)	36.3%
Billing Fees	4,185	25,250	71,400	(46,150)	35.4%
Grant Revenue	14,870	26,930	35,000	(8,070)	76.9%
Interest Income	160	39,529	-	39,529	-
Miscellaneous Income	-	13,711	-	13,711	-
TOTAL REVENUES	729,379	4,938,023	9,647,260	(4,709,237)	51.2%
EXPENSES					
Capital Expenses					
Capital Expense - Other	16,790	116,292	1,630,000	(1,513,708)	7.1%
Capital Expense P&G Fund 15	-	-	300,000	(300,000)	-
Capital Expense MRRC Fund 16	-	-	350,000	(350,000)	-
Capital Expense Water Fund 40	223,239	3,324,501	6,115,000	(2,790,499)	54.4%
Capital Expense Sewer Fund 50	1,877,641	2,678,242	1,295,000	1,383,242	206.8%
Capital Outlay - Vehicle	1,619	99,996	131,900	(31,904)	75.8%
Developer Reimbursements	-	-	750,000	(750,000)	-
TOTAL Capital Expenses	2,119,289	6,219,031	10,571,900	(4,352,869)	58.8%
Total Fund & General Expenses					
General & Admin. Expense	78,682	806,914	805,015	1,899	100.2%
Personnel Expenses	240,576	1,102,661	2,365,640	(1,262,979)	46.6%
Parks/Grounds Expense - Fund 15	46,257	174,433	427,500	(253,067)	40.8%
MRRC Expense - Fund 16	39,975	172,935	390,000	(217,065)	44.3%
Water Expense - Fund 40	8,270	141,786	508,010	(366,224)	27.9%
Sewer Expense - Fund 50	58,607	418,146	696,300	(278,154)	60.1%
General Operating Expenses	120,346	609,578	1,063,733	(454,156)	57.3%
TABOR Emergency Reserve 3%	-	-	8,610	(8,610)	-
TOTAL Total Fund & General Expenses	592,713	3,426,453	6,264,808	(2,838,355)	54.7%
TOTAL EXPENSES	2,712,002	9,645,483	16,836,708	(7,191,225)	57.3%
EXCESS REVENUES OVER (UNDER) EXPENSES	(1,982,623)	(4,707,460)	(7,189,448)	2,481,988	
Other Financing Sources (Uses)					
Tap Fees Received	203,000	1,753,000	3,500,000	(1,747,000)	50.1%
Tap Fees Transferred to MRMD	(207,000)	(1,208,000)	(3,500,000)	2,292,000	34.5%
Transfer from (to) MRMD	-	-	750,000	(750,000)	-
Transfer from (to) Other Funds	1,829,805	1,544,041	(572,048)	2,116,089	
Emergency Reserve (5%)	(1,462,538)	(1,180,038)	565,000	(1,745,038)	
Emergency Reserve (\$2) - Sewer	(361,851)	(326,087)	72,048	(398,135)	
Rate Stabilization Reserve	(5,417)	(37,917)	(65,000)	27,083	58.3%
TOTAL Other Financing Sources (Uses)	(4,000)	545,000	750,000	(205,000)	72.7%
NET CHANGE IN FUND BALANCE	(\$1,986,623)	(\$4,162,460)	(\$6,439,448)	\$2,276,988	
BEGINNING FUND BALANCE**		12,463,790			
ENDING FUND BALANCE		\$8,301,330			
Operating Capital Fund Balance		7,282,932			
Emergency Reserve Fund Balance 5%		352,101			
Sewer Reserve Fund Balance \$2		4,213			
Rate Stabilization Fund Balance		662,083			
Total Fund Balance		\$8,301,330			

Meridian Service Metropolitan District
Statement of Revenues, Expenses and Change in Fund Balance
Budget vs. Actual - Accrual Basis
General Fund
For the One Month and Seven Months Ended July 31, 2021

	Month of Jul 2021	YTD Actual	Adopted 2021 Budget	Variance Over (Under) Budget	% of Budget (58.3% YTD)
REVENUES					
IGA - Meridian Ranch	-	\$260,000	\$260,000	-	100.0%
AT&T Lease	1,553	10,353	18,310	(7,957)	56.5%
Newsletter Contrib.	320	2,720	4,800	(2,080)	56.7%
MSMD Office Sub-Lease	-	5,339	3,800	1,539	140.5%
Grant Revenue	-	240	-	240	-
Interest Income	20	568	-	568	-
Miscellaneous Income	-	163	-	163	-
TOTAL REVENUES	1,893	279,384	286,910	(7,526)	97.4%
EXPENSES					
Accounting	-	41	1,100	(1,059)	3.7%
Audit	-	342	14,500	(14,158)	2.4%
Payroll & HR Services	6,696	27,362	43,800	(16,438)	62.5%
Engineering/Consulting	123	973	700	273	138.9%
Legal	10,986	52,362	30,000	22,362	174.5%
Personnel Expenses	2,417	12,845	35,215	(22,370)	36.5%
Copier - Contract Expenses	(132)	1,033	6,605	(5,572)	15.6%
IT/Computer/Software	108	1,609	10,000	(8,391)	16.1%
Rent - Shared	3,630	25,128	75,000	(49,872)	33.5%
Telephone & Internet	862	2,101	700	1,401	300.1%
Telephone & Internet - Shared	129	3,942	7,725	(3,783)	51.0%
Utilities - Shared	629	3,985	6,695	(2,710)	59.5%
Supplies	406	2,700	3,100	(400)	87.1%
Licenses,Certs & Memberships	-	497	1,000	(503)	49.7%
Subscriptions	9	64	700	(636)	9.2%
Bank Charges	-	138	500	(362)	27.6%
Public Information	300	300	500	(200)	60.0%
Meals & Entertainment	-	1,043	200	843	521.6%
Miscellaneous Expense	-	315	1,000	(685)	31.5%
COVID Expense	55	(105)	3,200	(3,305)	
Insurance	345	2,617	3,500	(883)	74.8%
Vehicle, Equipment & Travel	294	1,613	3,000	(1,387)	53.8%
TABOR Emergency Reserve 3%	-	-	8,610	(8,610)	-
TOTAL EXPENSES	26,858	140,905	257,350	(116,445)	54.8%
NET CHANGE IN FUND BALANCE	(\$24,965)	\$138,479	\$29,560	\$108,919	
BEGINNING FUND BALANCE**		66,441			
ENDING FUND BALANCE		\$204,920			

Meridian Service Metropolitan District
Statement of Revenues, Expenses and Change in Fund Balance
Budget vs. Actual - Accrual Basis
Parks & Grounds Fund
For the One Month and Seven Months Ended July 31, 2021

	Month of Jul 2021	YTD Actual	Adopted 2021 Budget	Variance Over (Under) Budget	% of Budget (58.3% YTD)
REVENUES					
Parks & Grounds Fees	\$77,358	\$533,791	\$927,150	(\$393,359)	57.6%
Street Lighting Fees	15,016	103,428	180,025	(76,597)	57.5%
Billing Fees	1,046	6,312	17,850	(11,538)	35.4%
Grant Revenue	14,870	26,658	35,000	(8,342)	76.2%
Interest Income	1	36	-	36	-
Miscellaneous Income	-	1,817	-	1,817	-
TOTAL REVENUES	108,291	672,043	1,160,025	(487,982)	57.9%
EXPENSES					
General & Admin. Expense					
Accounting	-	154	4,550	(4,396)	3.4%
Customer Billing Services	1,816	12,566	11,040	1,526	113.8%
Engineering/Consulting	466	3,686	3,500	186	105.3%
Legal	-	117	2,500	(2,383)	4.7%
Personnel Expenses	24,342	93,720	246,875	(153,155)	38.0%
General Operations - Admin	917	8,451	9,900	(1,449)	85.4%
TOTAL General & Admin. Expense	27,540	118,694	278,365	(159,671)	42.6%
Operating Expense					
Landscape Repair & Maint.	45,747	169,859	364,500	(194,641)	46.6%
Hardscape Repair & Maint.	15	15	21,000	(20,985)	0.1%
Park Maint.	397	4,106	27,000	(22,894)	15.2%
Pond Maint.	98	454	15,000	(14,546)	3.0%
Utilities	14,143	109,454	171,350	(61,896)	63.9%
Insurance	1,308	10,156	12,360	(2,204)	82.2%
Vehicle, Equipment & Travel	985	4,184	15,000	(10,816)	27.9%
TOTAL Operating Expense	62,694	298,228	626,210	(327,982)	47.6%
Capital Outlay - Vehicle	1,079	38,903	58,900	(19,997)	66.0%
TOTAL EXPENSES	91,313	455,824	963,475	(507,651)	47.3%
EXCESS REVENUES OVER (UNDER) EXPENSES	16,978	216,219	196,550	19,669	
Other Financing Sources (Uses)					
Transfer from (to) Other Funds					
Transfer from (to) Capital	(25,000)	(175,000)	(300,000)	125,000	58.3%
TOTAL Transfer from (to) Other Funds	(25,000)	(175,000)	(300,000)	125,000	58.3%
TOTAL Other Financing Sources (Uses)	(25,000)	(175,000)	(300,000)	125,000	58.3%
NET CHANGE IN FUND BALANCE	(\$8,022)	\$41,219	(\$103,450)	\$144,669	
BEGINNING FUND BALANCE**		347,868			
ENDING FUND BALANCE		\$389,087			
Operating Capital Fund Balance		234,083			
Emergency Reserve Fund Balance 5%		145,004			
Rate Stabilization Fund Balance		10,000			
Total Fund Balance		\$389,087			

Meridian Service Metropolitan District
Statement of Revenues, Expenses and Change in Fund Balance
Budget vs. Actual - Accrual Basis
Recreation Center Fund
For the One Month and Seven Months Ended July 31, 2021

	Month of Jul 2021	YTD Actual	Adopted 2021 Budget	Variance Over (Under) Budget	% of Budget (58.3% YTD)
REVENUES					
Recreation Center Service Fees	\$150,571	\$1,035,699	\$1,804,450	(\$768,751)	57.4%
Fee Based Programming	15,975	75,360	60,000	15,360	125.6%
MRRC Concession Sales	-	642	1,000	(358)	64.2%
Falcon Freedom Days Revenue	-	10,100	20,000	(9,900)	50.5%
Advertising Fees	-	490	3,800	(3,310)	12.9%
Billing Fees	1,046	6,312	17,850	(11,538)	35.4%
Grant Revenue	-	32	-	32	-
Miscellaneous Income	-	3,406	-	3,406	-
TOTAL REVENUES	167,592	1,132,041	1,907,100	(775,059)	59.4%
EXPENSES					
General & Admin. Expense					
Accounting	-	263	6,700	(6,437)	3.9%
Customer Billing Services	3,088	21,362	18,600	2,762	114.9%
Engineering/Consulting	792	7,612	5,000	2,612	152.2%
Legal	-	-	5,000	(5,000)	-
Personnel Expenses	128,120	551,924	970,200	(418,276)	56.9%
General Operations - Admin	4,300	38,875	48,350	(9,475)	80.4%
TOTAL General & Admin. Expense	136,300	620,036	1,053,850	(433,814)	58.8%
Operating Expense					
Programming Supplies	5,329	36,854	63,500	(26,646)	58.0%
Building Maint.	3,589	56,496	161,450	(104,954)	35.0%
Grounds Maint.	-	-	2,000	(2,000)	-
Pool Maint.	4,727	20,025	54,050	(34,025)	37.0%
MRRC Security	-	2,081	4,000	(1,919)	52.0%
Exercise Equip. & Furn.-Replace	26	27,833	40,000	(12,167)	69.6%
MR Community Events	56	2,099	15,000	(12,901)	14.0%
Falcon Freedom Days Expenses	26,250	27,547	50,000	(22,453)	55.1%
Utilities	18,106	110,382	182,100	(71,718)	60.6%
Insurance	2,226	16,871	18,823	(1,952)	89.6%
Vehicle, Equipment & Travel	334	729	5,500	(4,771)	13.3%
TOTAL Operating Expense	60,642	300,916	596,423	(295,507)	50.5%
Capital Outlay - Vehicle	-	10,076	-	10,076	-
TOTAL EXPENSES	196,942	931,028	1,650,273	(719,245)	56.4%
EXCESS REVENUES OVER (UNDER) EXPENSES	(29,349)	201,013	256,827	(55,814)	
Other Financing Sources (Uses)					
Transfer from (to) Other Funds					
Transfer from (to) Capital	(16,667)	(116,667)	(200,000)	83,333	58.3%
Transfer from (to) Emer Reserve	(4,167)	(29,167)	(50,000)	20,833	58.3%
TOTAL Transfer from (to) Other Funds	(20,833)	(145,833)	(250,000)	104,167	58.3%
Emergency Reserves					
Emergency Reserve (5%)	4,167	29,167	50,000	(20,833)	58.3%
TOTAL Emergency Reserves	4,167	29,167	50,000	(20,833)	58.3%
TOTAL Other Financing Sources (Uses)	(16,667)	(116,667)	(200,000)	83,333	58.3%
NET CHANGE IN FUND BALANCE	(\$46,016)	\$84,346	\$56,827	\$27,519	
BEGINNING FUND BALANCE**		401,338			
ENDING FUND BALANCE		<u><u>\$485,684</u></u>			
Operating Capital Fund Balance		336,940			
Emergency Reserve Fund Balance 5%		138,745			
Rate Stabilization Fund Balance		10,000			
Total Fund Balance		<u><u>\$485,684</u></u>			

Meridian Service Metropolitan District
Statement of Revenues, Expenses and Change in Fund Balance
Budget vs. Actual - Accrual Basis
Capital Fund
For the One Month and Seven Months Ended July 31, 2021

	Month of Jul 2021	YTD Actual	Adopted 2021 Budget	Variance	
				Over (Under) Budget	% of Budget (58.3% YTD)
REVENUES					
IGA Shared Water Cost Reimb.	-	\$142	-	\$142	-
IGA Shared Sewer Cost Reimb.	-	72,000	-	72,000	-
Interest Income	136	1,653	-	1,653	-
TOTAL REVENUES	136	73,795	-	73,795	-
EXPENSES					
General & Admin. Expense					
Legal	-	-	10,000	(10,000)	-
TOTAL General & Admin. Expense	-	-	10,000	(10,000)	-
Capital Expense - Other					
Build-Out CIP & Funding Plan	16,790	116,292	100,000	16,292	116.3%
District Office Yard & Shop	-	-	1,300,000	(1,300,000)	-
Imp/Mtc Drainage Channels/Ponds	-	-	230,000	(230,000)	-
TOTAL Capital Expense - Other	16,790	116,292	1,630,000	(1,513,708)	7.1%
Capital Expense P&G Fund 15					
3rd Const & Acq-Winding Walk	-	-	300,000	(300,000)	-
TOTAL Capital Expense P&G Fund 15	-	-	300,000	(300,000)	-
Capital Expense MRRC Fund 16					
MRRC Expansion	-	-	50,000	(50,000)	-
MRRC #2 Rainbow Bridge Dr.	-	-	100,000	(100,000)	-
Lobby Remodel	-	-	200,000	(200,000)	-
TOTAL Capital Expense MRRC Fund 16	-	-	350,000	(350,000)	-
Capital Expense Water Fund 40					
Guthrie Well Area B & Line Exp	-	113	50,000	(49,888)	0.2%
Expand Filter Plant & Bldg	3,974	4,243	830,000	(825,757)	0.5%
Purchase WHMD 2.0 MG Water Tank	-	-	370,000	(370,000)	-
ACGC Weir Improvements	-	-	15,000	(15,000)	-
Well Site No. 5, 7 & 8	212,278	2,890,961	4,400,000	(1,509,039)	65.7%
Eastonville Raw Water Pipeline	-	403,896	450,000	(46,104)	89.8%
Water Rights	6,987	25,288	-	25,288	-
TOTAL Capital Expense Water Fund 40	223,239	3,324,501	6,115,000	(2,790,499)	54.4%
Capital Expense Sewer Fund 50					
Lift Station 2020 Improvements	-	-	30,000	(30,000)	-
Woodmen Hills Sewer Bypass	105	800,706	710,000	90,706	112.8%
TDS Treatment at Cherokee	1,877,536	1,877,536	-	1,877,536	-
WH Sewer Bypass Phase 2 & 3	-	-	500,000	(500,000)	-
Mid-Point Injection Station	-	-	20,000	(20,000)	-
2021 Lift Station Improvements	-	-	35,000	(35,000)	-
TOTAL Capital Expense Sewer Fund 50	1,877,641	2,678,242	1,295,000	1,383,242	206.8%
Developer Reimbursements	-	-	750,000	(750,000)	-
TOTAL EXPENSES	2,117,670	6,119,035	10,450,000	(4,330,965)	58.6%
EXCESS REVENUES OVER (UNDER) EXPENSES	(2,117,534)	(6,045,239)	(10,450,000)	4,404,761	
Other Financing Sources (Uses)					
Transfer from (to) Other Funds					
Transfer from (to) MRMD	-	-	750,000	(750,000)	-
Transfer from (to) P&G Fund	25,000	175,000	300,000	(125,000)	58.3%
Transfer from (to) Rec Fund	16,667	116,667	200,000	(83,333)	58.3%
Transfer from (to) Capital	1,877,536	1,877,536	-	1,877,536	-
Transfer from (to) Water Fund	166,667	1,166,667	2,000,000	(833,333)	58.3%
Transfer from (to) Sewer Fund	65,417	457,917	785,000	(327,083)	58.3%
TOTAL Transfer from (to) Other Funds	2,151,286	3,793,786	4,035,000	(241,214)	94.0%
TOTAL Other Financing Sources (Uses)	2,151,286	3,793,786	4,035,000	(241,214)	94.0%
NET CHANGE IN FUND BALANCE	\$33,752	(\$2,251,453)	(\$6,415,000)	\$4,163,547	
BEGINNING FUND BALANCE**		7,538,868			
ENDING FUND BALANCE		<u>\$5,287,415</u>			

Meridian Service Metropolitan District
Statement of Revenues, Expenses and Change in Fund Balance
Budget vs. Actual - Accrual Basis
Water Fund
For the One Month and Seven Months Ended July 31, 2021

	Month of Jul 2021	YTD Actual	Adopted 2021 Budget	Variance Over (Under) Budget	% of Budget (58.3% YTD)
REVENUES					
Water Service Fees - Res.	\$257,699	\$1,417,415	\$2,541,975	(\$1,124,560)	55.8%
Water Service Fees - Comm.	14,192	85,779	142,975	(57,196)	60.0%
Meter Set Fees	7,010	63,400	187,500	(124,100)	33.8%
Irrigation	25,445	99,604	252,550	(152,946)	39.4%
UB - Water Adjustments	(409)	(562)	-	(562)	-
IGA Shared Water Cost Reimb.	-	110	25,000	(24,890)	0.4%
Billing Fees	1,046	6,312	17,850	(11,538)	35.4%
Miscellaneous Income	-	3,991	-	3,991	-
TOTAL REVENUES	304,983	1,676,049	3,167,850	(1,491,801)	52.9%
EXPENSES					
General & Admin. Expense					
Accounting	-	359	9,000	(8,641)	4.0%
Customer Billing Services	4,177	28,902	45,000	(16,098)	64.2%
Engineering/Consulting	5,720	50,193	50,000	193	100.4%
Legal	624	4,589	20,000	(15,412)	22.9%
Personnel Expenses	39,078	213,925	576,825	(362,900)	37.1%
General Operations - Admin	2,580	22,070	25,800	(3,730)	85.5%
TOTAL General & Admin. Expense	52,179	320,038	726,625	(406,587)	44.0%
Operating Expense					
Water Operations General	(11,716)	22,692	112,785	(90,093)	20.1%
Raw Water Operations	8,166	17,300	53,650	(36,350)	32.2%
Water Treatment Operations	6,502	44,555	65,300	(20,745)	68.2%
Water Distribution Operations	617	44,286	229,775	(185,489)	19.3%
Non-Potable Water Operations	4,700	12,953	46,500	(33,547)	27.9%
Utilities	73,355	297,581	499,700	(202,119)	59.6%
Insurance	3,044	23,409	65,000	(41,591)	36.0%
Vehicle, Equipment & Travel	2,086	5,382	15,000	(9,618)	35.9%
TOTAL Operating Expense	86,755	468,158	1,087,710	(619,552)	43.0%
Capital Outlay - Vehicle	540	40,942	36,500	4,442	112.2%
TOTAL EXPENSES	139,473	829,139	1,850,835	(1,021,696)	44.8%
EXCESS REVENUES OVER (UNDER) EXPENSES	165,510	846,911	1,317,015	(470,104)	
Other Financing Sources (Uses)					
Tap & Transfers from (to) Other Funds					
Tap Fees Received	101,500	876,500	1,800,000	(923,500)	48.7%
Tap Fees Transferred to MRMD	(103,500)	(604,000)	(1,800,000)	1,196,000	33.6%
Transfer from (to) Capital	(166,667)	(1,166,667)	(2,000,000)	833,333	58.3%
Transfer from (to) Emer Reserve	(24,167)	(169,167)	(290,000)	120,833	58.3%
Transfer from (to) Rate Stabil	3,333	23,333	40,000	(16,667)	58.3%
TOTAL Tap & Transfers from (to) Other Funds	(189,500)	(1,040,000)	(2,250,000)	1,210,000	46.2%
Emergency Reserves					
Emergency Reserve (5%)	(811,150)	(666,150)	290,000	(956,150)	
Rate Stabilization Reserve	(3,333)	(23,333)	(40,000)	16,667	58.3%
TOTAL Emergency Reserves	(814,484)	(689,484)	250,000	(939,484)	
TOTAL Other Financing Sources (Uses)	(1,003,984)	(1,729,484)	(2,000,000)	270,516	86.5%
NET CHANGE IN FUND BALANCE	(\$838,474)	(\$882,573)	(\$682,985)	(\$199,588)	
BEGINNING FUND BALANCE**		2,611,484			
ENDING FUND BALANCE		<u>\$1,728,911</u>			
Operating Capital Fund Balance		1,362,642			
Emergency Reserve Fund Balance 5%		49,603			
Rate Stabilization Fund Balance		316,667			
Total Fund Balance		<u>\$1,728,911</u>			

Meridian Service Metropolitan District
Statement of Revenues, Expenses and Change in Fund Balance
Budget vs. Actual - Accrual Basis
Sewer Fund
For the One Month and Seven Months Ended July 31, 2021

	Month of Jul 2021	YTD Actual	Adopted 2021 Budget	Variance Over (Under) Budget	% of Budget (58.3% YTD)
REVENUES					
Sewer Fees - Res.	\$143,073	\$985,040	\$1,718,350	(\$733,310)	57.3%
Sewer Fees - Comm.	2,362	16,381	35,000	(18,619)	46.8%
Sterling Ranch Revenue	-	36,585	1,251,175	(1,214,590)	2.9%
IGA Shared Sewer Cost Reimb.	-	18,787	103,000	(84,213)	18.2%
Billing Fees	1,046	6,312	17,850	(11,538)	35.4%
Interest Income	3	37,271	-	37,271	-
Miscellaneous Income	-	4,334	-	4,334	-
TOTAL REVENUES	146,484	1,104,711	3,125,375	(2,020,664)	35.3%
EXPENSES					
General & Admin. Expense					
Accounting	-	255	9,000	(8,745)	2.8%
Customer Billing Services	3,027	20,943	42,000	(21,057)	49.9%
Engineering/Consulting	9,240	63,629	75,000	(11,371)	84.8%
Legal	16,534	374,512	170,000	204,512	220.3%
Personnel Expenses	46,620	230,247	536,525	(306,278)	42.9%
General Operations - Admin	1,600	24,545	27,050	(2,505)	90.7%
TOTAL General & Admin. Expense	77,020	714,132	859,575	(145,443)	83.1%
Operating Expense					
Sewer Operations	34,552	257,038	451,900	(194,862)	56.9%
Lift Station Operations	1,043	67,455	195,100	(127,645)	34.6%
Lift Station Operations-Shared	23,012	93,654	49,300	44,354	190.0%
Utilities	422	2,592	5,400	(2,808)	48.0%
Insurance	2,163	16,389	50,000	(33,611)	32.8%
Vehicle, Equipment & Travel	1,535	8,219	17,000	(8,781)	48.3%
TOTAL Operating Expense	62,726	445,346	768,700	(323,354)	57.9%
Capital Outlay - Vehicle	-	10,076	36,500	(26,424)	27.6%
TOTAL EXPENSES	139,746	1,169,553	1,664,775	(495,222)	70.3%
EXCESS REVENUES OVER (UNDER) EXPENSES	6,738	(64,842)	1,460,600	(1,525,442)	
Other Financing Sources (Uses)					
Tap & Transfers from (to) Other Funds					
Tap Fees Received	101,500	876,500	1,700,000	(823,500)	51.6%
Tap Fees Transferred to MRMD	(103,500)	(604,000)	(1,700,000)	1,096,000	35.5%
Transfer from (to) Capital	(65,417)	(457,917)	(785,000)	327,083	58.3%
Transfer from (to) Emer Reserve	(18,750)	(131,250)	(225,000)	93,750	58.3%
Transfer from (to) Emer. (\$2)	(6,064)	(41,828)	(72,048)	30,220	58.1%
Transfer from (to) Rate Stabil	2,083	14,583	25,000	(10,417)	58.3%
TOTAL Tap & Transfers from (to) Other Funds	(90,147)	(343,911)	(1,057,048)	713,137	32.5%
Emergency Reserves					
Emergency Reserve (5%)	(655,554)	(543,054)	225,000	(768,054)	
Emergency Reserve (\$2) - Sewer	(361,851)	(326,087)	72,048	(398,135)	
Rate Stabilization Reserve	(2,083)	(14,583)	(25,000)	10,417	58.3%
TOTAL Emergency Reserves	(1,019,488)	(883,724)	272,048	(1,155,772)	
TOTAL Other Financing Sources (Uses)	(1,109,636)	(1,227,636)	(785,000)	(442,636)	156.4%
NET CHANGE IN FUND BALANCE	(\$1,102,898)	(\$1,292,477)	\$675,600	(\$1,968,077)	
BEGINNING FUND BALANCE**		1,497,791			
ENDING FUND BALANCE		<u>\$205,314</u>			
Operating Capital Fund Balance		(143,066)			
Emergency Reserve Fund Balance 5%		18,750			
Sewer Reserve Fund Balance \$2		4,213			
Rate Stabilization Fund Balance		<u>325,417</u>			
Total Fund Balance		\$205,314			

Meridian Service Metropolitan District										
2021 Tap Report										
Counts	Date	Tap Receipt No.	Service Address	Filing #	Lot #	Builder	Tap Amt Paid	Meter Amt Paid	Check No.	Monthly Totals
101.	8/6/2021	3343	12716 Enclave Scenic Dr	Stonebridge 4	63	Covington Homes	\$18,000.00	\$625.00	Wire/210806142231	
102.	8/10/2021	3344	9756 Picket Fence Way	Windingwalk 2	38	Reunion Homes	\$18,000.00	\$625.00	Wire/210810122462	
103	8/17/2021	3345	9868 Meridian Hills Trail	Stonebridge 4	128	Campbell Homes	\$18,000.00	\$625.00	E-Pymnt #P21081602 - 9933564	
104	8/27/2021	3346	9932 Meridian Hills Trail	Stonebridge 4	133	Covington Homes	\$18,000.00	\$625.00	Wire/210827137114	
105	8/27/2021	3347	9941 Meridian Hills Trail	Stonebridge 4	141	Covington Homes	\$18,000.00	\$625.00	Wire/210827137114	5 August

Meridian Service Metropolitan District
 2021 Tap and Meter Set Additional Fees Collected

(Initial) Tap Purchase Date	Tap Receipt No.	Service Address	Builder	Tap Fee Paid At Time of Purchase	Meter Set Fee Paid At Time of Purchase	Additional Tap Fees Due (Per Current Fee Schedule)	Additional Meter Set Fee Due (Per Current Fee Schedule)	Date Paid	Total Additional Amount Collected Prior to Meter Set	
2/27/2020	2953	9615 Vistas Park Dr	David Weekley Homes	\$ 17,000.00	\$ 600.00	\$ 1,000.00	\$ 25.00	6/7/2021	\$ 1,025.00	
5/18/2018	2481	9802 Emerald Dr	Campbell Homes	\$ 15,000.00	\$ 540.00	\$ 3,000.00	\$ 85.00	6/9/2021	\$ 3,085.00	
5/21/2018	2488	13679 Evening Sky Dr	David Weekley Homes	\$ 15,000.00	\$ 540.00	\$ 3,000.00	\$ 85.00	6/22/2021	\$ 3,085.00	
8/30/2018	2577	12979 Stone Valley Dr	Campbell Homes	\$ 15,000.00	\$ 540.00	\$ 3,000.00	\$ 85.00	6/25/2021	\$ 3,085.00	
9/13/2019	2801	10005 Golf Crest Dr	Covington Homes	\$ 16,000.00	\$ 575.00	\$ 2,000.00	\$ 50.00	6/29/2021	\$ 2,050.00	
6/12/2020	3075	9803 Fairway Glen Dr	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 1,000.00	\$ 25.00	6/30/2021	\$ 1,025.00	\$13,355.00 June 2021
2/15/2019	2701	9853 Emerald Vistas Dr	Campbell Homes	\$ 16,000.00	\$ 575.00	\$ 2,000.00	\$ 50.00	7/21/2021	\$ 2,050.00	
5/21/2018	2489	13667 Evening Sky Dr	David Weekley Homes	\$ 15,000.00	\$ 540.00	\$ 3,000.00	\$ 85.00	7/26/2021	\$ 3,085.00	\$5,135.00 July 2021
2/27/2020	2949	9647 Vistas Park Dr	David Weekley Homes	\$ 17,000.00	\$ 600.00	\$ 1,000.00	\$ 25.00	8/16/2021	\$ 1,025.00	
11/9/2018	2614	10017 Golf Crest Dr	Covington Homes	\$ 17,000.00	\$ 540.00	\$ 3,000.00	\$ 85.00	8/24/2021	\$ 3,085.00	\$4110.00 August 2021
2021 Total									\$ 22,600.00	

Meridian Service Metropolitan District
Vendor Payment Register Report - Summary
Finance Committee - Interim Payments to Ratify
August 25, 2021

Date	Payment Type	Vendor	Amount
08/25/21	ePayment	All Rental Center Inc	\$ 3,494.50
08/25/21	ePayment	American Portable Services Inc.	\$ 372.00
08/25/21	Check	Aqueous Solution Inc.	\$ 3,617.29
08/25/21	ePayment	Axis Business Technologies	\$ 234.12
08/25/21	Check	Badger Meter	\$ 1,422.90
08/25/21	Check	Browns Hill Engineering & Controls, LLC	\$ 7,907.35
08/25/21	Check	CenturyLink - FP & LS	\$ 251.73
08/25/21	ePayment	Cherokee MD	\$ 3,081.12
08/25/21	Check	Club Automation, LLC	\$ 1,759.76
08/25/21	Vendor Direct	Comcast - MRRRC	\$ 424.08
08/25/21	Vendor Direct	Comcast - Office	\$ 629.26
08/25/21	ePayment	Core & Main LP	\$ 446.40
08/25/21	Vendor Direct	CPS Distributors, Inc	\$ 3,558.47
08/25/21	Check	CSDPL-Colo Special Districts Prop & Liab	\$ 2,646.59
08/25/21	ePayment	DBC Irrigation Supply	\$ 365.53
08/25/21	Check	El Paso County Public Health	\$ 424.00
08/25/21	Check	Front Range Winwater	\$ 741.12
08/25/21	Check	Grainger	\$ 2,731.54
08/25/21	Check	HelloSpoke	\$ 747.90
08/25/21	Check	Hepperle Event & Party Services	\$ 100.00
08/25/21	Check	Home Depot Credit Services	\$ 1,409.76
08/25/21	ePayment	Jan-Pro of Southern Colorado	\$ 5,971.00
08/25/21	ePayment	JDS-Hydro Consultants, Inc.	\$ 11,772.70
08/25/21	Check	Jennette Coe	\$ 23.41
08/25/21	Check	Jim Nikkel	\$ 104.00
08/25/21	Vendor Direct	Johnson Controls Security Solutions	\$ 950.00
08/25/21	Check	Landmark Plumbing	\$ 731.98
08/25/21	Check	Levi's Custom Clean	\$ 175.00
08/25/21	Check	Meineke	\$ 513.49
08/25/21	Vendor Direct	Morning Star Elevator, LLC	\$ 230.00
08/25/21	Check	Mug-A-Bug Pest Control	\$ 554.00
08/25/21	Check	MVEA	\$ 77,167.18
08/25/21	Check	Northern Tool & Equipment	\$ 539.60
08/25/21	Vendor Direct	Rampart Supply Inc.	\$ 73.95
08/25/21	Vendor Direct	Safeway	\$ 3,163.04
08/25/21	Check	Shops at Meridian Ranch, LLC	\$ 3,750.48
08/25/21	ePayment	Starfish Aquatics Institute	\$ 129.00
08/25/21	Check	Tennessee Valley Tech Inc.	\$ 450.00
08/25/21	Check	Thatcher Company, Inc	\$ 10,955.30
08/25/21	Vendor Direct	UniFirst First Aid & Safety	\$ 1,247.04
08/25/21	Vendor Direct	USA BlueBook	\$ 104.20
08/25/21	Check	Utility Notification Center of Colorado	\$ 510.84
08/25/21	Vendor Direct	Verizon Wireless	\$ 618.74
08/25/21	Check	Vivid Engineering Group	\$ 2,151.75
08/25/21	Vendor Direct	Waste Management of Colorado Springs	\$ 645.03
08/25/21	Check	Whisler Industrial Supply	\$ 227.09
08/25/21	Check	WHMD Woodmen Hills Metropolitan District	\$ 12,660.00
08/25/21	Check	Zima Corporation	\$ 15,266.00
Total Payments	48	Total Amount of Payments	\$ 187,050.24

**Meridian Service Metropolitan District
Vendor Payment Register Report - Summary
Board Meeting - Payments to Approve
September 8, 2021**

Date	Payment Type	Vendor	Amount
9/8/2021	Check	AH Water	\$ 900.00
9/8/2021	ePayment	American Portable Services Inc.	\$ 279.00
9/8/2021	Check	Aqueous Solution Inc.	\$ 3,001.05
9/8/2021	Check	Badger Meter	\$ 162.84
9/8/2021	Check	Black Hills Energy	\$ 2,961.23
9/8/2021	Vendor Direct	BrightView Landscape Services Inc.	\$ 38,977.00
9/8/2021	Check	Browns Hill Engineering & Controls, LLC	\$ 9,119.00
9/8/2021	ePayment	Carlson, Hammond & Paddock, LLC	\$ 1,118.00
9/8/2021	Check	Carrie Billingsly	\$ 26.88
9/8/2021	Check	CEBT Payments	\$ 13,659.02
9/8/2021	ePayment	CEM Sales & Service	\$ 665.00
9/8/2021	Check	Chase Cardmember Services	\$ 9,110.79
9/8/2021	Check	Club Automation, LLC	\$ 1,865.92
9/8/2021	ePayment	Core & Main LP	\$ 845.90
9/8/2021	Vendor Direct	CPS Distributors, Inc	\$ 235.20
9/8/2021	Check	CRS Community Resource Services	\$ 12,108.09
9/8/2021	Check	CSU Colorado Springs Utilities	\$ 121.89
9/8/2021	ePayment	DBC Irrigation Supply	\$ 51.19
9/8/2021	Check	Design Edge	\$ 9,800.00
9/8/2021	Check	El Paso County Public Health	\$ 273.00
9/8/2021	Check	Faris Machinery	\$ 1,155.86
9/8/2021	Check	Fitness Gallery	\$ 4,022.50
9/8/2021	Check	Front Range Winwater	\$ 1,545.40
9/8/2021	Check	Grainger	\$ 145.06
9/8/2021	Check	Henley's Key Service, Inc.	\$ 75.00
9/8/2021	Check	Hepperle Event & Party Services	\$ 650.00
9/8/2021	ePayment	Jan-Pro of Southern Colorado	\$ 3,113.00
9/8/2021	ePayment	JDS-Hydro Consultants, Inc.	\$ 29,880.95
9/8/2021	Check	John Deere Financial	\$ 416.26
9/8/2021	Check	Meineke	\$ 175.27
9/8/2021	Check	Mug-A-Bug Pest Control	\$ 62.00
9/8/2021	Vendor Direct	O'Reilly Automotive	\$ 68.96
9/8/2021	Check	Phil Long Ford	\$ 230.69
9/8/2021	ePayment	Spencer Fane LLP	\$ 26,292.64
9/8/2021	Check	Tanglewood Trailers	\$ 9,000.00
9/8/2021	Check	Tech Builders Inc	\$ 14,140.01
9/8/2021	ePayment	TIAA Commercial Finance, Inc	\$ 187.00
9/8/2021	Vendor Direct	USA BlueBook	\$ 773.59
9/8/2021	Check	Utility Notification Center of Colorado	\$ 554.40
9/8/2021	Vendor Direct	Verizon Wireless	\$ 369.02
9/8/2021	Check	VertiCloud Networks LLC	\$ 3,253.49
9/8/2021	Vendor Direct	Waste Management of Colorado Springs	\$ 259.46
9/8/2021	Check	WHMD Woodmen Hills Metropolitan District	\$ 31,270.61
Total Payments	43	Total Amount of Payments	\$ 232,922.17

Payroll Transactions	8/1 - 8/31/2021
BOD Payroll:	\$ 1,076.50
Bi-weekly Payroll:	\$ 145,011.51
Payroll & HR Services:	\$ 885.30
Total:	\$ 146,973.31

Ranges:	From:	To:	From:	To:
Check Number	First	Last	Check Date	9/8/2021
Vendor ID	First	Last	Checkbook ID	First
Vendor Name	First	Last		Last

Sorted By: Check Number

* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
02290	FENTON	Michael J Fenton	9/8/2021	WF CHECKING	PMCHK00000257	\$277.05
02291	GABRIELSKI	MILTON B. GABRIELSKI	9/8/2021	WF CHECKING	PMCHK00000257	\$277.05
02292	SAUER	Thomas G. Sauer	9/8/2021	WF CHECKING	PMCHK00000257	\$277.05
02293	REORDA	Wayne Reorda	9/8/2021	WF CHECKING	PMCHK00000257	\$277.05
02294	GESSNER	William Gessner	9/8/2021	WF CHECKING	PMCHK00000257	\$277.05
02295	CRS	CRS of Colorado	9/8/2021	WF CHECKING	PMCHK00000258	\$1,919.50
02296	SPENCERFANEBRIT	Spencer Fane LLP	9/8/2021	WF CHECKING	PMCHK00000258	\$105.00

Total Checks:	7				Total Amount of Checks:	\$3,409.75
						=====



MERIDIAN SERVICE METROPOLITAN DISTRICT

Water, Wastewater, Parks and Recreation

11886 Stapleton Dr, Falcon, CO 80831

719-495-6567, Fax 719-495-3349

DATE: August 25, 2021
TO: MSMD Board of Directors
RE: Finance Committee Report

On August 25, 2021 the Board's Finance Committee, Directors Sauer and Gessner (in Director Gabrielski's absence), met with Jim Nikkel, General Manager, Jennette Coe, AFS Manager and Carrie Billingsly, Supervising Accounting Technician. Following is a summary of the meeting:

- The Finance Committee approved interim MSMD payments in the amount of \$187,050.44 and directed staff to put these on the Board's September agenda for ratification.

Submitted by:

A handwritten signature in blue ink, appearing to read "Tom Sauer", is written over a horizontal line.

Tom Sauer, Finance Committee Director

MSMD Operations Report for August 2021

During the month of August, well site #5 continues help meet water demand. LFH-1 well is on schedule to be removed to check the screen the first week in September. Chemical feed pump has been installed and Latigo feeding up to the tanks. Well site #8 direct injection is almost completed. Arapahoe well flow meter replaced but well supply is erratic and will be considered for rehab over the winter. Guthrie Ranch and Mid-point well building electrical improvements have been completed. Fiber internet has been installed at the filter plant and 90% completed. Water operations completed the monthly Bac-T and monitoring plan sampling per CDPHE requirements. Lead and Copper testing results have been received and will be sent out to the resident sample locations the first week in August. Monthly water meter reads were collected on August 26th. Staff performed 15 new water and sewer inspections and 9 new water meter installations.

Parks and drainage continued weekly pond inspections and removed trash collected in the drainage channels as needed. Parks and Drainage have opened Longview Park and working with the landscape maintenance contractor to have an extra aeration performed for another round of seeding prior to irrigation season shut down. A replacement slide for Greens Park has been ordered and will be replaced once received. Replacement cost will be covered under the manufacturer warranty. Crews continued with irrigation and mainline repairs. Power has been restored to Boulder Ridge entry monument lighting and irrigation controller. A major repair has been completed on MRB near the golf course maintenance building. Trouble-shooting irrigation controllers continues. Approximately 200 trees have been removed to date. Fence staining is scheduled to begin over the Labor Day weekend.

Staff performed weekly infiltration gallery inspections and recorded water level logging data. Area #5 was in overflow throughout most of July. Winding Walk infiltration pit overflow has been installed aiding in overflow measurement.

Mid-month, the irrigation pond intake plugged. A temporary bypass fill line is being used to keep golf course irrigation water available. A floating intake installation is underway but requires draining the pond and installing a float for the intake. Water level has been able to meet golf course demand.

Wastewater operations completed weekly composite sampling and drop off to Cherokee for testing. Weekly Hydrogen Sulfide (H₂S) and Total Dissolved Solids (TDS) samples were collected along with weekly sewer flow meter inspections. Bar screen replacement was completed August 27th. The repair technician commented on how helpful our employees were and the ease of the repair. Sewer line cleaning continued and identified a significant sag in a section of the sewer line. The sewer line is still flowing but will require repair. The combo truck was also used to empty the manhole septic tank at the filter plant. The new flow meter at the Blaney Road connection to Cherokee is tentatively scheduled for September 8th or 9th. Falcon lift station influent meter adjustment is pending technician availability.

Upcoming or continued water tasks:

- Monthly meter reading (completed 8-26-21)
- Well site #7 test (work continues week of Sept. 9th)
- Latigo and well site #8 raw water bypass cut in (completed)
- Annual generator service (pending technician availability)

Upcoming or continued parks and drainage:

- Continue irrigation repairs/testing (in progress)
- Annual backflow testing (completed)
- Continue fence repairs (in progress)
- Mulch/rock replacement in planter beds (in progress)
- Dead tree removal (in progress)

Upcoming or continued wastewater tasks:

- Sewer force main air vac maintenance/vault inspections (in progress)
- Sewer force main flow meter replacement (line tapped, awaiting install)
- Lift station bar screen repair (completed)
- Infiltration pit maintenance (pending weather, in progress)
- Infiltration pit logger installs (2) (pending weather, in progress)
- Begin recruitment for vacant wastewater position (in progress)
- Annual generator service (pending)

September 8th, 2021 Recreation Board Report

Usage Numbers August 2021

Total Attendance – 11989

Group Ex – 749 participants. Of those we received \$500 from non-members

Childcare attendance - 396

Revenue collected - **\$12,329.00**

Pulse Check:

Visitation dropped when D49 went back into school but remained higher than our school year average. Group exercise class and childcare participation increased as expected.

Flag football has begun, and we have over 50 participants. We are utilizing three parks to host practice late enough for kids to be out of school, but early enough to finish before sunset. We have added youth volleyball to our drop-in schedule and have had great participation to begin. We are exploring adding an adult basketball league, which we would contract referees and host up to 8 teams.

We have made two repairs to our steam room to ensure it functions consistently throughout the day. We have completed our annual deep cleaning of the indoor leisure pool. This was completed early because the mixing valve on the heater went out, and we had a week downtime. The outdoor pool is scheduled to close on October 3rd pending the weather.

We have our Daddy Daughter Dance occurring on September 25th and have registration open with sign ups occurring. We are partnering with the developer to host a Fall 5k race, youth parade, and a band with activities at the shops the first week of October. We are working with Esme to host a Meridian Ranch harvest market and currently have 60 vendors lined up to attend the event. This will be tentatively hosted on October 10th in the East half of the parking lot.

The lobby remodel is going out for bid the week of this board meeting and is scheduled to close on October 3rd. We will provide an update with bids at the October board meeting, with excitement to have the work completed thereafter.



MERIDIAN SERVICE METROPOLITAN DISTRICT

Water, Wastewater, Parks and Recreation

11886 Stapleton Dr, Falcon, CO 80831

719-495-6567, Fax 719-495-3349

Date: September 8, 2021
To: Meridian Ranch Board of Directors
From: Jim Nikkel, General Manager
Subject: Proposals to Complete MSMD Water and Wastewater Buildout
Financial Plan

BACKGROUND

During August of 2020, then Manager David Pelsler requested and received authorization to have a Capital Improvement Plan (CIP) for the buildout of the water and wastewater infrastructure of the District completed. That work was assigned to JDS Hydro and was completed and presented to the Board prior to the July 2021 meeting. As David noted during the original discussion around development of the CIP, that the follow up step would be to develop a financing plan for the proposed improvements and then the follow up to the financing plan would be a rate study.

ANALYSIS

We requested Statements of Qualifications and sealed Fee Proposals from three well know firms, Raftelis, Bartle Wells Associates, and Stantec. Raftelis and Bartle Wells respond as requested. Stantec responded that they did not have adequate availability to provide the requested services.

Both firms are well known in the industry and have very capable staffs. In reviewing their proposals both firms take similar approaches to their analysis with the one difference being that Raftelis proposed to engage an outside engineering firm, JVA, to review the JDS CIP. Bartell Wells would rely upon the expertise of their own staff.

Upon review of the Statement of Qualifications, both firms were found to be responsive and qualified to complete the requirements of the project.

FINANCIAL IMPACT

In reviewing the Fee Proposals, both firms estimated the hours that would be required of them to complete the requested tasks. Bartle Wells was slightly higher in their estimate of 267 hours when compared to the 216 estimated hours from Raftelis. Hourly billing rates between the two firms are slightly different but Raftelis has a distinct edge is being a larger

firm, they have the capability to off load several tasks to more junior staff to keep their costs lower.

Discussion

As previously stated, both firms are more than capable of completing this work as well as the follow up work of a Rate Study. Both have worked for a multitude of special districts, utility providers and local governments doing both financial planning as well as rate studies. Ratfelis would hold a slight edge however since they are also registered as Municipal Advisor.

RECOMMENDATION

I am recommending that the Board approve proceeding with Ratfelis to complete the required scope of work for the MSMD Buildout Financial Master Plan at a not to exceed amount of \$ 39,720.00 with the final work product anticipated to be delivered in January of 2022.

ATTACHMENTS:

- A. Ratfelis Statement of Qualification
- B. Bartle Wells Statement of Qualifications
- C. Ratfelis Fee Proposal
- D. Bartle Wells Fee Proposal

Meridian

Service Metropolitan District



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Cover photo courtesy of Kent Kanouse (Flickr).

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Schedule



July 1, 2021

Mr. David Pelsler
General Manager
Meridian Service Metropolitan District
11886 Stapleton Drive
Falcon, CO 80831

Subject: Proposal for Buildout Financial Master Plan

Dear Mr. Pelsler:

Raftelis is pleased to submit this proposal to assist Meridian Service Metropolitan District (MSMD or District) with its water, wastewater, and property tax financial planning. We are confident you will find our qualifications and experience within the water and wastewater utility industry makes us uniquely qualified to meet the District's goals and objectives.

Things that set Raftelis apart include:

- Prior rate study work performed on your behalf provides a valuable basis of information from the start. Fresh eyes from skilled analysts who have not served the District provides a valuable opportunity to innovate.
- We build new financial and rate models for every client—even returning clients. Our thinking will be fresh and innovative while allowing us to incorporate industry best practices that have evolved since the last study was performed.
- We understand the unique needs of being a special district, among these, the need to balance sources of funding that are out of the District's control (e.g., property tax valuations) and the need to maintain revenue stability and customer affordability.
- Some bidders may be tempted to keep costs low by skimping on project management hours, but our approach envisions me—as an experienced Project Manager—remaining close, with my sleeves up in a very active and involved role. This is the sort of attention you deserve.

We are proud of the resources that we can offer and welcome the opportunity to assist the District on this engagement. Should you have any questions, please contact me using the following information:

Sincerely,

A handwritten signature in black ink that reads 'Todd Cristiano'.

Todd Cristiano

Senior Manager (Individual authorized to make contract commitments)

P: 303.305.1136 | E: tcristiano@raftelis.com

Firm Overview

RAFTELIS IS THE TRUSTED ADVISOR TO UTILITIES AND THE PUBLIC SECTOR.

Raftelis provides utilities and public-sector organizations with insights and expertise to help them operate as high-performing, sustainable entities providing essential services to their citizens. We help our clients solve their financial, organizational, technology, and communication challenges, achieve their objectives, and, ultimately, make their communities better places to live, work, and play.

RESOURCES & EXPERTISE

This project will require the resources necessary to effectively staff the project and the skillsets to complete all of the required components. With more than 120 consultants, Raftelis has the largest water-industry financial and management consulting practice in the nation. Our depth of resources will allow us to provide the District with the technical expertise necessary to meet your objectives.

DEFENSIBLE RECOMMENDATIONS

When your elected officials and customers are considering the validity and merit of recommended changes, they want to be confident that they were developed by experts using the latest industry standard methodology. Our senior staff is involved in shaping industry standards by chairing various committees within the American Water Works Association (AWWA) and the Water Environment Federation (WEF). Raftelis' staff members have also co-authored many industry standard books regarding utility finance and rate setting. Being so actively involved in the industry will allow us to keep the District informed of emerging trends and issues and to be confident that our recommendations are insightful and founded on sound industry principles. **In addition, with Raftelis' registration as a Municipal Advisor, you can be confident that we are fully qualified and capable of providing financial advice related to all aspects of**

utility financial planning in compliance with federal regulations.

HISTORY OF SIMILAR SUCCESSES

An extensive track record of past similar work will help to avoid potential pitfalls on this project and provide the know-how to bring it across the finish line. Raftelis staff has assisted 1,000+ utilities throughout the U.S. with financial and rate consulting services with wide-ranging needs and objectives.

USER-FRIENDLY MODELING

A modeling tool that your staff can use for scenario analysis and financial planning now and into the future will be key for the District going forward. Raftelis has developed some of the most sophisticated yet user-friendly financial/rate models available in the industry. Our models are non-proprietary and are developed with the expectation that they will be used by the client as a financial planning tool long after the project is complete.

RATES THAT ARE ADOPTED

For the study to be a success, rates must be successfully approved and implemented. Raftelis has assisted numerous agencies with getting proposed rates successfully adopted. We focus on effectively communicating with elected officials about the financial consequences and rationale behind recommendations to ensure stakeholder buy-in and successful rate adoption.

Our Subconsultant

JVA, Inc. is a structural, civil, and environmental consulting engineering firm headquartered in Boulder, Colorado. JVA is well-versed in handling a variety of engineering projects and has successfully produced master plans for many municipalities and districts.

Project Team

WE HAVE DEVELOPED A TEAM OF CONSULTANTS WHO SPECIALIZE IN THE SPECIFIC ELEMENTS THAT WILL BE CRITICAL TO THE SUCCESS OF THE DISTRICT’S PROJECT.

Our team includes senior-level professionals to provide experienced project leadership with support from talented consultant staff. This close-knit group has frequently collaborated on similar successful projects, providing the District confidence in our capabilities.

Here, we have included an organizational chart showing the structure of our project team. In Appendix A, we have included resumes for each of our team members as well as a description of their role on the project.

MERIDIAN SERVICE METROPOLITAN DISTRICT

PROJECT MANAGER

Todd Cristiano
(Denver Metro Office)

TECHNICAL ADVISOR

Andrew Rheem
(Denver Metro Office)

SUBJECT MATTER EXPERT (JVA)

Capital planning, cost estimating,
alternatives analysis

Andrew Sparn
(Denver Metro Office)

STAFF CONSULTANTS

3 Consultant-level staff
(specific staff to be determined
at project initiation)

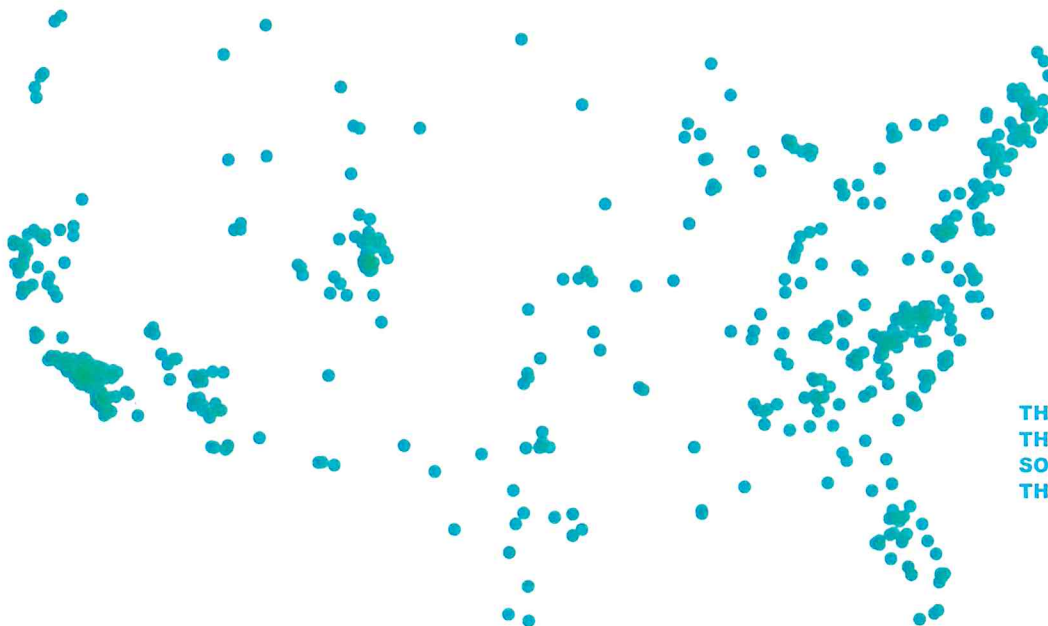
STRATEGIC COMMUNICATIONS (OPTIONAL)

Matt Wittern, APR, PMP
(Denver Metro Office)

Relevant Project Experience

RAFTELIS HAS THE MOST EXPERIENCED UTILITY FINANCIAL AND MANAGEMENT CONSULTING PRACTICE IN THE NATION.

Our staff has assisted more than 1,200 public agencies and utilities across the U.S., including some of the largest and most complex agencies in the nation. In the past year alone, Raftelis worked on more than 900 financial/organizational/technology consulting projects for over 600 agencies in 44 states, the District of Columbia, and Canada. **In Appendix B, we have included example project descriptions and references for several similar past projects.**



THIS MAP AND THE MATRIX ON THE FOLLOWING PAGES SHOW SOME OF THE UTILITY CLIENTS THAT WE HAVE ASSISTED.

Raftelis has provided financial/organizational/technology assistance to utilities serving more than

25% of the U.S. population

Colorado Experience

This matrix shows a sample of some of the utilities throughout Colorado that Raftelis staff has assisted and the services performed for these utilities.

Client	Benchmarking	Cost-of-Service Analysis	Debt Issuance Support	System Development Fees	Financial & Capital Improvements Planning	Public Education & Outreach	Rate Case Support	Rate Structure Development	Rate Study	Stakeholder Process Development & Facilitation
COLORADO SPECIAL DISTRICT EXPERIENCE										
Bancroft-Clover Water and Sanitation District		●		●	●			●	●	
Bear Creek Water and Sanitation District					●			●	●	
Boxelder Sanitation District		●		●	●			●	●	
Crestview Water & Sanitation District		●	●		●	●		●	●	●
Eagle River Water & Sanitation District						●		●	●	
Fort Collins - Loveland Water District		●	●	●	●	●	●	●	●	●
Ken-Caryl Ranch Water & Sanitation District		●			●			●	●	
Left Hand Water District		●		●	●			●	●	
Mount Crested Butte Water & Sanitation District	●	●	●	●				●	●	●
Mount Werner Water & Sanitation District	●	●		●	●			●	●	●
Northern Colorado Water Conservancy District						●				
Pueblo West Metropolitan District	●	●		●	●	●		●	●	●
Security Water & Sanitation District		●		●	●			●	●	●
South Adams County Water & Sanitation District	●				●					●
Three Lakes Water & Sanitation District		●		●	●			●	●	
Triview Metropolitan District				●	●			●	●	
Upper Thompson Sanitation District		●			●			●	●	
ALL OTHER COLORADO MUNICIPALITIES										
Arapahoe County Water and Wastewater Authority		●			●			●	●	
Aspen, City of		●	●		●			●	●	
Aurora, City of		●	●	●	●	●		●	●	●
Berthoud, Town of				●	●			●	●	
Boulder, City of		●		●	●	●		●	●	●
Brighton, City of	●				●					
Broomfield, City & County of	●	●	●	●	●	●		●	●	●
Cañon City		●	●	●	●			●	●	●
Castle Rock, Town of		●			●	●		●	●	●
Denver, City And County of		●	●		●	●		●	●	●
Denver Water						●		●	●	●
Durango, City of		●		●	●			●	●	●

Client	Benchmarking	Cost-of-Service Analysis	Debt Issuance Support	System Development Fees	Financial & Capital Improvements Planning	Public Education & Outreach	Rate Case Support	Rate Structure Development	Rate Study	Stakeholder Process Development & Facilitation
East Larimer County Water District		●		●	●	●		●	●	
Eaton, Town of		●			●			●	●	
Englewood, City of	●	●			●	●		●	●	●
Evans, City of					●				●	
Fort Collins, City of		●			●			●	●	
Fort Morgan, City of				●	●			●	●	●
Fruita, City of		●		●	●					
Golden, City of		●		●	●			●	●	●
Grand Junction, City of	●	●	●	●	●	●		●	●	●
Greeley, City of		●	●	●	●			●	●	●
Idaho Springs, City of		●	●	●	●	●	●	●	●	●
Lakewood, City of		●			●			●	●	
Littleton, City of	●	●				●	●	●		●
Lochbuie, Town of				●	●			●	●	●
Longmont, City of	●	●		●	●			●	●	●
Louisville, City of		●		●	●			●	●	●
Mead, Town of		●		●	●			●	●	
Nederland, Town of		●		●	●			●	●	
Platteville, Town of			●	●	●			●	●	
Pueblo, City of	●	●		●	●	●		●	●	●
Pueblo Water		●		●	●					
Salida, City of		●		●	●			●	●	
St. Vrain Sanitation District		●		●	●			●	●	●
Steamboat Springs, City of		●	●	●	●			●	●	●
Superior, Town of				●	●			●		
Thornton, City of	●	●	●	●	●	●		●	●	●
Trinidad, City of	●	●		●	●			●	●	●
Upper Eagle Regional Water Authority					●			●	●	●
Westminster, City of	●	●	●	●	●			●	●	
Woodmoor Water & Sanitation District No. 1				●	●			●	●	●

Technical Approach / Scope of Work

Project Understanding

Based on our review of the RFP and other documents on the District’s website, we understand MSMD is completing a Buildout Water/Wastewater Master Plan CIP which identifies the necessary infrastructure to serve future development within the District. Supporting this is a Buildout Financial Master Plan study to address the financial aspects of funding this Master Plan while maintaining rates and fees to fund operations. We imagine areas of funding may include:

- Refinancing/restructuring existing debt obligations
- Additional GO bond sales and/or revenue bonds
- Additional developer advances
- Increases in service fees and/or tap fees
- Contract revenues such as IGAs, or the sales/lease of surplus capacity to others

The financial activities in two MSMD funds are integral to this study:

- The debt fund – comprised of a number of bonds and loans which fund a variety of projects improving water and wastewater infrastructure.
- The water and wastewater proprietary funds, for which tap fee sales and property taxes are the primary sources of repayment for the utility portion of debt. The water utility currently has \$7.0 million of bonding capacity, while wastewater has no available bonding capacity.

Conversely, the water and wastewater utility funds held by MSMD track those activities or expenditures which are funded primarily by rate revenues. The recent budgets and annual statements suggest that the water and wastewater utilities are meeting expenditures with sufficient undesignated reserves for future capital and operating needs.

The District’s Financial Balancing Act

A key element in this study will be identifying the correct balance of loans, bonds, and tap fees to fund MSMD’s growth-related infrastructure.

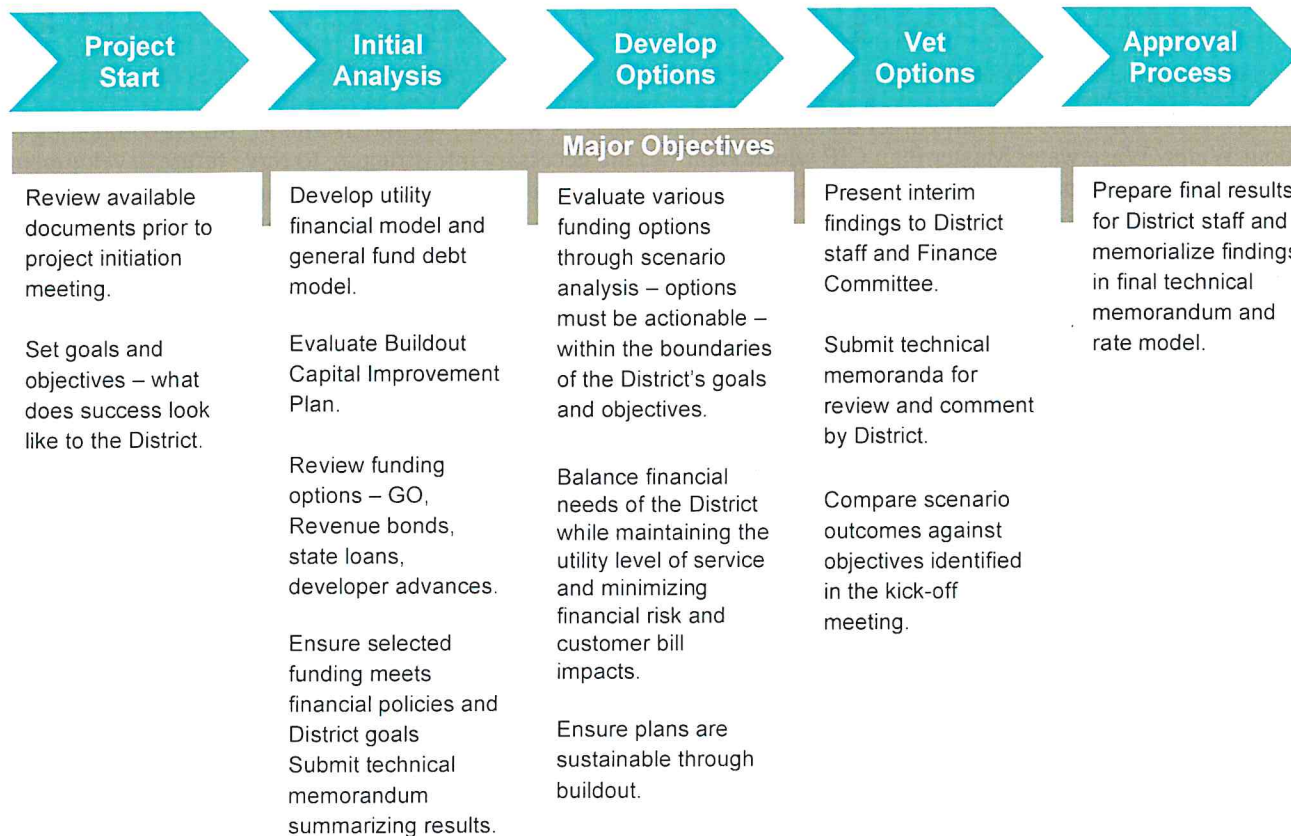
- General Obligation (GO) bonds offer a number of benefits, including potentially lower interest rates, but they require a vote of the citizens to satisfy Colorado’s TABOR Law.
- On the other hand, revenue bonds may be issued without a vote, but must be backed by water and wastewater utility revenues.
- In addition, revenue bonds require maintaining reserve targets and debt service coverage which may lead to an increase in rates.
- Finally, developer advances are another funding option, though those may come at higher interest rates.



A Project Approach as Unique as MSMD

Raftelis’ approach is tailored to the needs of each project and client. We take pride in having a deep bench of expertise beyond just the project team to provide our clients the best value and expertise. Our clients value our ability to collect, synthesize, and validate the pertinent data and tease out critical insights that inform our analysis. Rather than taking any data at face value, we compare it against other sources to check for reasonableness and ensure its accuracy.

Another important part of a successful study is regular communication. During the kick-off meeting, we will establish communication protocols based on what works best for you. Further, we propose providing two points of contact – the project manager and the lead analyst. This ensures that we can be responsive to the MSMD’s needs.



Task 1: Project Initiation/Project Management

Work Plan Activities

Project Management

- Provide timely invoices, regular calls with the District’s project manager, and identify milestones and deliverables

Prior to the Kick-off meeting

- Provide data request in advance of project initiation meeting
- Review the latest draft report of the JDS Hydro Water/Wastewater Buildout CIP

Project Initiation Meeting

- Schedule on-site meeting to discuss policy objectives that may affect the study (e.g., reserve policies, debt service coverage requirements, etc.)
- Review outstanding data request items
- Review the MSMD capital expenditures 2022 to buildout and identify any changes to the timing and cost of the projects
- Discuss the functional requirements to be included in the financial model.

Task 2: Review of Buildout Capital Master Plan

Work Plan Activities

- JVA subconsultant to review the JDS Hydro of Colorado Springs Buildout Master Plan
- With assistance from District staff, JVA to develop capital improvement program alternatives considering timing alternatives and costing options
- Incorporate pricing estimates considering project timeline – design, permitting, and construction into the final cost estimates

Deliverables

- Develop technical memorandum summarizing the Buildout Capital Improvement Plan including costs and schedule

Task 3: Financial Planning Models

Work Plan Activities

Water and Wastewater Utilities Financial Planning Cash Flow

- Review current fiscal policies, provide recommendations if needed, and incorporate into financial planning analysis
- Estimate buildout period for the purposes of developing the long-range cash flow analysis
- Develop separate cash flows for the water and wastewater utilities

Revenue and Fee Projections

- Tabulate and summarize monthly billing data by customer class for the water and wastewater utilities
- Calculate number of bills, accounts, and by meter size
- Project water demands and wastewater billable flow considering growth and changes in use per account
- Forecast water revenue under existing rates using the projected demand and billable flow projections multiplied by the usage per account
- Forecast water and wastewater tap fee revenue (facility fees) and the amount of fee revenue to be transferred to the Meridian Ranch Metropolitan District for paying debt service

Expenditures Projections

- Forecast O&M, R&R capital, expansion capital (based on master plan results), existing and proposed debt service. Incorporate new positions, changes in operating efficiencies, etc.
- Use buildout capital planning model to forecast projects to be funded by tap fees and repair and replacement projects
- Develop debt financing plan by identifying projects eligible for bond or state loans based on timing, duration, and amount of project; work with state to determine loan parameters available – term, interest rate, debt service coverage, etc.); identify whether these bond issues will be funded through the water or wastewater utility or through a mill levy on property taxes; and identify opportunities for bond refunding
- Evaluate different types of debt financing and the impact to rates based on performance metrics needed to meet bond covenants (i.e., GO bonds vs revenue bonds vs. State loans, etc.)
- Evaluate different loan pay-off strategies and the impact on revenue increases

Optimized Financial Plan Cash Flows

- Develop 'optimal' revenue requirement financial plan balancing mix of cash funding, debt financing capital projects while meeting reserve targets and debt service coverage requirements, and minimizing revenue increases
- Calculate annual rate revenue adjustments needed through the study period (these optimal financing plans will identify shortfalls and the adjustments required to reduce or eliminate the deficiencies)

Meridian Ranch Metropolitan District Debt Fund Cash Flow

- Review current fiscal policies, provide recommendations if needed and incorporate into financial planning analysis

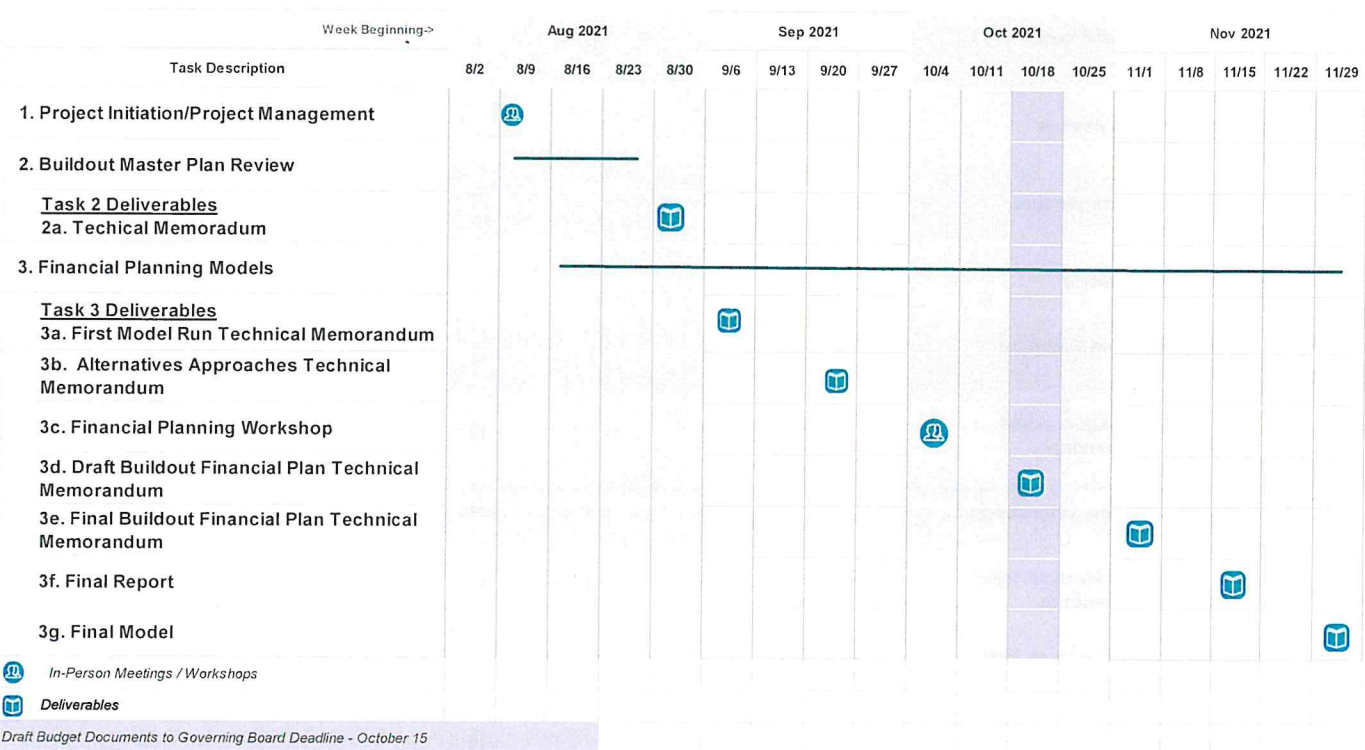
- Estimate buildout period for the purposes of developing the long-range cash flow analysis
- Using buildout plan projections and information from El Paso County, project mill levy assessment and property tax revenues for the study period based on building projections.
- Project a schedule of anticipated property taxes throughout buildout
- Determine level of debt payments associated with funding water and wastewater infrastructure and the level of property taxes and tap fee revenue needed to support those payments over the study period
- Evaluate need to adjust mil levy levels to meet the annual debt requirements in absence of sufficient tap fee revenue
- Develop 'optimal' cash flow plan balancing mix of tap fee revenue, debt financing capital projects while meeting reserve targets and debt service coverage requirements (if necessary)
- Calculate annual property tax adjustments needed through the study period (these optimal financing plans will identify shortfalls and the adjustments required to reduce or eliminate the deficiencies)

Deliverables

- **First Model Run Technical Memorandum:** Shows the capital costs by year, revenue by year, and anticipated funding shortfalls
- **Alternatives Approaches Technical Memorandum:** Summary of model results from alternative funding plans to eliminate shortfalls using service fees increases, tap fee increases, and additional debt
- **Financial Planning Workshop:** Attend workshop with MSMD Staff and the Board's Finance Committee to explain the model and the alternative financing plans
- **Draft Buildout Financial Plan Technical Memorandum:** Revise model to respond to MSMD comments
- **Final Buildout Financial Plan Technical Memorandum:** Incorporate comments from workshop into final memorandum
- **Final Report:** Summarize findings from study and memorialize into final report for the District's records
- **Final Model:** Finalize model and provide to District for their use

Schedule and Deliverables

Raftelis will complete the scope of services within the timeframe shown in the schedule below. The proposed schedule assumes a notice-to-proceed by the beginning of August 2021 and that Raftelis will receive the needed data in a timely manner and be able to schedule meetings as necessary. Projects of this size and complexity often take approximately four months to complete. We have scheduled meetings leading up to the draft Buildout Financial Plan Technical Memorandum to be completed prior to the October 15 budget submittal deadline. This will allow District staff to incorporate any preliminary findings into the draft 2022 budget. In addition, we anticipate completion prior to the final adoption of the 2022 budget to capture any recommendations from the study.



Scope of Work Deliverables	
1. Project Initiation/Project Management	Aug 9
2. Buildout Master Plan Review	Aug 9 - Aug 27
<u>Task 2 Deliverables</u>	
2a. Technical Memorandum	Aug 30
3. Financial Planning Models	Aug 9 - Dec 17
<u>Task 3 Deliverables</u>	
3a. First Model Run Technical Memorandum	Sept 9
3b. Alternatives Approaches Technical Memorandum	Sept 20
3c. Financial Planning Workshop	Oct 4
3d. Draft Buildout Financial Plan Technical Memorandum	Oct 18
3e. Final Buildout Financial Plan Technical Memorandum	Nov 1
3f. Final Report	Nov 8
3g. Final Model	Nov 29

Labor Hours

The following table includes a breakdown of labor hours indicating each task and subtask and the estimated hours by each individual working on the project.

Tasks	Number of On-Site Meetings	Hours					Total
		TMC	AR	SC	AS ~JVA	ADMIN	
1. Project Initiation/Project Management	1	4	2	8	-	3	17
2. Buildout Master Plan Review	-						
2a. Technical Memorandum	-	4	-	2	20	-	26
3. Financial Planning Models	1						
3a. First Model Run Technical Memorandum	-	4	1	12	-	-	17
3b. Alternatives Approaches Technical Memorandum	-	4	-	12	-	-	16
3c. Financial Planning Workshop	-	6	1	24	-	-	31
3d. Draft Buildout Financial Plan Technical Memorandum	-	6	1	24	-	-	31
3e. Final Buildout Financial Plan Technical Memorandum	-	6	-	24	-	-	30
3f. Final Report	-	6	-	16	-	-	22
3g. Final Model	-	2	-	24	-	-	26
Total Estimated Meetings / Hours	2	42	5	146	20	3	216

Appendix A: Project Team Resumes

Todd Cristiano

PROJECT MANAGER

Senior Manager



ROLE

Todd will manage the day-to-day aspects of the project ensuring it is within budget, on schedule, and effectively meets the District's objectives. He will also lead the consulting staff in conducting analyses and preparing deliverables for the project. Todd will serve as the District's main point of contact for the project.

PROFILE

Todd has nearly 20 years of utility finance experience—14 years as a consultant to utilities and 6 years as the Manager of Rates at Denver Water. He has completed studies across the U.S. for water, wastewater, stormwater, electric, and gas utilities. His experience covers technical areas and industries such as municipal fee development, utility cost-of-service and rate structure studies, economic feasibility analyses, impact fee studies, and budget processes. While at Denver Water, he oversaw four significant rate- and fee-related studies, all unanimously approved by the Board of Water Commissioners, and also served as interim budget manager at Denver Water. As a member of the AWWA, he has helped to develop industry guidelines regarding financial and rate-making practices. In particular, as the current Chair of the AWWA Rates and Charges Committee, he co-authored the water reuse chapter in the latest edition of *Manual M1, Principles of Water Rates, Fees and Charges*. Todd is also co-instructor for the AWWA's biennial Financial Management: Cost-of-Service Rate-Making Seminar.

KEY PROJECT EXPERIENCE

City of Golden (CO)

The City of Golden (City) provided water, sewer, and drainage services to approximately 5,400 customers through separate self-supporting enterprise funds. Rates charged for services must be adequate to support maintenance and operations, debt service, capital improvements, asset reinvestment, and transfers for general administration.

This City requested a comprehensive financial and rate analysis on their water, wastewater, and stormwater utilities. They wished to focus on the rate structures, updates to the cost-of-service with recommendations on the best alternatives for equitable and sustainable revenue recovery by each customer class. The last cost-of-service study was completed over 10 years ago.

Also part of this study was convening a Utility Rate Citizens Committee (URCC) to review and provide recommendations on rate alternatives based on identified pricing objectives. Raftelis developed rate alternatives for each utility.

Specialties

- Financial planning
- Cost-of-service & rate structure studies
- Litigation support
- Economic feasibility analyses
- Impact fee studies - utility & non-utility
- Reviews of policies, procedures, & operating practices
- Budget processes

Professional History

- Raftelis: Senior Manager (2019-present); Manager (2017-2018)
- Stantec (2016-2017)
- Denver Water: Manager of Rates (2010-2016)
- Malcolm Pirnie-Arcadis-US (2005-2010)
- Black & Veatch (1998-2005)

Education

- Master of Business Administration - University of Colorado (2003)
- Bachelor of Science in Chemical Engineering - University of Tulsa (1995)

Professional Memberships

- AWWA: Chair of Rates & Charges Committee
- WEF

Raftelis prepared financial plans, cost-of-service analysis, and rate design for each utility. Using the pricing objectives from the URCC, we developed three alternatives for water, two for wastewater, and two for stormwater.

For stormwater, of particular interest was improving the equity between residential and commercial customer classes. The existing residential fee is on a per dwelling unit basis and commercial is based on individual impervious area. Raftelis developed a impervious area fee for both residential and commercial. This increased the residential fee and reduced the commercial fee. The City adopted the new rates and rate structures for 2020.

Three Lakes Water and Sanitation District (CO)

Todd served as the project manager on this engagement. The Three Lakes Water and Sanitation District (District) requested a 10-year financial plan and an update to their tap fees. The District is facing a significant upgrade to its wastewater treatment plant as a result of new copper compliance regulations. Raftelis developed a 10-year cash flow which incorporated the enterprise fund as well as their general government funds (general government funds fund a portion of administration expenses). The financial planning projections indicated that revenue adjustments of 3.5% were needed annually over the study period, assuming a state loan would fund 100% of the copper compliance project in 2019. Raftelis also updated their tap fees which had remained unchanged since 2009. Because the District has capacity available in its existing system, the buy-in replacement cost new methodology was used. During District Board meetings, Directors expressed concern that the proposed fee was greater than the cost to install an individual septic system. Todd presented to the Board three times over the course of six months. The last presentation included the conclusive results of our study. The Board adopted a 6.0% increase for the following year with the anticipation of 3.5% in future years. The tap fee was left at the current levels. Raftelis also provided a rate model for the District to use going forward.

Bancroft-Clover Water District (CO)

Todd served as the project manager on this engagement. Bancroft-Clover Water and Sanitation District (District) is a wholesale customer of Denver Water. They are located west of the City of Denver's boundary and serve approximately 8,000 accounts, most of which are residential customers. The District retained Raftelis to conduct a water and sewer financial plan analysis in 2017. Of concern was the District's ability to cash fund an anticipated wastewater master plan as well as ongoing water repair and replacement projects. He oversaw the development of revenue projections based on historical billing records and the projection of operating and capital expenditures. Todd also provided insight on maintaining sufficient operating and capital reserve levels. Todd presented the findings to the Board of Directors in October 2017. The Board adopted the proposed rate adjustments in December 2018.

The District retained Raftelis to complete a comprehensive water and wastewater cost-of-service and tap fee study in 2018. Of interest to the District was to ensure equity among the customer classes. In addition, the District wanted the cost-of-service analysis and rate design to incorporate the continued gradual reduction in water usage from all customer classes. Todd developed the cost-of-service in accordance with generally accepted rate setting principles and adjusted the allocations to meet District-specific operational parameters. Todd developed several water and wastewater rate design alternatives for the Board's consideration. The Board requested additional analysis which resulted in the adoption of modified versions of the Raftelis proposed alternatives.

Todd also developed water and wastewater tap fees. The District's tap fees were last updated in 2001. Raftelis developed the fees using the buy-in approach as well as the unit cost replacement method using replacement cost estimates from the District's latest master plan. The fees under these methodologies represented the maximum supportable fee. Because of the large increase, the District adopted fees based on inflating the current fees to today's dollars.

City of Durango (CO)

Todd served as the project manager on this engagement. The City of Durango (City) retained Raftelis to conduct a comprehensive, independent assessment of its water and wastewater utilities and provide recommendations on revenue adjustments, cost of service and rate design. The City's broad objective of the study was to adequately fund water and wastewater utility operations, foreseeable capital costs, and any future bonded debt, which will be supported by the proposed rates. The study included a comprehensive review of the City's water and wastewater funds and budgets, an inventory of the water and wastewater capital assets, customer classes, current usage data, future planned service area growth, and any other information deemed necessary. This analysis included a review and update of the City's water and wastewater plant investment fees. The City also requested a review of the rate differential between inside City and outside City customers.

The City's last comprehensive study was completed in 2014 which recommended large rate adjustments to fund an upcoming wastewater treatment construction project and a water treatment plant. The wastewater treatment plant is nearing completion and the City has continued to focus efforts on ongoing repair and replacement. The water plant is projected to be constructed over the next few years. Its primary purpose is to provide redundancy and provide for some growth in the system. The water capital program also included ongoing repair and replacement projects. Raftelis prepared several water financial plan alternatives for staff's review and review by the City's Public Utility Commission's stakeholder group. Raftelis also developed cost-of-service-based rates for inside and outside City water and wastewater customers. As an alternative, Raftelis also developed outside City rates based on a rate differential (i.e. higher rates for outside City). This rate was developed based on the premise that the density of customers outside the City was lower than inside City. This lower density required more distribution infrastructure to serve outside City customers. Raftelis calculated a density ratio for inside and outside City customers based on the number of accounts per length of main. This ratio was applied to distribution-related costs in the cost-of-service analysis to arrive at a rate differential for inside and outside City customers.

Raftelis also updated the City's plant investment fees considering the replacement costs of current assets. Because there is sufficient capacity in the current system, no future expansion costs were included in the fee. The 3/4-inch meter equivalency used to develop the 3/4-inch meter fee was based on peak demand for all 3/4-inch meter water users and 3/4-inch meter average winter flows for wastewater.

Town of Eagle (CO)

Todd served as the project manager on this engagement. The Town had retained a consultant in 2016 to develop a financial plan and rate design for their water utility. Following iterations of the report and feedback from stakeholders, the Town requested Raftelis to conduct a peer review of the Excel model, results, and provide any recommendations on the study. Raftelis worked with the Town's consultant, reviewed detailed billing data, financials, rate design options and the Excel model's structure. Overall, Raftelis found the assumptions and results of the model sound, accurately documented, and the financial plan projections were reasonable based on the assumptions provided by the Town. We provided comments on the Consultant's rate design options as they related to meeting conservation goals, equity, and impact to customers. We provided a technical memorandum summarizing our results. This memorandum was presented to the Town's Board of Trustees for review and comment.

City of Craig (CO)

Todd served as project manager on this engagement. Todd also served as project manager on a similar study completed for the City of Craig (City) in 2008. The City retained Raftelis to conduct a comprehensive water and wastewater rate study. Increased federal regulations for the wastewater utility were going to significantly impact the rates over the next 10 years. Regulatory and replacement wastewater treatment plant projects included new sludge ponds, equalization basin, and clarifier improvements. In addition, both the water and wastewater utilities were facing increased repair and replacement costs. The water utility had projected over \$7.5 million in distribution system and tank repairs. The

wastewater utility had an estimated \$3.6 million in collection system improvements. Compounding these project costs was the lack of growth in the City. Raftelis developed separate 10-year cash flows for each utility and examined various alternatives for state loan funding and grant proceeds. Results were presented at a City Council meeting. The proposed revenue adjustments were adopted for 2019.

City of Aspen (CO)

Todd served as the project manager on this engagement. The City of Aspen (City) retained Raftelis to conduct a technical review of their consultant of record's most recent water and electric rate study. Raftelis reviewed the consultant's rate study and determined that a complete revision was required. The City had developed its own financial plan but requested an update using rate revenue projections based on detailed billing data. Raftelis used the City historical billing to project rate revenues over the 5-year period. Based on that data, Raftelis was able to develop the necessary revenue adjustments over the study period.

The City also requested a new cost-of-service and rate model. The cost-of-service model included a unique cost allocation methodology. Instead of the traditional water allocations of average day, peak day, peak hour and customer costs, the City uses a potable cost allocation separated into four functional cost areas - Demand, fire, pumping, and variable charge. They also have a fifth non-potable component for raw water customers. These functional areas also serve as the rate structure components.

We allocated line operation and maintenance costs, their capital program, debt service, and changes in reserves. The City had determined that they were incurring significant increases in fire-related costs. This was due in part to increased operations and maintenance associated with maintaining the various fire-related facilities and capital costs associated with fire protection. The City's topography and customer density presents a number of challenges with having a system properly sized for fire protection.

Instead of customer classes, each customer's rate structure is based on the number of equivalent capacity units or ECUs. The four cost components in the cost-of-service analysis also serve as the rate structure components. ECUs are based on the number of fixtures in the dwelling. Demand and fire charges are assessed on a per ECU basis, pumping is assessed on volume of water pumped to the residence. There are three levels of pumping. The variable charge thresholds (a 5-tiered increasing block structure) are also based on the number of ECUs.

City Council had provided direction that they wanted to mitigate rate shock to low volume users. Raftelis designed a rate structure module allowed City staff to transition to cost-of-service over multiple years, while still recovering the overall annual revenue requirement. Todd presented the cost-of-service approach to City Council in August 2018. The final cost-of-service analysis and rates is anticipated to be complete in time for their 2019 budget approval in October 2018.

Denver Water (CO)

Originally developed to provide for Denver Water's revenue needs while encouraging conservation, the organization's current rate structure had not undergone a full-scale rate structure study in 20 years. Much has changed since that time-water use habits, average demand and peak day needs, available technology, revenue stability, and an increased emphasis on the customer experience-for a start. To gain support for this initiative, Todd presented key drivers to the CEO and Board. Coming off of the 2013 drought and floods raised the issue of revenue instability to the forefront. Todd served as the project manager on this engagement, which included assistance from Denver Water's Public Affairs Division as well as an outside facilitator. Todd oversaw and managed a 'lessons-learned' workshop co-sponsored with the Water Research Foundation, an external affordability study, a customer rate perception survey, as well as a 20-person stakeholder group. Todd led in-house development of all rate structure modeling with staff.

Denver Water outside-city customers make up 50% of revenues and usage for the utility. Denver Water serves these customers through contracts with special districts called "distributors." Distributors are charged in accordance with Denver's Charter provisions, "outside-city rate recover the full cost of providing service plus an additional amount." In 1990, the Board developed a cost-of-service model using the utility-basis of rate setting. This was used to address the significant population growth outside the city with a decline of population in the city of Denver. As time progressed, the methodology became less suitable, more complex, and more opaque. The Board determined that the utility-basis was no longer workable under current conditions.

Todd led this project and developed cost allocation alternatives that both met current circumstances of a growing Denver, satisfied the Charter provisions, and equitably allocated costs between inside and outside city customers. Over a 14 month process, Todd evaluated several alternatives, worked with a Distributor Task Force, and met with Board members individually to review model alternatives. The Board adopted the new cash basis methodology in May 2013.

Denver Water assesses System Development Charges (SDCs) for new connections to the system. SDCs were updated annually however, the last analysis of the structure was completed in 1999. Todd led an internal team to address inconsistencies in the calculations of capacity costs. The SDCs were developed using the 'hybrid' method which considers available capacity with future capacity projects. The unit cost of capacity using the hybrid method was used to develop the fee schedule for each type of development. This uniform unit cost ensured equitable recovery from all classes of customers. Todd developed 'SDC guidelines' to assist Water Sales staff in assessing SDCs based on the changes adopted by the Board. Todd met with Distributor representatives, members of the developer community as well as the Citizen's Advisory Council to review alternatives and present findings.

City of Scottsdale (AZ)

The City of Scottsdale provides sewer service to approximately 73,500 customers which include a small number of contract customers outside the City. The City completes a comprehensive cost of service rate study approximately every 5 years. For this study, The City retained Raftelis to complete the following:

- Cost of service and rate analysis,
- Model that can be integrated into their budgeting process,
- Research extra strength surcharges for specific customer classes
- Evaluate different wastewater return to sewer factors and the impacts to revenue stability. T

The City has a number of commercial customers whose rates vary by COD and TSS strength. Raftelis completed research to determine the validity of those values currently used. This included surveying utilities with similar schedules, researching state and federal documents as well as published research on wastewater discharge by various commercial establishments. The results showed that the City's extra strength values fell inline with other utilities and industry publications.

The cost of service analysis is ongoing however, it is anticipated that the cost allocations and rates will not be significantly affected with this update. A final report and model with training will be delivered at the end of the project.

City of San Diego (CA)

The City of San Diego provides service water and wastewater to approximately 300,000 customers. The City retained Raftelis to conduct a comprehensive water and wastewater cost of service and rate analysis. Also included in this study was development of wastewater industrial pretreatment fees and capacity fees for both utilities. Raftelis will deliver a customized financial planning, cost of service, and rate model for the City's use at the end of the project. Mr. Cristiano is leading the efforts on this project.

Of particular concern to the City was ensuring that rates are equitable and follow Proposition 218 requirements. In addition, the previous droughts have caused variability in revenues. As a result, they've requested an analysis of their

recovery of fixed charges and variable charges. Any increases to fixed charges may negatively affect low volume and low income users. Raftelis is completing scenario analysis on financial planning alternatives that will minimize rate impacts and optimize funding for their large capital improvement program. The rate design module will allow the City to evaluate different rate structures with varying fixed charge recovery as well as showing the impacts to customers. Raftelis will be presenting these results to the City's Independent Rate Advisory Committee (IROC) for feedback and recommendations. The study will conclude with a presentation to City Council for vote on the proposed rates. Any rate approval would be effective in FY21.

Mr. Cristiano is also updating their industrial pretreatment fees to comply with an internal audit. This evaluation considers all activities the industrial pretreatment department completes to manage permits, issue violations, sample customers, and monitor truck waste. The outcome will be cost-based fees for each of these areas which will comply with the internal audit and Proposition 218.

Finally, Mr. Cristiano updated the City's water and wastewater capacity fees to ensure that fees recovered the cost to serve growth. The fees include in-service assets plus future growth-related projects. Fees are assessed on a per EDU basis. This process follows the Proposition 218 requirements.

Town of Marana (AZ)

Todd was the project manager on this engagement. The Town of Marana Water Department (Marana Water) required a comprehensive financial plan and rates and fees update for their water and water reclamation utilities. The last complete rate study was conducted and adopted in 2013 and included scheduled rate adjustments through January 2017. The non-rate fees and cost-of-service analysis was last conducted and adopted in 2009. Marana Water's study goals included the development of a long-term rate and fee plan that enabled the department to recover sufficient funds to meet operational and capital expenses associated with the water and water reclamation utilities. They also wanted to recognize the rapid growth anticipated over the next 10 years and the associated and the maintenance necessary to maintain all capital infrastructures, current and future in the financial plan projections.

Todd oversaw the development of multiple water and water reclamation financial plans. Working with Staff, including the Finance Director and Operations Direction, the Raftelis project team refined the cash flows to minimize the annual revenue adjustments while meeting the annual operating and capital needs of each utility. These financial plans were used to develop the revenue requirement and cost allocations for the water and water reclamation cost-of-service analysis.

As part of the cost-of-service analysis, Marana Water requested the development of a new private fire line fee. Although Marana Water had not specifically tracked the number of private fire lines, the Raftelis team worked with the operations department and the business services team to create an estimate of private fire lines. The fire line cost was specifically identified in the cost-of-service analysis and those costs were applied specifically to those customers with that service.

Raftelis also updated Marana Water's groundwater resources volumetric rate. This rate was not adequately recovering these annual resource costs. Like the private fire line cost allocation, the Raftelis team worked with Staff to identify those specific charges which should be included in the rate.

Marana Water also wished to change the wastewater volumetric rate for commercial customers' domestic meters from a winter quarter average basis (WQA) to actual water usage (commercial customers have separate irrigation meters). This is a more representative approach, as the majority of the water supplied to the commercial domestic taps was non-consumptive and as a result, is discharged to the water reclamation facility.

Finally, Marana Water has several miscellaneous fees which required updating. Of critical importance was updating the trip charges from the customer service field department. The trip charges were integrated into many of the other fees. Raftelis calculated fees evaluating identifying staff that were engaged in the process, the tasks and the time to complete the tasks for each fee.

City of Tolleson (AZ)

Todd served as the project manager on this engagement. The City of Tolleson (City) retained Raftelis to conduct a comprehensive financial plan analysis for the City's water and wastewater utilities. The City was embarking on an aggressive renewal and replacement program for the water utility. The City purchases a sizeable portion of their water from the City of Phoenix. The City also relies on wells and storage to meet peak demands. A requirement of the contract with Phoenix is to maintain sufficient redundancy to meet water service demands should there be a disruption in service from the City of Phoenix. Raftelis worked with Staff to develop attainable financial plan goals while minimizing the impact to customers. The City adjusted timing of certain non-critical projects to ensure that revenue adjustments remained smooth and predictable. The wastewater utility was also undertaking a proactive renewal and replacement program. Because the City's wastewater treatment plant is co-owned by three large industrial customers, the increased costs were spread among the City and the industrial users. Remaining costs were passed onto rate payers. Current reserves were able to absorb the nominal increased costs to retail wastewater customers, so no increase was necessary over the 10-year study period. The City Council adopted a 25% revenue adjustment for water - the first increase since 2011.

City of Buckeye (AZ)

Todd served as the project manager on this engagement. The City of Buckeye (City) retained Raftelis to conduct a comprehensive financial plan, cost-of-service, and rate design analysis for the City's water and wastewater utilities. The City service area is approximately 145 square miles and according to the US Census Bureau, is the fifth fastest growing City in the US as of 2018. Water service is provided entirely through groundwater. Wastewater service is provided through four water reclamation facilities. Raftelis developed water and wastewater financial plans for the 5-year study period, FY19 - FY23. The City has developed a robust capital plan to address the need for new facilities to support growth as well as maintain the systems. Because facilities must be built prior to new development, impact fee funds must be supplemented with rate revenues and bonds to fund the projects. Raftelis developed a number of rate increase scenarios that not only met operational cost requirements but also satisfied meeting the capital improvement program costs. Raftelis also developed rate alternatives based on a comprehensive cost-of-service analysis for each utility. As of January 2019, the final rate structure alternatives are being presented to the City's Water Rate Advisory Group for review and comment. The City Council adopted a line item charge to recover the additional revenue rather than through a rate increase. This was approved in November 2019.

Salt Lake City Department of Public Utilities (UT)

Todd served as the project manager on this engagement. The Salt Lake City Department of Public Utilities (City) engaged Raftelis in 2017 conduct comprehensive water, sewer, stormwater and streetlight cost-of-service rate studies. These studies included developing revenue requirements, cost-of-service allocations, rate design, and impact fees. Impact fees includes a review of the methodology for each utility - water, sewer, and stormwater. A hybrid or combined methodology was selected for the water and sewer utilities. This methodology included an evaluation of the existing assets as well as determining the growth-related portion of future capital, and estimating the capacity to be served in the 10-year time horizon. The stormwater impact fee was assessed using the buy-in methodology. The valuation of assets for each utility was based on replacement cost less accumulated depreciation.

In conjunction with the rate studies, the City formed a Rate Advisory Committee (RAC) to solicit feedback and recommend changes to the City's existing water and sewer rate structures. Todd co-facilitated six RAC meetings which included an overview of the water and sewer systems, the long-term challenges faced by the City as well as detailed

discussion of rate-setting 101 and analysis of various rate structures. The RAC committee members reached consensus on two water rate structure alternatives and two sewer rate structure alternatives to present to the City's Public Utilities Advisory Board (PUAC). The City anticipated the PUAC made their final recommendation to City Council in January 2018. Todd oversaw the development of the cost-of-service and rate design analysis for the utilities. He developed the rate alternatives for review by the RAC based on the selected pricing objectives. He also led the development of the water, sewer, and stormwater impact fee analysis. The fees were developed based on an Impact Fee Facilities Plan completed by their engineering or record. The impact results had to comply with state statutes.

City of Pocatello (ID)

This City of Pocatello (City) conducts comprehensive rate studies for its water, wastewater, and sanitation utilities approximately every 5 years. Todd was the lead analyst on the 2002 and 2005 engagements and served as the project manager on the 2010 and 2019 studies. The study included the development of 5-year financial plans, cost-of-service analyses, and rate design for each utility. In addition, the City requested an update of their water and wastewater system capacity charges.

Revenue and expenditure projections for each utility were based on their City's FY19 with significant input from Staff. Raftelis reviewed and developed the inflation factors with Staff's input. Additional staff positions were included in the operating budget for each utility as well. Raftelis reviewed several iterations of the utilities' capital plans including costs and timing options to help minimize rate increases. Raftelis developed revenue projections using detailed billing data by individual customer, adjusted for growth and anticipated changes in use (flows) per account. For the water utility financial plan, infrastructure upgrades to treated water storage and new wells were the key drivers for revenue increases – the City prefers to cash finance most capital projects. Revenue increases for the wastewater utility were driven by the new debt service payments for a recent upgrade and expansion to their wastewater treatment plant. Projected revenue adjustments were needed to fund a new administration building and significant investment in the collection system as well. The sanitation utility incurred additional unexpected costs because of the changes in the market demand for recycling material which required nominal revenue adjustments over the study period.

Raftelis updated the cost of service for each utility by reviewing previous cost allocations and system data. Raftelis held individual meetings with water, wastewater, and sanitation staff to ensure that costs were allocated correctly to maintain customer equity. Raftelis adjusted certain customer class rates to comply with the City's rate policies and customer contracts. Unrecovered costs from the policy adjustments were reallocated to other customer classes based on their proportionate share of water demand and/or contributed flow. The sanitation cost of service included adjusting residential and commercial cart charges to recover the increased recycling costs. Rates were developed for each utility over a 5-year period from current rates to FY24 cost of service rates. Of importance to the City were a smooth transition of rates to minimize rate shock for all three utilities.

Raftelis also updated its system capacity fees. The City has sufficient capacity to serve new growth. Using the buy-in method, Raftelis calculated the replacement cost of existing facilities. The ¾" equivalent demands for water were calculated by evaluating multiple years of data and developing an average demand per day for a ¾" meter. Using historical production data and master plan data, Raftelis calculated a theoretical peak day demand to calculate the capacity charge. Wastewater capacity charges were calculated in a similar manner.

City Council expressed interest in reviewing the basis of the current outside City water and wastewater rate differentials. These rate differentials had been in place for well over a decade however, documentation on the calculations were not readily available. Raftelis applied a common approach to verify the differential for water and wastewater– a revenue requirement rate of return approach (similar to an approach for a regulated utility). Raftelis evaluated an additional approach for water based on a density factor. This approach assumes that that the distribution of outside City customers is less dense than inside City. As a result, outside City customers should incur a greater proportionate share of annual

small distribution mains costs. This approach indicated that the City could support a rate differential of 1.1 to 1.3 times inside City rates.

City of Sheridan (WY)

Todd served as the project manager on this engagement. The City of Sheridan (City), located in Northeast Wyoming, provides service to approximately 8,000 water and wastewater accounts. The City retained Raftelis to conduct a comprehensive water and wastewater rate and plant investment fee analysis. The City had maintained regular rate adjustments in the past few years but requested an evaluation of their long-term financial health. Todd served as the project manager on this engagement. With Raftelis staff, he oversaw the development of the billing data to project water sales and wastewater service revenues, projection of budgeted operating and capital expenditures. The City funds capital projects from rate revenues, low interest state loans, and a voter-approved capital tax. The City currently has several substantially complete capital projects funded by state loans. The timing of the payments vary with each project which causes variability in annual expenditures. Raftelis did a full accounting of existing debt and the proposed debt payments to ensure the financial plan represented future costs correctly. Todd also assisted with developing a raw water plant investment fee based on the value of water rights and raw water infrastructure along with a treated infrastructure PIF for water and sewer. Todd will present the preliminary findings to the City Council in March 2018.

City of West Jordan (UT)

The City of West Jordan (City) had not completed a rate study in more than 10 years. Rate increases had been sporadic in the past and had not kept with increasing costs. The service charge portion of a rate increase was recalled in 2017 which put additional pressure on each utilities' reserve balances. The City was concerned that rate revenue was insufficient to meet the increasing capital needs while meeting debt service coverage requirement. Prior to this study, the City was not in compliance with their bond covenants. Another key issue for Council was the funding of growth-related projects with existing rate payer revenue. Raftelis conducted comprehensive financial planning scenarios with Staff and completed a cost-of-service analysis for each utility. Todd gave a presentation providing the details of the financial plan, cost-of-service analysis, and rate design for each utility. He presented materials to Council which showed that growth would pay its way over time however, existing rate payer revenue was needed to 'front' major growth-related construction efforts. The City adopted rate increases of 33%, 18%, and 24% for the water, wastewater, and stormwater utilities, respectively.

Town of Gilbert (AZ)

Todd served as the project manager on this engagement. The Town of Gilbert (Town) is located on the eastern side of the Phoenix metro area and while growth is still occurring, the Town will be approaching build out in the next 20-25 years. This project includes an update to the LUA, IIP and system development fees for police, fire, recreation, traffic signals, general government, water and wastewater services for each land use type (residential, multifamily, nonresidential, commercial and industrial). Due to arrangements for sharing wastewater facilities with another city, the Town has two service areas for the wastewater fees. In addition, Raftelis assisted the Town with development of a streets fee to recover the costs of intersection improvements and major roadway expansions necessitated by growth. Using trip data from the Institute of Transportation Engineers and capacity data from the Town, we developed a roads fee for each of the land use types. We met with Town Staff to review and update the IIP and the impacts on the fees, evaluated different methodologies to include outstanding debt on growth-related facilities to the fees. We developed the level of service for each fee area and calculated the total growth-related to be recovered in the fee over the study period. For water and wastewater, we used Equivalent Dwelling Units to determine the fee for each land use type. The final IIP, LUA and system development fees report was provided to the Town in March 2019.

PUBLICATIONS

- "Evaluating Pricing Levels and Structures to Support Reclaimed Water Systems," Research Report, WateReuse Foundation, 2009

PRESENTATIONS

- “A Guide to Designing Conservation-Oriented Water System Development Charges,” AWWA and Western Resources Advocates , 2018, <https://westernresourceadvocates.org/projects/water-system-development-charges/>
- Co-Instructor for American Water Works “Financial Management - Cost-of-Service Rate Making Seminar,” 2010-present
- “The Grass is Always Greener...Building Consensus of Reclaimed Water Project Pricing for Jointly Operated Systems,” Water Environment Federation Technical Exhibition and Conference, 2008
- “Honestly, What’s the Reuse,” WaterReuse Symposium, 2008
- “Showers to Flowers - Objectives and Approaches for Reclaimed Water Pricing,” Utility Management Conference, 2010
- “Which Conservation Rate Structure is Best for Your Utility,” Utility Management Conference, 2013
- “Financial Management and Ratemaking Challenges for Reuse Water,” Utility Management Conference, 2015
- “Rate Perception Surveys: Leveraging Customer Knowledge to Create the Right Rate Structure,” Annual Conference Exhibition (ACE), 2015
- “Assessing Household Affordability in the Denver Water Service Area,” ACE, 2015
- “Rate Perception Surveys: Leveraging Customer Knowledge to Create the Right Rate Structure,” Utility Management Conference (ACE), 2016

PROJECT LIST

- City of Aspen (CO) – Water and electric rate study
- Town of Berthoud (CO) – Water and wastewater rate and fee study
- City of Boulder (CO) – Water budget rate study and plant investment fee study
- Breckenridge Sanitation District (CO) – Wastewater impact fee study
- City of Craig (CO) – Water and wastewater financial plan
- Town of Dillon (CO) – Water and wastewater rate and fee study
- Town of Erie (CO) – Water and wastewater rate and fee
- City of Fort Collins (CO) – Water and wastewater rate and fee study
- City of Grand Junction (CO) – Wastewater financial plan
- Water Research Foundation (CO) – WaterReuse research project
- City of Greeley (CO) – Water and wastewater cost-of-service update
- Pueblo Wastewater (CO) - Wastewater rate and fee study
- Pueblo West Metropolitan District (CO) – Water and wastewater rate and fee study
- City of Davenport (IA) – Water and wastewater financial plan
- El Paso Water Utility (TX) – Reclaimed water rate study
- City of Farmington (NM) – Water and wastewater rate study
- City of Glendale (AZ) – Water and Wastewater Rate Study
- City of Great Falls (MT) – Water and wastewater financial plan
- Mammoth Community Water District (CA) – Water and wastewater rate study
- Moapa Valley (NV) – Water financial plan
- City of Peoria (AZ) – Water and wastewater rate study
- City of Pocatello (ID) – Water, wastewater and sanitation rate and fee study
- City of Prescott (AZ) – Water and wastewater rate and fee study
- Puerto Rico Aqueduct and Sewer Authority (Puerto Rico) – Water and wastewater rate and fee study
- Sacramento Sanitation District (CA) – Bond feasibility study
- City of Salt Lake City (UT) – Water, wastewater, and stormwater rate and fee study
- Snyderville Water Reclamation District (UT) – Wastewater financial plan study
- City of Surprise (AZ) – General government impact fee study

Andrew Rheem

TECHNICAL ADVISOR
Senior Manager



ROLE

Andrew will provide oversight for the project ensuring it meets both Raftelis and industry standards.

PROFILE

Andrew has been providing financial planning, impact fee and rate consulting services to water, wastewater, reclaimed water, and stormwater utilities and local government for more than 16 years, including studies for numerous Arizona and Southwestern U.S. municipal utilities. He has served as project director, project manager and/or lead analyst for multiple long-standing clients providing a range of municipal financial planning, rate and impact fee assistance through multiple engagements. Andrew is a board member of the Growth and Infrastructure Consortium (formerly the impact fee round table) and served as the 2018 conference president held in Scottsdale. Andrew is also a skilled presenter and has presented study findings and recommendations to management and governing bodies. Andrew holds Bachelors in Business Administration, Finance and Accounting from the University of Michigan - Ann Arbor.

KEY PROJECT EXPERIENCE

City of Boulder (CO)

Andrew is the project manager for an on-going study to complete a comprehensive water, wastewater and stormwater rate assessment and to develop rate alternatives for each utility. The study includes a detailed review of policies and practices incorporated in separate utility rate models maintained and updated by the City of Boulder (City) for validation and/or modification as well as a comprehensive review of improvements to the utility rate structures. The City implemented an individualized customer water budget-based rate structure in 2007 and this study will include a review of the water rate structure and modifications to improve the effectiveness after 10 years informed by City experience and Raftelis experience developing water budget and individualized rate structure in Colorado and California. The City's wastewater utility faces increased capital costs associated with increased regulatory requirements combined with repair and replacement requirements. The City's stormwater collection and drainage systems are faced with equitably recovering increased operating and capital requirements associated with increasing storm drainage service levels following the flooding experienced by the City in the fall of 2013. The alternative rate structures will be completed to the existing rate structure updated for increased utility revenue needs and a January 1, 2018 effective date. Raftelis also reviewed the City's revenue requirement and provided recommendations to the Utility debt service coverage and cash reserve policies.

Throughout the project Raftelis has worked extensively with City staff to review and refine study findings and recommendations. Raftelis and City staff presented interim and will present final study recommendations to the standing

Specialties

- Impact fee consulting services for utility & non-utility fee categories including managing studies completed under different legislative guidance in Arizona, Colorado, Utah, & Montana
- Financial & rate, impact fee & bond feasibility consulting services for water, sewer, reclaimed, & stormwater utilities

Professional History

- Raftelis: Senior Manager (2019-present); Manager (2014-2018); Senior Consultant (2013)
- Red Oak Consulting: Principal Management & Utility Rate Consultant (2003-2013)
- Ajilon Finance: Telecommunications Analyst (2002-2003)
- ISPhone Inc. & Appia Communications: Finance & Accounting Administrator (1999-2001)
- McLagan Partners: Compensation Analyst Intern (1998, 1999)

Education

- Bachelors in Business Administration, Finance & Accounting - University of Michigan at Ann Arbor (1999)

Certifications

- Series 50 Municipal Advisor Representative

Professional Memberships

- Growth & Infrastructure Consortium Board of Directors

Water Resource Advisory Board (WRAB) to provide direction regarding policies, practices and adjustments to the utility rate structure for review and approval by City Council.

City and County of Denver (CO)

Raftelis completed an Organizational Assessment study and Financial Plan for the City and County of Denver's (City) Wastewater Management Division within the Department of Public Works in 2014. Andrew served as the financial planning task project manager that evaluated multi-year rate revenue increases for the City and County of Denver Wastewater Management Division.

Raftelis assisted the City to complete a 10-year financial plan for the City's sanitary sewer and storm drainage utilities and proposed rate revenue adjustments for 2016 through 2020 and effective July 2016. The City's financial planning model was enhanced with additional capabilities including graphical dashboard and user interface, scenario capabilities, and capital funding alternatives. Raftelis evaluated a variety of capital improvement project alternatives and funding options to develop recommended alternatives for consideration by the City including Phase 1 Organization Assessment recommendations. The recommendations were summarized in a report to be presented to and adopted by City Council in 2016. Following the rate study, Raftelis completed a bond financial feasibility study in October 2016 associated with stormwater utility revenue bonds issued to fund extensive capital requirements identified by the City.

City of Steamboat Springs (CO)

Andrew served as project manager for a comprehensive water and wastewater rate study for the City of Steamboat Springs (City). Separate water and wastewater financial planning models were updated to evaluate current and potential funding sources to support each utility operation over the next 10 years including future adjustments necessary to fund operations and the annual capital project requirements (including regulatory driven and capacity expansion improvements), and maintain a financially viable utility. A cost-of-service evaluation was then completed for each utility. The results of the cost-of-service and financial planning tasks were integrated into developing three water rate structure alternatives and two wastewater rate structure alternatives for full service City customers and a single alternative for wholesale water and sewer customers. The utility tap fees were also updated as part of the study. The findings and recommendations were presented to City Council in September 2016 and summarized in a report issued at the completion of the study. This study was an update of a comprehensive rate and fee study completed for the City in 2010.

Mt. Werner Water and Sanitation District (CO)

Andrew served as project manager for a comprehensive water and wastewater rate study for the Mt. Werner Water and Sanitation District (District) serving Steamboat Ski Resort as well as residential and commercial customers nearby. Separate water and wastewater financial planning models were developed to evaluate current and potential funding sources to support each utility operation over the next 10 years including future adjustments necessary to fund operations and the annual capital project requirements, and maintain a financially viable utility. A cost-of-service evaluation was then completed for each utility. The results of the cost-of-service and financial planning tasks were integrated into developing two water rate structure alternatives and two wastewater rate structure alternatives for full service District customers. The utility tap fees were also updated as part of the study. The findings and recommendations were presented to the District Board in August 2016 and summarized in a report issued at the completion of the study. Electronic copies of models created as part of the study were delivered to the District for their use.

City of Trinidad (CO)

Andrew is serving as project manager for a phased comprehensive water and wastewater rate study for the City of Trinidad (City). Separate water and wastewater financial planning models were developed to evaluate current and potential funding sources to support each utility operation over the next six years including future adjustments necessary to fund operations and the annual capital project requirements, and maintain a financially viable utility as part of Phase 1.

As part of Phase 1, Raftelis recommended increases to the City's wastewater rates effective in 2016. Phase 2 includes a review and update of City water and wastewater plant investment fees.

City of Longmont (CO)

Andrew served as project manager for a 2014 water financial planning, rate and fee assistance for the City of Longmont's (City) water and wastewater utilities. As part of the study, we completed a comprehensive water rate and fee study. We populated a 20-year water financial plan in projecting future adjustments to utility revenues and projected debt issues to fund future capital expenditures. We then completed a water cost-of-service analysis. Capital improvement scenarios related to consolidating to one water treatment plant or maintaining two water treatment plants were evaluated including capital funding and impact to the multi-year rate revenue increases. Raftelis professionals worked with the City to evaluate changes to the tiered rate structure to simplify and increase the conservation pricing signal to customers for discretionary and wasteful water use. Schedules of water rates over a five-year period were adopted. Findings and recommendations were presented to the City and a report was issued. Raftelis professionals also updated the City's water and wastewater system development fees and miscellaneous charges assessed by the utilities as part of this study.

Andrew was project manager for a 2011 engagement that updated the utility water and wastewater rate models to incorporate additional user defined scenarios and reflect changes to the water and wastewater utility operations and fund structure. We delivered a user manual and completed training sessions with utility staff at the completion of the model update.

In 2012, Andrew served as project manager assisting utility staff in updating the wastewater financial planning model to reflect updated capital improvements and revenue requirements. The cost-of-service analysis was updated to reflect adjusted revenue requirements and annual user charge adjustments were developed for 2013 through 2017. The City Council adopted the recommended rates.

City of Greeley (CO)

Andrew served as project manager for a variety of water and wastewater utility financial studies for the City of Greeley (City) since 2013. The assistance includes updating the City's water and wastewater utility financial planning, rate and fee analyses. Recent assistance includes evaluating the rate of return and rate base for contract water customers, reviewing the water and wastewater system development fee structure, developing revenue requirement projections and review of the capital improvement program and reassessment of proposed debt service issues for both the water and wastewater utilities. We are currently assisting the City in enhancing the water and wastewater rate models to incorporate graphical dashboard and user interface, scenario capabilities, and capital funding alternatives.

Andrew also served as project manager for a completing a comprehensive stormwater financial planning and capital funding evaluation in 2015. The City is proposing to accelerate the timing of capital improvements and is evaluating debt and rate revenue increases through this study.

City of Pueblo (CO)

Andrew served as project manager for a 2015 study to update of the wastewater utility financial plan and proposing annual rate adjustments over a five-year period of 2016 through 2020. To meet more stringent federal and State of Colorado regulations on wastewater effluent, the utility scheduled significant upgrades to the treatment plant and will be completing additional regulatory-driven upgrades to the treatment plant and collection system through 2025. Raftelis designed and updates an 11-year financial plan incorporating the latest billing data and customer usage trends, projected annual operating costs adjusted for inflation, staffing requirements and treatment plant process requirements, and the capital improvement program needed to meet the utility's replacement schedule and regulatory requirements, federal guidelines. We developed a forecast of revenue adjustments needed to maintain the utility's financial health to be presented to City Council and during public hearings in 2015. City Council meetings and public hearings will be held

prior to adoption with rate adjustments effective January 1, 2016. The study is currently being updated to reflect alternative capital project requirements associated with alternative regulatory-driven upgrades with an extended timeline over twenty years. Raftelis is completing an EPA financial capacity assessment to identify the impact of base and additional capital and operating requirements on residential customer bills to median income and related community-wide metrics of financial capacity.

City and County of Broomfield (CO)

Andrew served as deputy project manager for a 2012 comprehensive water and sewer rate and fee study for the City and County of Broomfield (City). We populated separate 30-year water and sewer financial plans in projecting future adjustments to utility revenues and projected debt issues to fund future capital expenditures. We also updated the City's water and wastewater license fees. We completed separate water and sewer cost-of-service analysis. Raftelis professionals worked with the City to evaluate changes to the tiered rate structure working with City Council and City staff to review changes to the existing uniform rate structure. Sewer rates were developed to fund annual revenue requirements including projected wastewater treatment plant upgrades including the development of a surcharge assessed to each equivalent residential unit to fund requirements associated with meeting more stringent wastewater effluent requirements. Schedules of water and sewer rates for 2013 were presented to City Council and adopted. Findings and recommendations were presented to the City and a report was issued.

Previous assistance includes lead analyst to complete a non-potable reuse system financial analysis regarding potential investments and expansion of the existing non-potable reuse water system. The analysis included multiple scenarios focused on the incremental effect to reuse financial plan and revenue requirements of investments to expand the reuse system.

East Larimer County Water District (CO)

Andrew served as project manager for a plant investment fee, financial planning, cost-of-service and rate design models for East Larimer County Water District. He proposed 2008 plant investment fees, retail and wholesale user charges were adopted by the District Board. Updated models were delivered to the District at the end of the study. The financial plan and rate were service were updated in 2009 to reflect reductions to customer growth and customer water use and presented to the District Board for adoption.

City of Salida (CO)

Andrew served as project manager for a 2015 comprehensive water and wastewater rate study for the City of Salida (City). Raftelis completed a pricing objectives ranking process to assist in developing recommendations to the City's water and wastewater rate structures. The pricing objectives evaluation was completed with both City finance and public works staff and City Council to rank twelve pricing objectives. As part of the study, Raftelis is developing separate water and wastewater financial planning models to evaluate current and potential funding sources to support each utility operation over a 10-year study period. Raftelis will work with City staff to project future rate revenue adjustments necessary to fund operations and the annual capital project and maintain a financially viable utility. A cost-of-service evaluation was completed for each utility. The results of the cost-of-service and financial planning tasks were incorporated in the evaluation and development of rate structure alternatives for City customers. Raftelis is also evaluating the sufficiency of the City's water and wastewater system development fees in recovering the costs of facilities serving new development. Findings and recommendations were summarized in a report and presented to the City Council at the completion of the study.

El Paso Water Utilities (TX)

Andrew served as project manager and/or lead analyst for a variety of engagements completed for El Paso Water Utilities (EPWU) since 2003. Andrew served as project manager for twelve annual updates of wholesale water and wastewater financial planning and cost-of-service rate models using the base-extra capacity method. Individual wholesale customer

reports are issued at the completion of the annual studies. Recent studies include development of retail water rate design, revenue projection and bill impact analysis tool developed for EPWU and used to evaluate rate structure alternatives during the last two budget and rate cycles. Andrew also recently replaced the water, wastewater, reuse and stormwater financial planning models. Andrew is currently leading the annual update of wholesale water and sewer rates.

City Council of Salt Lake City (UT)

Andrew served as project manager and lead analyst for a 2012 study to evaluate establishing a Street Light Utility and monthly user charge billed through the City Council of Salt Lake City's (City) utility bill to recover costs previously funded by the City's General Fund and/or annual assessments in extensions of three Special Assessment Areas (SAAs) throughout the City. We worked with City staff to develop an inventory of street light facilities in non-assessed and SAAs throughout the City, develop a 10-year financial plan and service level scenario analysis projecting revenues and projected operations and maintenance, debt service and capital cost requirements, evaluate and recommend an equivalent residential unit (ERU) and recommend monthly street light utility charges assessed to recover annual requirements. Andrew assisted Rick in developing workshop material and interim and final study findings for a Street Light Utility citizen-stakeholder committee established to evaluate alternative street light utility, service level and fee based funding mechanisms to fund annual City street light requirements. Recommendations were presented to City Council, which initially included establishing a base street light charge for base service levels and additional surcharges for three groupings of SAAs to recover additional costs associated with enhanced service levels provided in the SAAs. City Council adopted a City-wide base street light utility fee and decided to leave the assessment-based funding mechanisms in SAAs in place.

Lake Havasu City (AZ)

Andrew also served as project manager for a Wastewater Expansion Financial Feasibility Analysis that included eight annual studies that updated and enhanced a multi-year financial planning and rate model related to a \$400 million, 10-year sewer expansion project. The model is used to calculate rate increases required in meeting bond covenants in support of annual bond issues funding the majority of the expansion project. The results of the feasibility analysis were documented in a system report and rate change recommendations were presented to City Council. He assisted Lake Havasu City (City) as part of the financing team with annual presentations to three bond rating agencies and the Water Infrastructure Financing Authority of Arizona (WIFA) related to annual loan applications. The expansion program was completed in 2012.

In 2015, Raftelis served as the feasibility consultant for a successful debt restructuring of the City's wastewater debt issued to fund the wastewater capital expansion program that extends the maturity of the debt service payments to reduce annual debt service while improving the inter-generational equity by matching the liabilities more closely with the lift of the constructed facilities. Raftelis assisted the City and the City's financial advisor in presenting the proposed plan to the three major rating agencies. The independent financial feasibility report was developed evaluating the feasibility of the proposed financing and impact to the City's wastewater rates. The debt restructuring was completed in October 2015.

Andrew served as deputy project manager for a comprehensive water rate and fee study. The study included the development of a 10-year water financial plan, cost-of-service and rate design model. An evaluation of capital improvement project growth and non-growth funding and funding scenario analysis was included. The financial plan evaluation included multi-year rate revenue increases to meet established financial performance thresholds while fully funding operations and capital expenditures. Three water rate structure alternatives were presented to City Council that modified the existing system-wide rate structure and replaced it with customer class specific tiered rate structures with increase conservation pricing signals. City Council adopted one of the proposed alternatives. The findings and recommendations were summarized and presented to the City Council at the end of the study.

City of Scottsdale (AZ)

Andrew served as the quality assurance/quality control manager for a 2016 Biennial Audit of Land Use Assumptions, Infrastructure Improvements Plan and Development Impact Fees study completed for the City of Scottsdale (City). The City assesses water system, water resource and wastewater system development impact fees, adopted and in compliance with the requirements of Arizona Revised Statutes (ARS §9-463.05). Andrew assisted the Raftelis project manager for the engagement to initially develop and refine the approach to completing the Biennial Audit, one of the first to be completed following the implementation of ARS §9-463.05 in 2014. Andrew also reviewed preliminary and final study findings providing quality control review and overall evaluation of study services. The final report was issued to the City and the study was finalized in October 2016 and presented to City Council.

City of Phoenix (AZ)

Andrew is the project manager an on-going Biennial Audit of Land Use Assumptions, Infrastructure Improvements Plan and Development Impact Fees study completed for the City of Phoenix (City). The City assesses libraries, parks, fire protection, police, major arterials (roadway facilities), stormwater, water, wastewater and water resource development impact fees, implemented in 2015 in compliance with the requirements of Arizona Revised Statutes (ARS §9-463.05). The water resource development impact fee is assessed throughout the City while the eight other development impact fees are assessed within growing areas in the periphery of the City that vary within eight different service areas. Andrew is leading the overall study including development and implementation of the study approach and methodology, managing the analysis and audit efforts of the study team and serving as the primary Raftelis point of contact working closely with the City project manager and project team. study findings will be documented within a draft and final report. This study was initiated in December 2016 and is anticipated to be completed before June 30, 2017.

City of Avondale (AZ)

Andrew is the project manager an on-going Biennial Audit of Land Use Assumptions, Infrastructure Improvements Plan and Development Impact Fees study completed for the City of Avondale (City). The City assesses general government (grandfathered), libraries, parks and recreation, fire, police, streets, water, and wastewater development impact fees, implemented in 2014 in compliance with the requirements of Arizona Revised Statutes (ARS §9-463.05). All fees are assessed system-wide throughout the City's service area. Andrew is leading the overall study including development and implementation of the study approach, managing the analysis and audit efforts of the study team and serving as the primary Raftelis point of contact working closely with the City project manager and project team. study findings will be documented within a draft and final report. This study was initiated in January 2017 and is anticipated to be completed before June 30, 2017.

City of Surprise (AZ)

Andrew served as the project manager for a utility and non-utility development impact fee study. We assisted the City of Surprise (City) to develop an infrastructure improvements plan and update the City's non-utility, water, water resource and sewer system development impact fees for compliance with Arizona Revised Statutes (ARS §9-463.05). We also assisted the City during the non-utility and utility development impact fee public hearing and public notice process completed in May 2014.

Andrew assisted the City to complete an extensive review of the over 120 development agreements the City has completed that documented previous, outstanding and future reimbursement liabilities amongst the City's general fund and utility and non-utility funds. This study was initiated in 2012 with the final study findings issued in 2013.

Andrew previously assisted the City to complete a historical review of development impact fee funded expenditures finalized in early 2011. This review was completed by fee area from a period of fiscal year 2007 through fiscal year 2010 to compare the funding sources of completed capital projects against the growth-related portion of development impact fee eligible facilities identified in a previous development impact fee study by fee area. The results of the review were a

series of correcting journal entries and interfund loans. The study results were presented to City Council and implemented.

City of Prescott (AZ)

Andrew served as the project manager for a utility and non-utility development impact fee and water and wastewater rate study completed in 2014. We assisted the City of Prescott (City) to develop an infrastructure improvements plan and update the City's non-utility, water, water resource and sewer system development impact fees for compliance with Arizona Revised Statutes (ARS §9-463.05). We also assisted the City during the public hearing and public notice process as part of the non-utility and utility development impact fee update adopted in May 2014.

We also assisted the City to complete a comprehensive water and sewer rate study. The study included evaluating a five-year financial plan and revenue requirements to fund on-going operations, debt service and current and projected water and sewer system capital improvements and exceed established financial performance thresholds. Following the financial plan and revenue requirements evaluation, a water and sewer cost-of-service and rate design analysis was completed. Recommendations and findings were summarized in the study report and presented to City Council for adoption and implementation in 2015.

Lockwood Water and Sewer District (MT)

Andrew is the project manager for a comprehensive water and sewer financial planning, impact fee, cost-of-service and rate design study being completed for the Lockwood Water and Sewer District (District). Lockwood is located just outside of Billings, Montana and provides water and sewer services. Raftelis is also facilitating a system development fee advisory committee, as required by Montana Code Annotated, to review and refine proposed water and sewer system development fees. The sewer utility has been recently installed with effluent being conveyed to the City of Billings wastewater treatment plant for treatment and disposal. Previously water customers had individual septic systems and there are many such system still in place which will be connected to the District's sewer system as drain fields fail and/or through future phases of the sewer system expansion. The District will also be conveying pre-treated wastewater flows to the City of Billings generated by ExxonMobil at a refinery adjacent to the District service area and Raftelis assisted the District during the contracting phases as well as development of the one-time system development fee to be assessed to ExxonMobil upon connection to the District's system. The study was initiated in July 2016 and is anticipated to be completed by March 2017 with rates and fees implemented effective July 1, 2017. A report will be issued documenting study findings and recommendations to be presented to the District Board.

PROJECT LIST

Financial Planning, Rate and Fee Design

CO: City and County of Denver, Aurora Water, Thornton, Greeley, Pueblo, Longmont, Broomfield, Boulder, Superior, Salida, Rifle, Fort Lupton, Steamboat Springs, Mt. Werner Water and Sewer District, Trinidad, Pueblo West Metropolitan District, Colorado Department of Public Health and Environment Technical, Managerial and Financial Capacity Development Program, Fort Cason, Rocky Mountain Arsenal National Wildlife Refuge, East Cherry Creek Valley Water and Sanitation District, East Larimer County Water District (ELCO), Arapahoe County Water and Wastewater Authority, Widefield Water and Sanitation District, Eagle River Water and Sanitation District, Upper Eagle Valley Water Authority, Willows Water District; AZ: Lake Havasu City, Kingman, Glendale, Metropolitan Water District; TX, UT, MT, CA, FL: El Paso Water Utilities, Salt Lake City, Lockwood Water and Sanitation District, Kearns Improvement District, Granger Hunter Improvement District, Moulton Niguel Water District, Missoula, Great Falls, Columbus, Tavares, Hernando County

Non-Potable and Reuse Water

CO: Denver Water, Denver Public Schools, Aurora Water, Thornton, Longmont, Broomfield; TX, UT, MT, CA, FL: El Paso Water Utilities, Salt Lake City, Kearns Improvement District, Granger Hunter Improvement District, Moulton Niguel Water District, Tavares

Impact Fee Studies

CO: Aurora Water, Thornton, Longmont, Broomfield, Superior, Trinidad, Mt Werner Water and Sanitation District, Pueblo West Metropolitan District, Steamboat Springs, Los Pinos Fire Protection District, East Larimer County Water District (ELCO), Widefield Water and Sanitation District, Eagle River Water and Sanitation District, Upper Eagle Valley Water Authority; AZ: Fountain Hills, Buckeye, Surprise, Kingman, Chino Valley, Lake Havasu City, Prescott, Tempe, Glendale; TX, UT, MT, CA, FL: El Paso Water Utilities, Lockwood Water and Sanitation District, Kearns Improvement District, Granger Hunter Improvement District

Stormwater

CO: City and County of Denver, Aurora Water, Thornton, Longmont, Boulder, Superior; AZ: Surprise, Kingman; TX, UT, MT, CA, FL: El Paso Water Utilities

Utility Creation and Implementation

CO: Thornton, Soldier Canyon Filter Plant (Tri-Districts); AZ: Surprise, Kingman, Lake Havasu City; TX, UT, MT, CA, FL: El Paso Water Utilities, Salt Lake City

Renewable Energy

CO: Fort Cason, Rocky Mountain National Wildlife Natural Refuge

Economic and Indirect Cost Evaluations

CO: Thornton, Longmont, Denver Public Schools, Colorado Department of Public Health and Environment; AZ: Lake Havasu City; TX, UT, MT, CA, FL: El Paso Water Utilities

Bond and Loan Feasibility

CO: Aurora Water, City and County of Denver, Thornton, Longmont, Steamboat Springs, Colorado Department of Public Health and Environment; AZ: Lake Havasu City, Glendale, Metropolitan Water District; TX, UT, MT, CA, FL: El Paso Water Utilities, Tavares, Hernando County

PRESENTATIONS

- “Conducting Audit of Infrastructure Improvements Under Arizona Revised Statutes 9-463.05 - Scottsdale Arizona Case study,” Growth Infrastructure Consortium Conference, 2016
- “How Lake Havasu City’s Pro-Active Wastewater Asset Management Program Makes Every Dollar Count,” AZ Water Conference, 2016
- “Expense, Project and Budget Management Tactics to Provide Wastewater Service Delivery Without Increasing Rates,” AZ Water Conference, 2016
- “Comparing Utility Rates, Fees and Financial Results,” Colorado Special Districts Association Conference, 2016
- “Utility Financial Planning in Advance of Issuing Debt,” 2015 Water Bond Workshop, 2015
- “Time for a Change? El Paso Water Utilities Considers a New Rate Structure,” Utility Management Conference, 2015
- “CIP Planning - Cradle to Grave,” Colorado Government Finance Officers Association Metro Coalition Workshop, 2009
- “Mixed Use Water and Wastewater Rates and Development Fees - City of Longmont Case study,” Rocky Mountain Section American Water Works Association/Water Environment Federation, 2006

Matt Wittern APR, PMP

STRATEGIC COMMUNICATIONS Senior Consultant

ROLE

Matt will provide support for the communications components of the project.

PROFILE

Matt has a 20+ year public relations career serving clients and customers in the public utility, engineering and construction sectors. He excels at designing and implementing strategic communications campaigns that incorporate stakeholder input to inform, advocate and achieve behavior change. His specialty is successfully translating complex subjects and concepts into messages that are easily understood by target audiences. At Raftelis he manages strategic communications planning and implementation, as well as stakeholder engagement initiatives. Prior to joining Raftelis, Matt managed a variety of public affairs efforts at Denver Water, which included designing the public engagement and public information strategies for nearly a billion dollars' worth of infrastructure projects, spearheading the public process for the utility's policy decision regarding Community Water Fluoridation, and led development of processes to gain stakeholder support for preventative maintenance on critical infrastructure. He earned a B.A. in journalism, is Accredited in Public Relations (APR) from the Public Relations Society of America (PRSA) and achieved status as a Project Management Professional (PMP) from the Project Management Institute. Matt has presented at national conferences including the American Water Works Association's ACE and the City-County Communications and Marketing Association's (3CMA) Annual Conference. Matt's work has earned prestigious Gold Pick Awards from the Colorado Chapter of PRSA and SAVVY Awards from 3CMA.

KEY PROJECT EXPERIENCE

Denver Water (CO)

In the wake of updated guidelines from the Centers for Disease Control and Prevention regarding management of fluoride levels in drinking water, advocates on either side of the policy issue lobbied Denver Water's Board of Water Commissioners (Commissioners). The utility charged Matt with designing and implementing a public process to provide Commissioners with sufficient information to make a policy decision. Matt brought together local and national experts on the issue to debate the pros and cons of managing fluoride levels. This included launch of a strategic communications strategy that built community awareness about the issues that garnered support for the board's ultimate decision. The result was a decision supported by customers who were well



Specialties

- Strategic communication planning
- Stakeholder engagement
- Public involvement
- Community outreach
- Primary & secondary research
- Expert positioning
- Media relations
- Social media
- Art direction
- Reputation management
- Coalition building
- Advocacy campaigns

Professional History

- Raftelis: Senior Consultant (2019-present)
- Denver Water: Senior Community Relations Specialist/Communications Manager (2015-2019)
- Communication Infrastructure Group: Counselor (2006-2015)
- ColgelInvest: Marketing Communications Manager (2005-2006)
- Transportation Expansion (T-REX) Project: Community Relations Manager (2002-2005)
- LawsComm: Client Service Coordinator (1998-2002)

Education

- Bachelor of Arts in Technical Journalism (Public Relations) - Colorado State University (1999)

Professional Memberships

- Public Relations Society of America: Accredited in Public Relations (APR)
- Project Management Institute - Project Management Professional (PMP)
- International Association of Public Participation (IAP2) - Certified in Public Participation
- WEF
- AWWA

informed compared to the start of the campaign and a board that could stand behind the legitimacy of a policy reaffirmed by a process that included robust stakeholder involvement.

Denver Water's collection system is unbalanced, lacks resiliency and is at-risk to myriad natural disasters including wildfires, floods and drought. In the federal permitting process for the past 16 years, plans to expand the capacity of Gross Reservoir to help mitigate these risks had grown stagnant while voices of project opponents grew louder. How could Denver Water raise the profile of the nearly \$500 million project and gain support from critical stakeholders and customers? How could claims of opponents be effectively rebutted and diffused? How could political support be marshaled and directed to ease the work of permitting entities and oversight authorities? Matt stepped in and became the architect of a multi-layered, multi-faceted advocacy and public information campaign designed to achieve these goals. It included:

- Primary research to gauge support of/opposition to the project, along with identification of top objections from fence sitters and opponents that helped drive key messaging.
- Successful lobbying of state and federal elected officials - including then Colorado Governor John Hickenlooper - to go on record supporting the project.
- Recruiting dozens of local governments and major environmental groups to pledge their support and help negate claims by more radical/fringe environmental groups opposing the project.
- Launch of stakeholder outreach plan including presentations delivered to civic organizations and creation of a community outreach office built to serve as a truth repository and venue to gather ongoing public input.
- Design of a comprehensive proactive media relations campaign that targeted key stakeholders in major media outlets through third-party supporters' letters to the editor, media tours, exclusive interview and meetings with editorial boards.
- Design of robust education campaign delivered via social media campaign that that rebutted common false claims made by project opponents in ways that did not lend them legitimacy by drawing attention to opponents directly.
- Development of a multi-layered online and multimedia presence that delivered compelling messages about the project's purpose and need through rich storytelling, powerful imagery and the use of influential third-party advocates.

Elbert County (CO)

During a recent update of Elbert County's impact fees for Parks/Recreation, Public Facilities, Sheriff, and Transportation, Matt was the strategist behind development of the strategic communications and community outreach plan. It prescribed an extensive stakeholder engagement process featuring interactive online meetings and surveys, which informed the study prior to online work sessions with County Commissioners. County leaders credited this work with raising awareness in the community, making the study and recommendations less controversial and thus more politically acceptable.

Town of Jackson (WY)

The Town of Jackson, located in Teton County, boasts among the highest incomes of any county in the United States. Juxtaposed against that is the thousands of hourly and service industry jobs that support the vibrant tourism industry, and Raftelis accepted the challenge to develop a water and wastewater rate structure that was fair and equitable, while pricing in complications such as the prevalence of seasonal homes that only had seasonal demand and impact on the system. Matt led the creation of a Technical Advisory Committee made up of representatives from myriad stakeholder groups. Through a series of meetings facilitated by Matt, the TAC ensured that the recommendation ultimately delivered to the Town Council was representative of the community and included measures for affordability.

Colorado Department of Transportation (CO)

The Colorado Department of Transportation was in a pinch. After many years of costly traffic congestion through the critical I-70 mountain corridor, funding was secured to conduct the first step in the federal process to conform to requirements set by the National Environmental Protection Act (NEPA). After performing much of the work associated with the Draft Preliminary Environmental Impact Statement (DPEIS), concerns were raised by officials that the process had not sufficiently engaged members of the local low-income and minority communities. NEPA promotes environmental justice by requiring federal agencies to include a proposed project's potential environmental, economic, and public health impacts on low-income, minority, and rural communities. Mr. Witten was charged with designing and implementing a strategic engagement process to ensure voices from these underrepresented communities were included in the DPEIS. Teaming with partners specializing in multicultural outreach, the program successfully engaged members of this community by approaching with cultural sensitivity and appropriateness. The result was a successful integration of feedback from once underrepresented groups and satisfied environmental justice requirements.

The Colorado Department of Transportation hired Matt and a partner engineering firm to develop a report to inform the Department's approach to public involvement. Through primary and secondary research, and by applying public involvement expertise gained over years of practice, the team delivered the comprehensive report, which became the go-to source on the topic. Feedback from end-users across the state was an incredible validation of the work that was performed. Many had been directed to perform public involvement as part of their individual projects, but there was no prior guidelines for implementation. This report gave important insights, dove deep into practice and provided a solid roadmap to ensure that those most impacted by the Department's work were properly consulted.

Drivers on Interstate 25 between Denver and Fort Collins were fed up. Northbound, the lane count abruptly went from four lanes to two just north of the metro area, creating congestion even during non-peak travel hours. In both directions, road rage was common as aggressive drivers wove in and out of traffic; creating unsafe conditions and frequent accidents that only added time and expense to travelers on this vital thoroughfare. Matt, as part of a consultant team, led community engagement efforts to gather stakeholder input on preferred alternatives to relieve the situation. The team launched a project-specific website (a near first for the time) to increase stakeholder awareness and provided multiple two-way communication channels. Open houses were hosted at strategic points in the community that were designed to lower barriers to participation, and these strategies were successful. As a result of the outreach, stakeholders were in a much better position to understand the engineering and likely funding limitations. Members of the project team benefitted from the fresh eyes of stakeholders who were being impacted by the conditions and were able to screen alternatives to those that addressed the challenges while being responsive to the public's needs.

Northern Colorado Water Conservancy District (CO)

Like many parts of the state, Northern Colorado is experiencing exceptional growth, with a population that is expected to double to a half-million people by 2050. As a key raw water provider to municipalities and agricultural interests, the Northern Colorado Water Conservancy District began plans in the 1980s to provide valuable source water to 15 partners working together to make the Northern Integrated Supply Project a reality. Today, on the cusp of state and federal regulatory approvals, NISP faces opposition from a very small but vocal minority who threaten to derail the public process and stop the project by any means necessary. Millions of dollars, years of planning and thorough environmental study and protections hangs in the balance. Raftelis was hired to assist Northern with development of a comprehensive public outreach and information campaign to ensure continued public support for this critical \$1.1 billion project. Matt Wittern conducted thorough primary and secondary research to inform a plan that when implemented will ensure those who will benefit most from the project will understand the value it brings and its role to help ensure a continued thriving community for years to come.

City of Port Hueneme (CA)

A rate study had not been performed for some time for this small coastal city, and the City Council stressed that affordability was a key factor for their approval. They also stressed the importance of transparency, especially as it related to ensuring the community's significant population of individuals for whom English was not their primary language. As the strategic communications project coordinator, Matt conducted public outreach efforts for the City of Port Hueneme (City) that included the development of an infographic that explains the City's rate structure changes, a Proposition 218 notice, and facilitated three public workshops to explain the changes. All materials were translated into Spanish-language versions to enable communication across a potential language barrier.

Montecito Water District (CA)

This coastal community faced the opportunity to reduce its reliance on surface water sources that are becoming less and less certain due to the effects of climate change and drought. Their solution was to switch over to a guaranteed source using a state-of-the-art desalination plant. This change modified the cost structure paid by customers, but also came with benefits that were not obvious at first glance. Matt managed the implementation of a strategic communications plan that included development of a variety of communication tools and pieces that effectively made the case for why the changes planned will provide long-term community benefits.

Cucamonga Valley Water District (CA)

The Cucamonga Valley Water District, in California's Inland Empire, was updating its rates and fees to account for a modified pass-through fee for State Water Project water, along with aligning its tiered rate structure to more closely follow the varied costs of different sources of water. In addition, CVWD's financial plan and Capital Investment Plan called for infrastructure upgrades to its aging water infrastructure before costly breaks and outages became more common. Matt coordinated the implementation of a strategic communications and outreach plan that included communication tools such as bill stuffers, FAQs, a fact sheet/infographic, Proposition 218 notice, and participation in an annual community outreach event.

Crestview-Lake Arrowhead Water Agency (CA)

Crestview-Lake Arrowhead Water Agency (CLAWA) had not had a rate increase in 26 years and needed to ensure compliance with California's Proposition 218 requirements. CLAWA sought specialized assistance communicating the purpose and need for rate increases to customers on a strict implementation timeline. Matt provided strategic communications assistance, including guidance on messaging strategy and tactics.

City of Newport Beach (CA)

The City of Newport Beach (City) Utilities Division provides water service to more than 86,000 people over 50 square miles. A high-income community composed of primarily single-family residential properties, there was significant resistance to past water rate increases. For the past four years, City Council declined to increase rates, but with costs such as purchasing supplemental water rising by 75% in recent years, the time had come for action. Matt was on the Raftelis team charged with developing a comprehensive strategic communications plan, messages and communications tools, including a Proposition 218 notice. The effort communicated the great need for infrastructure improvements to ensure continued deliver of high-quality drinking water and water for fire protection. City Council voted to increase rates at the end of 2019.

Denver International Airport South Terminal Redevelopment Program (CO)

Commuter rail was finally coming to Denver International Airport (DIA). The question was – how and where would it connect? The good news is the \$500 million program was merely a continuation of the original vision for DIA that

included a world-class hotel and open-air plaza. The bad news was the multi-year construction – if managed and communicated improperly – would create chaos at one of the nation’s busiest travel hubs.

Matt was on the team hired to develop a strategic communications program designed to properly inform a variety of internal and external stakeholder groups; to convey the vision for the program while also communicating valuable coping messages to avoid or mitigate disruption from construction.

Strategic communications included a variety of stakeholder outreach strategies, including convening a Program Advisory Committee to bring together myriad groups and interests, a leading-edge diversity program to promote inclusion and opportunity, and a host of innovative communication tools (touchscreen kiosk, large vinyl floor messages, special events, etc.).

The result of the multi-year campaign was reduced frustration levels among busy travelers and a program that serves as a model for other regional construction projects that must be undertaken while the underlying infrastructure remains in operation.

City of Wheat Ridge (CO)

Matt was the project manager on the team hired to design and implement a community-based brand identity development for the City of Wheat Ridge (City). The City’s existing brand was designed by a high school student in the mid-1970s and despite the brand’s age and dated nature, there were voices in the community opposed to the City’s rebranding. Matt designed a process that brought together key community stakeholders using a variety of public engagement techniques to draw out from them their view of what was quintessentially Wheat Ridge. These elements were then distilled down to core themes that were woven into the City’s new identity. While there was no consensus on what made Wheat Ridge Wheat Ridge, each group could literally point to an element of the brand and buy-in to the brand as a whole. The result was a process that members of City Council praised as the model for how City staff should encourage public involvement. A post-project survey found that 70 percent of respondents agreed that the new identity represents the City as a positive, progressive community.

Cherokee Denver’s Redevelopment of the Old Gates Rubber Factory (CO)

An icon (and to some an eyesore) on the Denver skyline since the late-1800s, the Gates Rubber Factory was decommissioned and for decades sat empty and had fallen into disrepair. One reason it remained in such a condition for so long was the significant environmental contamination that was present at the site that had been found to be leaching chemicals into the water table and into surrounding neighborhoods. Cherokee Denver, a developer specializing in brownfield redevelopments, secured the property and began work to revitalize it into a modern mixed-use destination including residential, retail, commercial and public spaces.

Wary of powerful nearby neighborhood groups, Cherokee Denver hired Matt to lead community relations and public engagement activities designed to inform the community of future plans and incorporate public feedback to avoid political hurdles. Through a comprehensive campaign of education and outreach, Matt built valuable mutually beneficial relationships with community leaders, business interests, homeowner’s associations and elected officials. On his recommendation, Cherokee Denver convened the Cherokee Denver Redevelopment Advisory Committee, which consisted of community leaders and some of the project’s most outspoken opponents. Through dialogue and relationship building, objections from opponents dwindled and community support increased. The project resulted in a development that was properly remediated environmentally and today the community is one of the most desirable and visited in the area.

PRESENTATIONS

- “Biosolids Communication Toolkit Workshop” Water Environment Federation
- “Re-imagining Engagement: Harvesting what we’ve learned about virtual public engagement for the future” ACE ’21 Annual Conference
- “Re-imagining Engagement: Harvesting what we’ve learned about virtual public engagement for the future” Arizona Water Association 2021 Annual Conference
- “It’s Human Nature: Using Social Science to Enhance Your Communications,” RMSAWWA/RMWEA, 2020
- “Ensuring Public Process Legitimacy Through the Lens of The Community Water Fluoridation Issue,” AWWA ACE Conference, 2016

Andrew Sparn

SUBJECT MATTER EXPERT

Senior Associate



ROLE

Andrew will provide input and guidance as a Subject Matter Expert for the capital planning, cost estimating, and alternatives analysis components of this project.

KEY PROJECT EXPERIENCE

City of Rifle Utility Maintenance, Capital, and Rate Study (CO)

Project Manager for to develop a GIS based asset management program for both the water distribution system and wastewater collection system. This effort was part of a larger Utility Maintenance, Capital, and Rate Study by JVA along with Raftelis Financial Consultants. The goals of the project were to develop a capital improvement plan to establish the City's revenue requirement, update utility rates and rate design, introduce an asset management component to the existing GIS database, and to create a record of institutional knowledge by creating a fixed asset list. JVA is updating the existing tabulated GIS information to establish pipeline and utility segments. We assign condition ratings to each segment based on the probability of failure (e.g. age, material, maintenance history, soil type). Next a criticality rating is assigned to each segment based on the consequence of a failure (e.g. large diameter, within paved roads, proximity to railroad, proximity to buildings). JVA will combine the results of the Criticality Grade and Condition Grade to establish a priority ranking with those pipe segments with a high condition grade AND a high criticality grade with the highest priority for rehab or replacement.

Water Master Plan, Pueblo West Metropolitan District (CO)

Sr. Project Engineer for a master plan for the District's potable water system. The master plan included demand projections based on estimated population growth, historical billing, and WTP production data. Richard completed a comprehensive performance evaluation of the District's WTP, assessing the capacity and performance of each process: chlorine dioxide preoxidation, coagulation, filtration, disinfection, high service pumping, and backwash solids disposal.

Improvements and operations modifications were recommended. Cost estimates were developed for each capital project for the next 10 years.

Wastewater Master Plan, Pueblo West Metropolitan District (CO)

Sr. Project Engineer for a master plan for the District's wastewater system. The master plan included flow and loading projections based on estimated population growth and influent flow and loading records at the 1.8 MGD WWTP. Completed a comprehensive performance evaluation of the District's WWTP, assessing the capacity and performance of each process including headworks screening, grit removal, activated sludge, secondary clarification, ultraviolet disinfection, aerobic digesters, and belt filter press. A model was developed to assess compliance with upcoming nutrient regulations. Bottlenecks in the collection system were identified. A capital improvements plan was produced covering the next ten years.

Specialties

- Capital planning
- Cost estimating
- Alternatives analysis

Professional History

- JVA Consulting Engineers: Senior Associate (2021- present); Regional Manager (2018 – present); Project Manager (2018 – present); Associate (2016-2021); Senior Project Engineer (2017); Project Engineer (2013-2016); Design Engineer (2013-2016)

Education

- Bachelor of Science, Civil Engineering – Columbia University, School of Engineering and Applied Science (2008)
- Bachelor of Science, Physics, University of Puget Sound, Tacoma WA (2006)

Certifications

- Professional Engineer, Colorado (2015)

Professional Memberships

- American Water Works Association (AWWA)
- Water Environment Federation (WEF)

Town of Nederland Master Infrastructure Plan and Rate Study (CO)

Project Manager for a Master Infrastructure Plan for Town of Nederland, including Water Treatment and Distribution and Wastewater Treatment and Collection, Low Impact Stormwater Management and Erosion Control, and Traffic Flow evaluation throughout the Town. We have compiled a comprehensive plan which includes Capitol Improvement Plans prioritized for 10 years based on critical needs as well as incorporation of the Envision™ sustainable infrastructure rating system. In 2020, JVA updated the MIP to include additional projects for the water treatment, distribution, sanitary sewer, and wastewater treatment. As part of the 2020 MIP Update, JVA worked with Raftelis to complete a Rate Study and financial plan for the Town.

Town of Lochbuie Water Model and Master Plan (CO)

JVA prepared a fast tract Water System Master Plan for the Town of Lochbuie in 2016. The Master Plan included water demands, raw water source and quality, treatment, and potable water distribution and storage evaluations. The capital improvements plan for the Town include a WTP expansion, new elevated water storage tank, booster station, and new transmission mains, and available interconnects. Each of these projects will be required to serve new developments expected to break ground over the next five years. With this master plan in place, development reviews are streamlined. The planned WTP expansion project will increase reverse osmosis membrane capacity from 1.44 MGD to 3 MGD and include membrane clean in place process improvements.

Todd Creek Metropolitan District Water Master Plan, Brighton (CO)

Project Manager for the Water System Mater Plan and Capital Improvement Plan for the District's potable and irrigation water systems. The master plan included demand projections based on estimated population growth, historical billing, and WTP production data. Raw water pump station capacities were calculated. Completed a comprehensive performance evaluation of the District's WTP, assessing the capacity and performance of each process: preoxidation, ultrafiltration, reverse osmosis, disinfection, high service pumping, and concentrate disposal. Improvements and operations modifications were recommended. Cost estimates were developed for each capital project for the next 10 years.

Appendix B: Project Descriptions

Below, we have provided descriptions of projects that we have worked on that are similar in scope to the District's project. We have included references for each of these clients and urge you to contact them to better understand our capabilities and the quality of service that we provide.

City of Golden

COLORADO

Reference: Anne Beirele, Deputy Director of Public Works
1445 10th Street, Golden, CO 80401
P: 303.384.8153 / E: abeierle@cityofgolden.net

The City of Golden (City) provides water, sewer, and drainage services to approximately 5,400 customer accounts through the use of separate, self-supporting utility enterprise funds. Rates charged for services must be adequate to support maintenance and operations, debt service on utility related debt, capital improvement programs and asset reinvestment, and transfers for general and administrative overhead.

The City retained Raftelis to develop comprehensive financial plans, cost of service analyses, and rate designs sufficient to support a recommendation to City Council for adjustments in rates for water, sewer, and drainage operations. The study for the water utility also determined the adequacy and most appropriate rate structure for potable water and raw water considering such issues as conservation, consumption characteristics of various customer classes, price elasticity of demand, fairness and equity implications, and customer understanding.

Raftelis developed the financial plans, cost of service analysis, and rate design for each utility. For the water utility, the City was interested in determining the cost of raw water which serves a number of recreational facilities. These costs were specifically identified in the cost allocation process to ensure equity was maintained between potable and non-potable customers. In a similar fashion, the City serves a small group of wastewater customers within their service area whose wastewater flows are conveyed to a non-Golden treatment facility. Working with Staff, Raftelis specifically identified those costs and developed a rate specific for these groups of customers.

The study also included the convening of an ad-hoc Utility Rate Citizen Committee with membership from the Citizens Budget Advisory Committee, the Citizens Sustainability Advisory Board, the Planning Commission, and citizens at-large. The purpose of this committee was to evaluate rate structure alternatives for the three utilities and recommend proposed alternatives to the City Council for their review and feedback. Raftelis presented information about the general rate-setting process, assisted the Committee with identifying key pricing objectives to help frame the rate alternative options, and presented the final alternatives for the Committee's review. Raftelis also oversaw the technical efforts by the Raftelis team in developing the various options. This study is nearing completion and the Committee's recommendation is anticipated to be presented to Council in August 2019.

Bancroft-Clover Water and Sanitation District

COLORADO

Reference: Tim Lowe, District Manager
900 S. Wadsworth Boulevard, Lakewood, CO 80226
P: 303.922.1113 / E: timl@bancroftclover.com

Raftelis, led by Todd Cristiano, recently completed a financial plan and cost-of-service study with Bancroft-Clover Water and Sanitation District (BWSD). BWSD is a master meter customer of Denver Water and purchases wholesale sewage treatment services from the Metro Wastewater Reclamation District. Approximately 65,000 people are served by BWSD. The services provided by Raftelis included developing a 10-year financial plan, calculating cost of service rates, and evaluating the District's rate structure for both water and sewer utilities. Raftelis also evaluated two different scenarios to observe the financial impacts of significant indoor water conservation, and outdoor conservation. The District also requested that Raftelis make recommendations regarding reserve amounts for operating and capital expenses. The Board adopted rates for 2019 based on Raftelis' recommendations.

Town of Erie

COLORADO

Reference
Todd Fessenden, Public Works Director
645 Holbrook Street, Erie, CO 80516
P: 303.926.2895 / E: tfessenden@eriegov.org

The Town of Erie (Town) retained Raftelis to develop comprehensive financial plans, cost-of-service analyses, rate designs, and tap fees for its water, wastewater, and storm drainage utilities. The Town has experienced significant growth since 2010 and anticipates this trend continue over the next 15 years. The Town expects capital improvements projects to keep pace as growth continues. To ensure the impacts of the cost of growth on existing rate payers is minimal, the Town has adopted a "growth-pays-for-growth" policy regarding tap and raw water dedication fees. Raftelis worked with Town staff to determine the most appropriate funding strategies for capital developments, using combinations of debt and available cash to ensure each utility would be able to fund operations and maintenance, meet target reserves, and adhere to required debt service coverage ratios.

Raftelis also developed separate financial plans for each utility. Subfunds were created for each utility to monitor activities associated with ongoing operations and growth-related activities. This separation of funds allowed the Town Council to see how growth revenues were able to fund projects and whether rate revenue was required to make up deficiencies.

Finally, Raftelis updated develop cost-of-service rates using the Town's existing rate structure for each utility. Of particular interest was developing a new water rate structure for the multifamily class. Multifamily customers were assessed the single-family tiered structure without any adjustment of the tiers recognizing the number of units. This created a large inequity between single family and the multifamily class. Raftelis proposed a uniform rate for the multifamily class since domestic use and irrigation are provided through different taps. Study findings were presented to the Town Board and adopted in September 2020.

Mt. Crested Butte Water and Sanitation District

COLORADO

Reference

Michael Fabbre, District Manager
 PO Box 5740, 100 Gothic Road, Mt. Crested Butte CO 81225
 P: 970.349.7575 / E: mfabbre@mcbwsd.com

In 2017, the Mt. Crested Butte Water and Sanitation District (District) retained Raftelis to complete a two-phased evaluation with the initial phase commencing in 2017. Phase 1 of the study included a comprehensive water and wastewater utility financial planning evaluation identifying annual rate revenue adjustments which may be necessary to support annual O&M, debt service and planned capital improvements while maintain prudent cash reserves. District O&M, debt service, capital projects and revenues were forecasted over a 10-year planning period with adjustments for inflation and projected growth. Raftelis worked with District staff to evaluate multiple capital improvement and capital funding alternatives resulting in an optimized financial plan and capital funding strategy. The results of the Phase 1 evaluation included proposed user charge adjustments effective in 2018 presented to the District Board and documented within the study report issued at the completion of the Project.

Phase 2 was initiated in 2018 and completed in 2019. Phase 2 included an update to the District financial plan and a cost of service, tap fee and rate structure alternatives study for the City. The findings of the Phase 2 study included maintaining the current District tap fees as they recovered the unit cost of facilities benefiting new customers and proposed alternative water and wastewater rates and rate structures to recovery additional revenues from customers support District expenses and significant capital expenditures associated with water and wastewater treatment facilities. Raftelis proposed alternative tiered water rate structures which altered the water allocations in each tier as well as pricing for the respective tiers while modifying the minimum charge and minimum volume allowance. Raftelis also developed alternative wastewater rates structures, including a volume rate assessed to customer winter period water and anticipated wastewater discharges as well as maintaining the fixed fee per EQR (or SFD). The District opted to maintain the fixed fee per EQR, while evaluating billing system modifications necessary to implement a fixed and volume-based rate recovery approach for wastewater services which may be further evaluated in the future. The results of this study were finalized in 2019 and presented to the District Board as well as documented within the Phase 2 study report.

In 2019, Raftelis also assisted the District to complete a separate study to evaluate historical revenues and expenses assessed to a residential sub-District of the Meridian Lake Park (MLP) which joined the District and is assessed an additional surcharge. The District has financed improvements for MLP infrastructure dating back to the mid 1990's when MLP became a sub-region within the District service area and continuing through recent investments in facilities in recent years and planned investments anticipated to be required. This study included an evaluation of the historical proportion of District expenditures benefiting only MLP as well as shared investments benefiting District and MLP customers compared to base and surcharge revenues assessed to MLP customers to determine the balance "owed" by MLP customers to other District customers. The results of this study were documented in a study report presented to the District Board and as part of a facilitated discussion with MLP representatives in October 2019. MLP and District are evaluating options to resolve this multi-year disagreement and evaluating alternative paths forward with the Raftelis study as a baseline documenting the historical balance.

In 2016, Raftelis assisted the District evaluate District plant investment fee and water and wastewater rate structures the use of Equivalent Residential Units compared to other Colorado resort communities' rate and fee structure assessments.

The study findings concluded that the District's rate and fee structures and assessment practices were in alignment with industry approaches and those employed by comparable resort communities. Study findings were presented to the District Board and documented within a technical memorandum.

St. Vrain Sanitation District

COLORADO

Reference

Robert Fleck, District Manager
11307 Business Park Circle, Firestone, CO 80504
P: 303.682.4681 / E: rob@stsan.com

St. Vrain Sanitation District (District) provides sewer service to the communities of Frederick, Firestone, and Dacono along the I-25 corridor. Raftelis conducted a comprehensive financial plan, cost of service, rate design, and plant investment fee study in 2018. St. Vrain has been experiencing rapid growth and has identified a future wastewater treatment plant expansion in the next ten years influenced by the rate of customer growth. Raftelis designed a financial plan that allowed the District to fund most of the capacity expansion project with plant investment fee revenues and debt to fund the remainder of the project. Raftelis cost of service analysis included updated rate recovery for contract wastewater and non-residential customer wastewater cost recovery based on higher strength discharges. Additionally, the customer profile of the service area is changing, and the District was evaluating with how best to serve multifamily customers, which the District had not previously served. Raftelis advised the District of the pros and cons of various multifamily rate methodologies. Raftelis also explored multiple rate designs with the District as it sought equity between residential and non-residential customers. Study findings and recommendations were presented to the District Board and documented within a study report subsequently implemented by the District.



Technical Proposal for MSMD Buildout Financial Master Plan



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

2625 Alcatraz Ave, #602
Berkeley, CA 94705
Tel 510 653 3399
www.bartlewells.com

July 1, 2021

Meridian Service Metropolitan District
11886 Stapleton Drive
Falcon, CO 80831

Attention: Jim Nikkel, PE, General Manager

Re: Technical Proposal for a Buildout Financial Master Plan

Bartle Wells Associates (BWA) is pleased to submit this proposal to provide a Buildout Financial Master Plan for the Meridian Service Metropolitan District.

Founded in 1964, Bartle Wells Associates has extensive experience developing strategic long-term financial plans, rate studies, and helping agencies secure financing. BWA has served over 500 cities and special districts, is a charter member of the National Association of Municipal Advisors and has helped clients secure more than \$5 billion in financing. As one of the only firms that specializes in providing independent financial advisory services and utility rate consulting services, long term strategic financial planning is BWA's specialty.

Bartle Wells Associates has a well-earned reputation for completing our work on-time and often under budget. Above all, we strive to craft analyses and recommendations that are straight-forward, practical, and lead to sound financial decision-making by our clients.

We propose to assign an experienced project team with engineering, municipal advisory, rate and fee study, financial planning and Colorado expertise to the project. Doug Dove P.E. will act as principal in charge and provide expertise from his engineering background. Alex Handlers will provide financing expertise and expert review. Erik Helgeson will provide Colorado expertise and serve as project manager and the main point of contact.

We are very interested in working with the District on this project. Please contact us if you have any questions or would like any additional information.

Sincerely,

BARTLE WELLS ASSOCIATES

Sincerely,

Douglas Dove, PE, CIPMA
Principal/ President

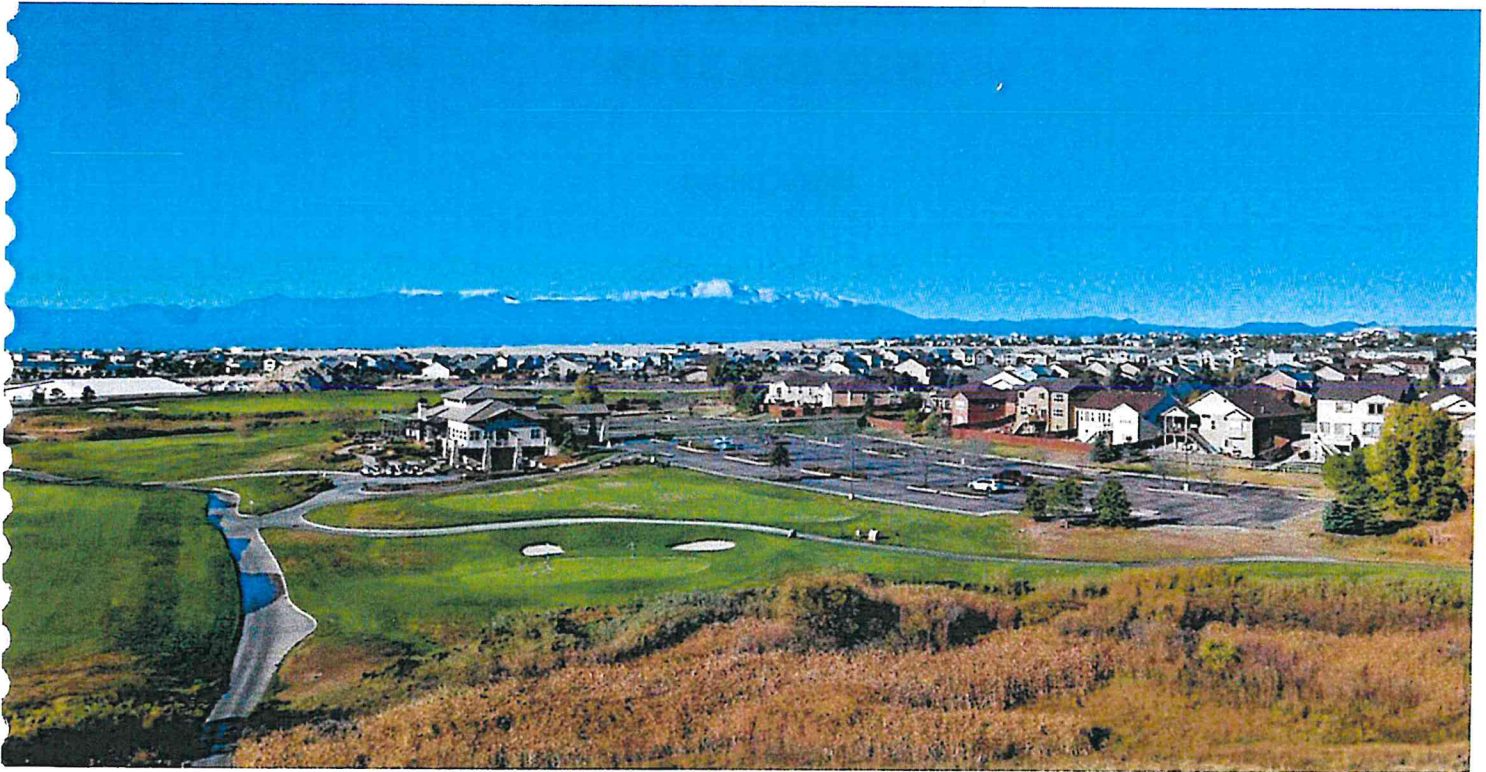
Erik Helgeson, MBA
Senior Project Manager

Alex Handlers
Vice-President

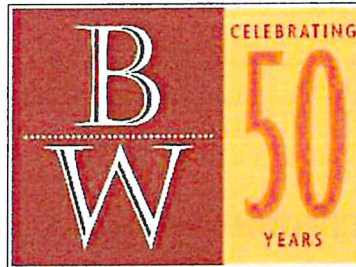
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Bartle Wells Associates Contact Information



**Bartle Wells Associates
2625 Alcatraz Ave #602
Berkeley, CA 94705
510.653.3399**

BWA Contact

Erik Helgeson, MBA
Tel: 509.998.7602
E-mail: erik@bartlewells.com

Bartle Wells Associates was established in 1964 and is a California Corporation and certified State of California Small Business. Our Federal Tax ID number is 94-1664409

Statement of Qualifications



BARTLE WELLS ASSOCIATES

Leaders in Water, Wastewater & Sanitation Rates and Finance

Bartle Wells Associates (BWA) is an independent financial advisory firm with expertise in the areas of water, wastewater, and sanitation finance. BWA was established in 1964 and has over 50 years of experience advising cities, special districts, and other agencies on the complexities and challenges in public finance. We have advised over 500 public agency clients throughout California and the western United States. We have a diversity of abilities and experience to evaluate all types of financial issues faced by local governments and to recommend the best and most-practical solutions.

Bartle Wells Associates has a highly qualified, professional team. Our education and backgrounds include finance, civil engineering, business, public administration, public policy, and economics.

BWA specializes in three professional services: utility rate and fee studies, financial plans, and project financing. We are one of the few independent financial advisors providing *all three* of these interrelated services to public agencies.



RATE AND FEE STUDIES Our rate studies employ a cost-of-service approach and are designed to maintain the long-term financial health of a utility enterprise while being fair to all customers. We develop practical recommendations that are easy to implement and often phase in rate adjustments over time to minimize the impact on ratepayers. We also have extensive experience developing impact fees that equitably recover the costs of infrastructure required to serve new development. BWA has completed hundreds of utility rate and fee studies. We have helped communities implement a wide range of rate structures and are knowledgeable about the legal requirements governing rates and impact fees. We develop clear, effective presentations and have represented public agencies at hundreds of public hearings to build consensus for our recommendations.



Our offices are located in Berkeley, California in a circa 1900 Victorian Building.

FINANCIAL PLANS Our financial plans provide agencies with a flexible roadmap for funding long-term operating and capital needs. We evaluate the wide range of financing options available, develop a plan that recommends the best financing approach, and clearly identify the sources of revenue for funding projects and repaying any debt. We also help agencies develop prudent financial policies, such as fund reserve targets, to support sound financial management. BWA has developed over 2,000 utility enterprise financial plans to help public agencies fund their operating and capital programs, meet debt service requirements, and maintain long-term financial health.

PROJECT FINANCING Our project financing experience includes over 300 bond sales and numerous bank loans, lines of credit, and a range of state and federal grant and loan programs. We generally recommend issuing debt via a competitive sale process to achieve the lowest cost financing possible. To date, we have helped California agencies obtain over \$5 billion of financing via bonds, bank loans/private placements, lines of credit, low-rate State Revolving Fund Loans, and other funding programs. We work only for public agencies; we are independent financial advisors and do not buy, trade, or resell bonds. Our work is concentrated on providing independent advice that enables our clients to finance their projects on the most favorable terms—lowest interest rates, smallest issue size, and greatest flexibility.



Bartle Wells Associates is a charter member of the *National Association of Municipal Advisors* (NAMA),



BWA has served over 500 public agencies throughout California and the western United States.

which establishes strict criteria for independent advisory firms. All of our lead consultants are *Certified Independent Professional Municipal Advisors* and are Registered Municipal Advisors.

Bartle Wells Associates is committed to providing value and the best advice to our clients. Our strength is *quality*—the quality of advice, service, and work we do for all our clients.

EXPERIENCE BWA has extensive experience developing long-term financial plans, utility rates, and capacity fees for public agencies from all areas of California and the western U.S. In recent years, we have completed assignments for many agencies including:

Sample Water/Sewer/ Stormwater Districts

- Monterey One Water
- Ramona Municipal Water District
- San Diego County Water Authority
- Joshua Basin Water District
- Palmdale Water District
- South San Luis Obispo County Sanitation District
- Silicon Valley Clean Water
- Victor Valley Wastewater Reclamation Authority
- Santa Ynez River Water CD, ID#1
- Cucamonga Valley Water District
- San Miguel Community Services District
- Big Bear Area Regional Wastewater Agency
- Sonoma County Water Agency
- Helix Water District
- Lake Arrowhead Community Services District
- Indian Wells Valley Water District
- East Bay Municipal Utility District
- West Valley Sanitation District
- San Francisco Public Utilities Commission

Sample Cities

- City of Santa Barbara
- City of San Clemente
- City of Hemet
- City of Fresno
- City of Palm Springs
- City of Poway
- City of Imperial
- City of Port Hueneme
- City of Redwood City
- City of Hesperia
- City of Glendale
- City of Solvang
- City of Brawley
- Foresthill Public Utility District
- City of Morro Bay
- City of Vacaville
- City of San Carlos
- City of Monterey
- City of Modesto

PROJECT TEAM

BWA uses a *team approach* for most projects, typically assigning two consultants to each assignment, including at least one principal consultant. Our general project approach is to work closely with staff and other members of the project team, identify objectives, set milestones, have frequent communication, and remain flexible to resolve unanticipated issues.

Bartle Wells Associates has a highly-qualified professional team. Our education and backgrounds include finance, civil engineering, business, public administration, public policy, and economics. Bartle Wells Associates has a long track record of completing projects on time and on or under budget.

Bartle Wells Associates will perform all work related to this assignment and does plan to use any subcontractors for this project. Our consulting staff has availability to assist on this project as needed to ensure all project work and deliverables are completed on schedule.

Doug Dove, Principal in Charge

Doug Dove is President of BWA and one of BWA’s principal consultants. He has more than 30 years of professional experience, specializing in all areas of public finance, including utility rate setting, capacity fee implementation, strategic financial planning and infrastructure financing. He has extensive experience developing strategic financial plans and utility rate studies and has assisted more than 200 California public agencies. Doug has substantial experience working with public agency staff and governing bodies to build understanding and consensus for key recommendations.



Erik Helgeson, Project Manager

Erik Helgeson is an Assistant Vice President of BWA and senior project manager with substantial experience developing long-term financial models and utility rates based on a cost of service approach. His 11 years of experience includes working as a senior finance analyst for Denver Water in the rates and charges group and as a utility rate consultant in Colorado and California. His prior experience working a utility gives him a unique perspective on the internal challenges a utility faces when implementing a study’s recommendations. He currently serves on American Water Works Association’s Rates and Charges Committee.



Alex Handers, Expert Peer Review

Alex Handers is a principal and vice-president of BWA. He has extensive experience developing strategic financial plans and utility rate studies and has consulted for more than 150 California agencies. Alex has substantial experience working with public agency staff and governing bodies to build understanding and consensus for recommendation. He is a Certified Independent Professional Municipal Advisor and Board Member of the National Association of Municipal Advisors. Alex has substantial experience working with public agency staff and governing bodies to build understanding and consensus for key recommendations.



RESUMES

DOUGLAS R. DOVE



Principal Consultant

Douglas R. Dove is President of Bartle Wells Associates and directs the operation of the firm while maintaining a principal consultant's role. With over 30 years of consulting experience, he specializes in utility rate analysis, strategic financial planning and project financing. Mr. Dove has developed utility rate structures and financing plans for a wide variety of public infrastructure programs. He has managed the procurement of over \$1 billion in municipal debt and over \$300 million in state and federal grants and low-interest loans. Mr. Dove frequently shares his expertise and has given presentations at conferences including the Association of California Water Agencies (ACWA), the American Water Works Association (AWWA), the California Association of Sanitation Agencies (CASA), the California Municipal Rates Group (CMRG), the California Special District's Association (CSDA), the California Municipal Treasurers Association (CMTA), the California Water Environment Association (CWEA) and Water Reuse. By special request in July 2015, Mr. Dove made a presentation to the California Water Resources Control Board regarding water conservation pricing. Mr. Dove is also a published author of a water rate paper in the Journal of the American Water Works Association (Implementing Consumption-Based Fixed Rates in Davis, Calif.). Mr. Dove's expertise also includes assisting agencies in securing state and federal grants and loans and in issuing certificates of participation (COPs), revenue bonds, general obligation bonds, assessment district bonds, Marks-Roos revenue bonds, CFD (Mello-Roos) bonds, private placement loans and other types of debt. Mr. Dove recently finished his term on the board of directors of the National Association of Municipal Advisors (NAMA).

Education

M.S., Civil Engineering - University of California, Berkeley

B.S., Civil Engineering – Drexel University, Philadelphia, PA

Representative Projects

- **City of Placerville:** Water and wastewater rate studies and capacity fees
- **Grizzly Flats CSD:** Water rate study
- **Del Paso Manor Water District:** Comprehensive water financial plan and rate study.
- **Browns Valley ID:** Water rate study
- **Rio Linda/ Elverta Community Water District:** Comprehensive water financial plan, connection fee and rate study.
- **Madera County, CA:** Rate studies for twenty-three of the county's water and sewer special service districts
- **City of Imperial, CA:** Water and wastewater financial plans and rate studies.
- **East Bay Municipal Utility District:** Comprehensive water rate study and AB 1600 capacity fee review, Wastewater cost-of-service review and capacity fee review, various other financial studies
- **City of Santa Barbara:** Comprehensive water rate and capacity fee study.
- **Napa-Berryessa Resort Improvement District:** Developed financing plan for water and wastewater public-private partnership (P3). Prepared assessment engineers report. Formed an assessment district and secured \$11.1 million in federal funding from US Department of Agriculture.
- **City of American Canyon:** Comprehensive, multi-year water and wastewater rate study.
- **City of Davis:** Comprehensive water rate study developed with a 15-member Water Advisory Committee. Completed a water capacity fee study for the City as well.

- **City of Modesto:** Provided rate expert litigation support in wastewater rate litigation. Developed water and wastewater cost of service and capacity fee studies.
- **Newhall County Water District:** Provided rate expert litigation support in water rate litigation.
- **City of Monterey:** Developed financing plan and rate study for \$20 million wastewater pipeline rehabilitation project.
- **San Miguel Community Services District, CA:** Water and wastewater financial plans and rate studies.
- **City of Santa Clara:** Wastewater rate and capacity fee study.
- **City of Hesperia:** Comprehensive water and wastewater financial plan and rate study.
- **City of Lemon Grove:** Water and wastewater rate studies and five-year financing plan.
- **City of Brawley:** Water and wastewater rate studies and financing plans.
- **City of Gilroy:** Water and wastewater rate studies.
- **City of Patterson:** Water and wastewater rate studies and five-year financing plans.
- **West Valley Sanitation District (Campbell, CA):** Wastewater rate study, financing plan and bond issuance.
- **City of Ontario/Ontario Redevelopment Agency:** financial advisor on \$134.3 million in development refunding and new money issues (2), which included financing for the Ontario Convention Center.
- **City of Calistoga:** Long range utility financial plan, water and wastewater rates, secured financing for WW treatment plant upgrade (\$6 million SRF loan, \$3 million Small Community Grant, \$3.5 million revenue bonds).
- **El Dorado Irrigation District:** Water and wastewater rate studies.
- **Lake Arrowhead Community Services District:** Financial master plan, \$28 million revenue bond refinancing and water and wastewater rate studies.
- **California Statewide Communities Development Authority:** Financial advisor for statewide pooled revenue bond program (over \$250 million issued for over 32 borrowers).
- **South Bay Water Recycling Program, Phases 1 & 2:** Financial plan and rate study for \$200+ million regional (San Jose area) wastewater recycling program.
- **City of Tulare:** Financial advisor to the city, sale of \$63 million in bonds (3 issues), water and wastewater rate studies.
- **Big Bear Area Regional Wastewater Agency:** Regional wastewater rate study, sale of bonds (2 issues) and bank loans (2 loans).

Professional Memberships

- National Association of Municipal Advisors (former Board Member)
- League of California Cities
- American Water Works Association
- Association of California Water Agencies
- California Water Environment Association
- California Association of Sanitation Agencies
- California Special Districts Association
- Water Reuse Association

Certifications

Certified Independent Professional Municipal Advisor (CIPMA), Registered Professional Engineer (PE) in California (PE# 45642) and MSRB -Registered Municipal Advisor – Series 50

ERIK W. HELGESON



Project Consultant

Erik Helgeson an assistant vice president of Bartle Wells and Associates. His areas of expertise include the development of financial plans, ratemaking, and policy solutions for water, stormwater and wastewater utilities. He has eight years of utility finance experience- as a finance analyst at Denver Water and now as a utility rate consultant. Erik has extensive expertise in working with executive level staff and assisting in strategic decisions. He serves on the American Water Works Association (AWWA) Rates and Charges Committee and has presented at the Utility Management Conference.

Education

M.B.A., Entrepreneurship – University of Colorado, Denver

B.A., Business Administration – Gonzaga University

Representative Projects

- **Big Bear City CSD, CA:** Water, sewer and solid waste cost-of-service rate studies
- **Humboldt Bay Municipal Water District, CA:** Lead consultant providing 10-year financial plan update
- **City of Hemet, CA:** Water budget rate design and cost of service study
- **City of Imperial, CA:** Lead consultant providing water and wastewater financial plans and rate studies
- **Modesto Irrigation District:** Designed an allocation methodology between the district's domestic water, irrigation and electric enterprises.
- **Marin Municipal Water District, Marin, CA:** Analyst supporting the financial plan and rate study update in 2016.
- **Madera County, CA:** Lead consultant providing rate studies for twenty-three of the county's water and sewer special service districts
- **San Miguel Community Services District, CA:** Lead consultant providing water and wastewater financial plans and rate studies. The District was nearing insolvency and large rate increases were needed to save the District.
- **Carlsbad, CA:** Played a key role in completing the 2016 water cost of service study. Created a supply-based cost allocation and supply layered, tiered, water rate design
- **Castle Pines North Metropolitan District, CO:** Lead consultant providing annual water and wastewater financial plans and rate study updates
- **City of Placerville, CA:** Analytical support for water financial plans and rate studies.
- **City of Modesto, CA:** Analytical support for water and wastewater financial plans and rate studies
- **Las Gallinas Valley Sanitary District, CA:** Support for annual budget process
- **City of Willits, CA:** Lead consultant providing water and wastewater financial plans and rate studies
- **The Cities of Pinole and Hercules, CA:** Assisted the cities with the co-financing of a wastewater project with SRF loans. This included the design of the payment and reimbursement process, the administration of the process, and navigating the State requirements.
- **Sacramento County Water Authority, Sacramento, CA:** Lead analyst supporting water financial plan and rate study

Public Utility Experience

Denver Water, Denver, CO:

Senior Finance Analyst- Assisted with the annual cost of service study and financial plan, provided regular revenue reports, and oversaw the gathering and reporting of metrics to support Denver Water's organizational improvement initiatives. As the lead analyst on the initiative to change the rate design he facilitated research (customer survey and affordability study), performed rate design analysis, and assisted with stakeholder outreach (municipalities, customers, business representatives, non-profits, and Denver Water executives and Board) which led to the adoption of new rate structures. He coordinated the implementation efforts between various business units to ensure a successful rollout of the new rates and rate structures.

Professional Memberships

American Water Works Association – Member of Rates and Charges Committee

Certifications

MSRB-Registered Municipal Advisor (Series 50)



ALEX T. HANDLERS, CIPMA

Experience

Alex Handlers is a principal and vice president of Bartle Wells Associates with expertise in the areas of utility rates and finance. He has extensive experience developing long-term financial plans, utility rates, and development impact fees for utility enterprises. Alex has helped agencies implement a wide variety of water and sewer rate and fee structures and is knowledgeable about the legal requirements of rates and fees. He has managed projects for over 150 cities, counties, and special districts.

Alex is also an independent financial advisor who helps public agencies secure low-cost financing for capital projects. He is an MSRB-Registered Municipal Advisor, a Certified Independent Professional Municipal Advisor, and a current Board Member of the National Association of Municipal Advisors. He has expertise helping public agencies evaluate financing alternatives for capital improvement programs and obtain over \$2 billion in financing via bonds, COPs, bank loans/private placements, lines of credit, and various state and federal funding programs.

Education

M.P.A. - University of Washington

B.A. - Lehigh University

Certifications

Board Member – National Association of Municipal Advisors

CIPMA – Certified Independent Professional Municipal Advisor

MSRB-Registered Municipal Advisor (Series 50)

Representative Projects

- **City of San Carlos:** Developed a sewer enterprise financial plan and rate study designed to support sewer collection system capacity improvements, long-term pipeline replacements, and over \$120 million for the City's share of costs for rebuilding the regional wastewater treatment plant. Evaluated residential rate alternatives and recommended modifications to the City's sewer rate structure designed to improve rate equity and align rates with the cost of service. Updated the City's sewer capacity charges levied on new development and developed solid waste rate recommendations to support future funding requirements and restore rate equity.
- **City of Redwood City:** Developed water and sewer financial plans and utility rate studies designed to support long-term operating and capital needs while providing a defensible cost-justification for the City's water and sewer rates. BWA has assisted Redwood City on a number of financial consulting assignments since the early 2000s including developing financial plans and utility rates supporting a) construction of a \$72 million recycled water project, b) funding the City's roughly \$400 million share of improvements to the regional wastewater treatment plant, c) funding major increases in wholesale water rates, and d) increasing funding for ongoing investment in the City's aging water and sewer infrastructure.
- **City of Petaluma:** Developed water and sewer financial plans and rate studies designed to support each utility's long-term capital improvement program. Recommendation included a gradual phase-in of rate increases along with automatic inflationary rate adjustments designed to keep rates aligned with the cost of providing service.
- **City of Mountain View:** Developed 10-year water and wastewater financial plans and rate studies. Evaluated water and sewer rate structures and recommended modifications to improve rate equity and compliance with Prop. 218. Updated the City's water and wastewater connection fees.

Alex T. Handlers, continued

- **Monterey One Water** (formerly Monterey Regional Water Pollution Control Agency): Developed a long-term financial plan, sewer rate study, capacity charge study, and update of a range of miscellaneous fees and charges.
- **City of North Miami Beach**: Developed water and sewer financial plans and rate studies designed to support each utility's updated capital improvement programs and a substantial increase in costs for wastewater treatment provided by Miami-Dade County.
- **City of Morro Bay**: Developed water and sewer rate studies. Developed a financial plan and rate recommendations supporting the construction of a new \$125 wastewater treatment plant with water recycling and indirect potable reuse facilities.
- **Mid-Peninsula Water District (Belmont)**: Developed 10-year financial plan and water rate study with a gradual phase in of rate increases and modifications to rate structure to improve equity and conservation incentive. Developed water system capacity charges levied on new development and a new water demand offset fee to recover costs for generating water supply to serve growth.
- **City of San Mateo**: Developed a sewer enterprise financial plan and rate recommendations supporting funding for a roughly \$900 million wastewater capital improvement program needed to improve wet weather capacity and rebuild the City's aging wastewater treatment plant. Transitioned residential sewer rates from 100% volumetric rates (subject to a minimum charge) to a hybrid 50% fixed & 50% volumetric rate structure.
- **City of Sunnyvale**: Developed sewer enterprise financial projections and rate recommendations. Updated the City's water and sewer capacity charges levied on new development.
- **Silicon Valley Clean Water**: Developed 10-year financial plan supporting over \$750 million of capital improvements to a regional JPA that provides sewer treatment to Belmont, Redwood City, San Carlos, and the West Bay Sanitary District. Served as financial advisor on issuance of \$200 million of financing via bonds, State Revolving Fund (SRF) loans, and a line of credit.
- **City of San Bruno**: Developed 10-year water and wastewater financial plans and rate studies. Recommended a series of gradual annual rate increases to fund operating and capital needs and increase funding for repair and replacement of the City's aging water and sewer infrastructure. Evaluated water and sewer rate structures and recommended modifications to improve rate equity and increase conservation incentive.
- **Alameda County Water District**: Comprehensive development fee study; recommended a series of modifications to existing charges to improve revenue recovery, equity and fee administration
- **Union Sanitary District**: Conducted a comprehensive analysis and update of the District's capacity fees levied on new development. Developed a long-term financial plan supporting over \$100 million of wastewater system capital improvements.
- **City of Fresno**: Developed wastewater enterprise financial plan and Excel-based financial model used by City staff to update financial and rate projections. Developed new water connection fees designed to recover costs of existing facilities and future supplemental water supply projects.
- **City of Millbrae**: Developed a water rate study and revised the City's Clean Bay Charges levied to fund improvements designed to eliminate sanitary sewer system overflows during major storms.
- **San Francisco Public Utilities Commission**: Developed financial projections supporting over \$2 billion of bonds issued to help fund a \$4.3 billion upgrade to the Hetch-Hetchy regional water system and improvements to the City's wastewater system.

REFERENCES



Humboldt Bay Municipal Water District, CA

The Humboldt Bay Municipal Water District supplies treated drinking water on a wholesale basis to seven wholesale municipal agencies in the greater Humboldt Bay region. In 2011, the District retained Bartle Wells Associates to develop a long-term financial plan to fund operating and capital expenses for its wholesale customers. With the closure of the pulp mill in 2009, all operating and capital costs associated with the Domestic/Regional System are allocated to the wholesale customers. The objective of the financial plan was to develop financing options for the District's \$60 million 15-Year Capital Improvement Plan (CIP) and to project future wholesale rate adjustments that recover the full cost of providing service annually. The plan, which was first presented to the Board for review and input, was later adopted unanimously. BWA subsequently assisted the District in securing a \$1.3 million 10-year loan at 2.63% for the first tranche of CIP projects.

The District retained BWA to update the financial plan for 2016/17. The District had was not certain if it was going to make betterments to its wholesale system. BWA prepared financial plans reflecting several capital scenarios. BWA helped the Board decide on revenue increases that put the District in a position where it could undertake the capital projects in the future with debt financing with modest rate revenue increases.

Agency Contact:

John Friedenbach, General Manager
Humboldt Bay Municipal Water District
Phone: 707-443-5018
friedenbach@hbmwd.com





Big Bear City Community Services District, CA

Bartle Wells Associates first assisted the District in 1967. BWA developed the district's early financing and revenue programs to build sewers and finance wastewater improvements. BWA assisted the district with the authorization and sale of three series of general obligation bonds and supervised the sale of five assessment bond issues in the Sugarloaf and Pinewood areas.

In 1994, BWA prepared a water rate study under the close supervision of a Water Rate Study Committee made up of citizens and board members. The water rate study addressed issues of water rate equity with the mobile home park.

In 2015, BWA assisted the district in developing water, wastewater and solid waste 5-yr financing plans and rate studies.

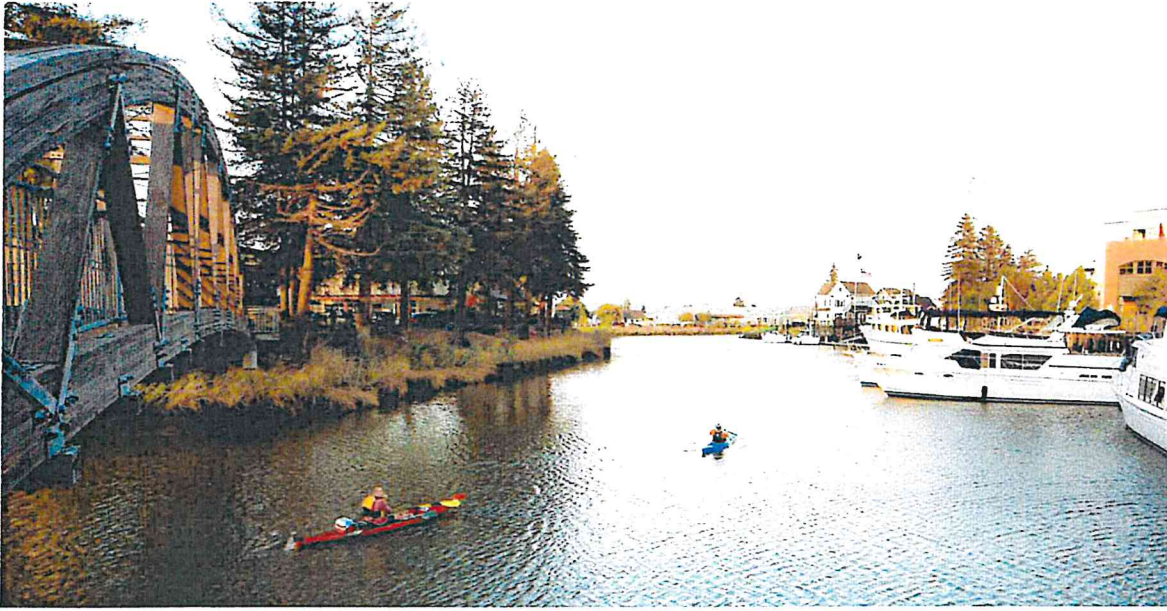
Most recently, in 2019, BWA performed comprehensive water, wastewater and solid waste cost-of-service rate studies. BWA recommended a series of rate increases designed to meet each utility's operating and capital funding needs. BWA also reviewed the water and solid waste rate structures and customers classes and recommended modifications designed to equitably recover the costs of providing service, comply with Proposition 218, and achieve the District's objectives.

BWA assisted the District with the Proposition 218 noticing and the rate adoption process which ultimately resulted in Board's adoption of recommended rate increases and cost-of-service based rate structure modifications.

Contact:

Shari Strain
Finance Officer
909-585-6525
sstrain@bbccsd.org





City of Petaluma

BWA developed long-term financial projections and multi-year rate projections for the City's water and sewer utilities in 2017. Rates were designed to equitably recover the costs of providing service and support financial stability of the City's utilities. The recommended rates fund the City's updated capital improvement programs, meet future operational needs, and comply with legal requirements. The proposed rates incorporated both overall rate increases as well as modifications to the water and sewer rate structures designed to better align rates with the cost of providing service and improve revenue stability. Final recommendations were developed with substantial input from the City. Rate increases are currently in process of phased in gradually over five years to minimize the annual impact on customers and include both a) base rate increases plus b) automatic annual pass-through rate adjustments to account for inflation and wholesale water rate increases.

In 2019, BWA assisted the City with an update of wastewater financial projections in support of the issuance of wastewater revenue bonds to refund a prior State Revolving Fund Loan for savings. BWA also participated in the bond rating process. The City obtained a "AA+" rating from Standard & Poor's which resulted in lower-than-anticipated interest rates.

Agency Contact

Dan St. John, Director of Public Works & Utilities
707-778-4546
dstjohn@ci.petaluma.ca.us/





Castle Pines North Metro District, CO

Castle Pines North Metropolitan District (CPNMD) was established in 1984. The Metro District provides water, wastewater and storm water services to the local community. The Metro District currently serves a population of nearly 10,000, and has more than 3,200 residential and business customers.

In 2016, the District retained Bartle Wells to update the District's financial plan and rates on an annual basis. Bartle Wells continues to provide this service to the District on an annual basis. In addition to the annual financial plan and rate updates, Bartle Wells proved support for the District's recent bond election.

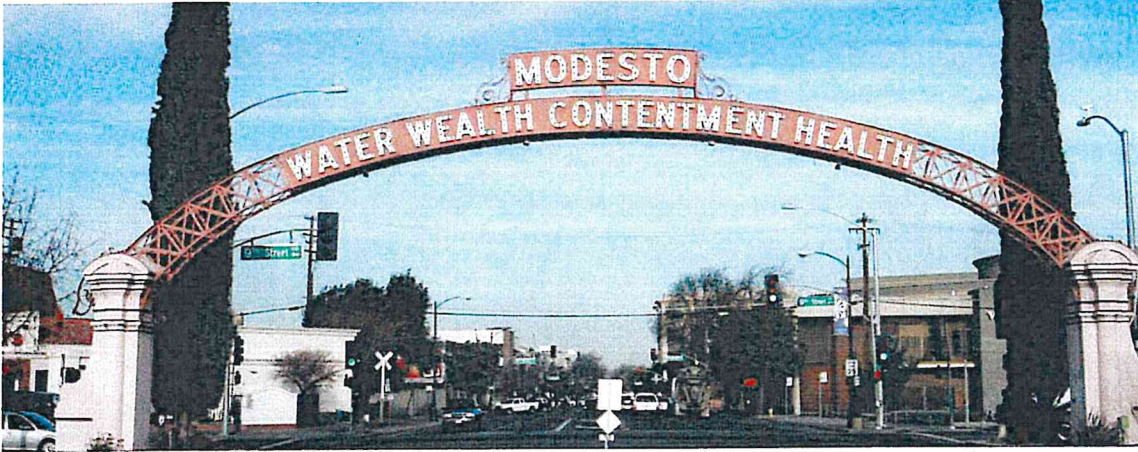
Agency Contact:

Jim Worley, District Manager

303-242-3262

jworley@cpnmd.org





City of Modesto, CA

In 2015, BWA was retained to work with the City and the Industrial customers to develop a new wastewater rate structure based on the 2014 Tolling Agreement. Working closely with an accountant hired by the City's large industrial customers, BWA developed a separate large industrial wastewater rate structure and capacity fee schedule for cannery customers. BWA also developed new rates reflecting the City's tertiary treatment stream and secondary treatment "scalping." We met with stakeholder groups, the wastewater master planning engineering team, Finance Committee, and City Council on many occasions to vet our recommendations and gain consensus. Our rate study was implemented by City Council April 2016.

In 2015, the City retained BWA to conduct a comprehensive water rate study. The City had not raised rates since 2013 and experienced reduced revenue due to drought conditions. BWA developed drought surcharges and analyzed individualized rate structures for each of the City's outlying service areas. A Proposition 218 hearing to adopt proposed rates was successfully completed in Fall 2016.

In 2021 BWA was retained again to perform water and sewer rate studies. BWA is in the process of completing these studies.

Contact:

William Wong, P.E., Sr. Engineer

(209) 571-5801

wwong@modestogov.com





Redwood City

Redwood City has a population of approximately 87,000 and is located about half-way between the Cities of San Francisco and San Jose, California. The City relies on imported water from the San Francisco Public Utility Commission for 100% of the community's potable water supply and also provides recycled water for irrigation and industrial uses. The City provides wastewater collection services and subsequently conveys sewage to a regional wastewater treatment plant operated by Silicon Valley Clean Water for treatment and effluent disposal.

BWA has assisted the City on many assignments over the past decade including a) development of water, recycled water, and wastewater financial plans, b) development of cost-of-service water and wastewater rate studies, c) recommendations for a new Water Supply Capacity Charge levied on new development, d) recycled water rate recommendations, e) evaluation of financing alternatives for capital improvement projects, and f) periodic updates to the City's water and wastewater financial plans and rates. Over the years, we have helped the City proactively phase in gradual, ongoing water, recycled water, and wastewater rate increases to keep revenues in line with escalating costs of service and ensure adequate funding for the City's long-term capital needs, including funding for repairs and replacements, construction of a \$70 million recycled water project, and funding for the City's roughly \$400 million share of costs for rebuilding and upgrading the regional wastewater treatment plant and conveyance system.

BWA most recently assisted the City in 2016 with the completion of water and sewer rate studies designed to reflect the cost of providing service and increase funding for repair and replacement of aging water and sewer pipelines. Our recommendations also included rate structure modifications designed to improve equity and comply with Proposition 2018. BWA drafted the Proposition 218 Notice, which included authorization for the City to pass-through unanticipated wholesale rate increases.

Alex Handlers served as project manager and lead consultant and was supported by BWA staff. All projects were completed on time and within budget.

Agency Contact:

Ramana Chinnakotla, Director of Public Works Services
(650) 780-7466
rchinnakotla@redwoodcity.org



Additional References are Available Upon Request

PROJECT APPROACH

Our general project approach is to work closely with staff and other members of the project team, identify objectives, set milestones, have frequent communication, and remain flexible to resolve unanticipated issues. The key components of our approach are:

- *Knowledge of the Similar Entities:* BWA specializes in utility rates and finance and has worked for over 500 agencies.
- *Cost-Effectiveness:* Effective project management and cost control are critical to the success of any project. BWA emphasizes careful cost management and regular tracking of hours billed to avoid exceeding the budget.
- *Timeliness:* BWA has the in-house resources and expertise to meet the District's scheduling needs. We take deadlines seriously. We have extensive experience successfully completing projects and addressing unexpected issues while meeting tight deadlines.
- *Partner Involvement:* BWA uses a team approach for projects, typically assigning two consultants to each assignment, including at least one principal consultant. Each partner takes a hands-on approach to each project and is involved in every step of the process.

BWA's approach to each project is based on a comprehensive analysis of each agency's unique financial situation, customer base, consumption patterns, and demands. We do not have a "one-size-fits-all" rate model. We tailor each study to fit the distinct requisites of each agency to ensure that all recommendations reflect local needs and objectives.

METHODOLOGY

This section presents a draft work plan and scope of services that we believe forms a sound basis for completing the Buildout Financial Master Plan. Bartle Wells Associates will work with the project team to finalize a scope of services that meets the District's objectives. Our general project approach is to work closely with staff and other members of the project team, identify objectives, set milestones, have frequent communication, and remain flexible to resolve unanticipated issues.

Our financing plan will evaluate the full range of financing alternatives available to the District. We will recommend the most cost-effective approach (or approaches) that best achieve the District's objectives.



The 10-year financial plans will serve as financial roadmaps for funding future operating and capital programs while supporting long-term financial stability.

The plan will serve as a long-term, flexible, financial roadmap for funding capital programs while maintaining the District's long-term financial health. The tasks for our Scope of Service include:

1. Project Team Orientation

To initiate our work, hold a meeting with District staff and others as appropriate, to accomplish the following:

- Identify members of District staff, Board, engineering consultants, and others who will participate in the project.
- Determine the roles and responsibilities of all project participants.
- Identify other parties that may have a significant interest in the project, such as community groups, business organizations, developers, and large customers.
- Establish project schedule and key milestone dates.
- Confirm the key goals and expectations of the project team.

BWA recommends holding the kickoff meeting after we have reviewed preliminary information. This will enable the kickoff meeting to be more substantive and facilitate more in-depth discussion of key issues and preliminary observations and potential alternatives.

2. Investigation and Data Collection

Assemble the information necessary to understand and describe the District's water enterprise, existing water facilities and infrastructure, enterprise finances and annual revenue requirements, outstanding debt, customer base, and short-term and long-term capital needs. Assistance and cooperation of District staff will be needed to assemble the background information. Investigation will include, but is not limited to, the following areas:

- Current and historical documents including current and projected budgets, financial statements, and other financial studies or internal finance projections
- Capital improvement plan and engineering master plan
- Description of enterprise systems and service area
- Water system capacity including capacity available for growth
- Current and historical water rates and fees
- Historical and projected growth and demand
- Long-term infrastructure replacement needs
- Key capital alternatives for evaluation
- Formal and informal financial policies
- Agreements with other agencies and/or organizations.
- Conditions leading up to this project

3. Develop Forecasts and Projections

Based on evaluation of the data assembled and input provided by the District, prepare forecasts and projections to be used in the development of financial models for the District's water and sewer utilities. Develop projections for the following areas (and others as appropriate). Review projections and alternatives with District staff for agreements on assumptions, interpretation of data, and completeness of approach.

- **Capital Improvements Including Long-Term Repairs & Replacements:** Based on input from District staff, identify future capital improvement program costs or alternatives to include in the financial analysis and determine a reasonable amount to include for future, ongoing capital repairs and replacements. BWA often recommends that agencies phase in funding for long-term system rehabilitation. Submit a Technical Memorandum summarizing the Buildout Capital Improvement Plan including costs and schedules.
- **Project and Identify Revenue from Taxes, User Charges, Fees and Other Sources:** With District input, forecast revenue from various sources.
- **Growth & New Development:** Work with the District to identify levels of growth to incorporate in the financial projections. Evaluate financial impacts under different levels of growth.
- **Cost Escalation Factors:** Review historical cost trends and work with project team to develop reasonable cost escalation factors for both operating and capital expenditures. Work with District staff to identify any anticipated changes in future staffing, benefits, and/or other operating costs.

4. Evaluate Financing Alternatives for Capital Improvements

Evaluate options for financing capital improvement projects. Our evaluation will:

- Allocate capital improvement costs to existing customers and new development based on the share of each project benefitting current vs. future customers.
- Estimate the amount and timing of any debt, if needed, to finance capital projects.
- Evaluate the alternative borrowing methods available including bonds, COPs, state and federal loan programs (including the State Revolving Fund Financing Program), bank loans and lines of credit, and other options.
- Recommend the appropriate type of debt, its term and structure.
- As needed, develop debt service estimates to incorporate in the financial projections.

5. Review Minimum Fund Reserve Targets

Evaluate the adequacy of the District's current utility fund reserves. Establish prudent minimum fund reserve targets based on the District's operating and capital funding projections. Develop an implementation plan for achieving and maintaining the recommended reserve fund levels.

6. Develop 10-Year Financial Projections & Evaluate Scenarios

Develop cash flow projections showing the financial position of the District through buildout. The cash flows will project fund balances, revenues, expenses, and debt service coverage, and will incorporate the forecasts developed with staff input. After developing a base-case cash flow scenario, we can model alternatives for additional evaluation such as capital improvement alternatives, use of general funds, growth rate scenarios, project financing alternatives, service and tap fee revenue increases, developer advances, etc. During this phase, BWA will work closely with the project team to evaluate financial and rate projections under alternative scenarios.

7. Board Workshop/ Meeting

Attend up to two (2) Board meetings to present findings, recommendations and alternatives, and receive input.

8. Project Deliverables

Based on our reading of the RFP, BWA envisions delivering a financial planning model to provide a high level, financial roadmap through buildout. The model will also identify financing capacity under various revenue and cost scenarios to help the Board make informed financial policy decisions. BWA will support this model with up to three (3) technical memorandums explaining capital assumptions, other model inputs, describing the results of the model and analyzing several scenarios.

Schedule

PROJECT TASK	AUG/SEP			OCT/NOV			DEC/JAN			
Research	█	█	█							
Define Capital Scenarios			█	█						
Develop Base Financial Plan				█	█					
Evaluate Scenarios						█	█	█		
Provide Final Memo and Model							█	█		

Note: Individual project milestones will be established based on consultation with the project team.

Fee Proposal

The following table provides a breakdown of our proposed fee for this project. This table includes the estimated level of effort required for completing each task and the hourly billing rates for our project team members. Expenses include costs associated with travel and a \$10 per hour technology charge covering computers, networks, telephones, postage, etc.

Tasks	Number of On-Site Meetings	Hours					Total	Total Labor	Total Expenses	Total Labor and Expenses
		TMC	AR	SC	AS -JVA	ADMIN				
1. Project Initiation/Project Management	1	4	2	8	-	3	17	\$3,085	\$170	\$3,255
2. Buildout Master Plan Review	-									
2a. Technical Memorandum	-	4	-	2	20	-	26	\$4,330	\$260	\$4,590
3. Financial Planning Models	1									
3a. First Model Run Technical Memorandum	-	4	1	12	-	-	17	\$3,085	\$170	\$3,255
3b. Alternatives Approaches Technical Memorandum	-	4	-	12	-	-	16	\$2,840	\$160	\$3,000
3c. Financial Planning Workshop	-	6	1	24	-	-	31	\$5,435	\$310	\$5,745
3d. Draft Buildout Financial Plan Technical Memorandum	-	6	1	24	-	-	31	\$5,435	\$310	\$5,745
3e. Final Buildout Financial Plan Technical Memorandum	-	6	-	24	-	-	30	\$5,190	\$300	\$5,490
3f. Final Report	-	6	-	16	-	-	22	\$3,950	\$220	\$4,170
3g. Final Model	-	2	-	24	-	-	26	\$4,210	\$260	\$4,470
Total Estimated Meetings / Hours	2	42	5	146	20	3	216			
Hourly Billing Rate		\$245	\$245	\$155	\$152	\$125				
Total Professional Fees		\$10,290	\$1,225	\$22,630	\$3,040	\$375		\$37,560	\$2,160	\$39,720

TMC - Todd Cristiano (Project Manager)
 AR - Andrew Rheem (Technical Advisor/Subject Matter Expert)
 SC - Staff Consultant
 AS - Andrew Sparr (JVA)
 Admin - Administrative Support

Schedule of Charges

Below, we have included hourly billing rates for the firm. These rates will be used for any additional work authorized on a time and materials basis.

POSITION	HOURLY BILLING RATE**	
Chair	\$450	<i>*Technology/Communications Charge: This is an hourly fee charged monthly for each hour worked on the project to recover telephone, facsimile, computer, postage/overnight delivery, conference calls, electronic/computer webinars, photocopies, etc.</i>
Chief Executive Officer/President	\$400	
Executive Vice President	\$340	
Vice President/Principal Consultant	\$310	
Director of Governmental Services	\$310	
Senior Manager	\$275	
Director of Florida Operations	\$225	
Manager	\$245	
Senior Consultant	\$215	
Consultant	\$185	
Creative Director	\$175	
Associate	\$155	
Graphic Designer	\$125	
Analyst	\$110	
Administration	\$80	
Technology Charge*	\$10	

***For services related to the preparation for and participation in deposition and trials/hearings, the standard billing rates listed above will be increased by an amount up to 50 percent.*



Fee Proposal for MSMD Buildout Financial Master Plan



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

2625 Alcatraz Ave, #602
Berkeley, CA 94705
Tel 510 653 3399
www.bartlewells.com

July 1, 2021

Meridian Service Metropolitan District
11886 Stapleton Drive
Falcon, CO 80831

Attention: Jim Nikkel, PE, General Manager

Re: Fee Proposal for a Buildout Financial Master Plan

Bartle Wells Associates is pleased to submit this cost proposal to provide a Buildout Financial Master Plan for the Meridian Service Metropolitan District. BWA and the District can work together to finalize a scope of services and corresponding budget that meets the District's objectives. Please contact us if you have any questions about this cost proposal or would like any additional information.

Sincerely,

BARTLE WELLS ASSOCIATES

Sincerely,

Douglas Dove, PE, CIPMA
Principal/ President

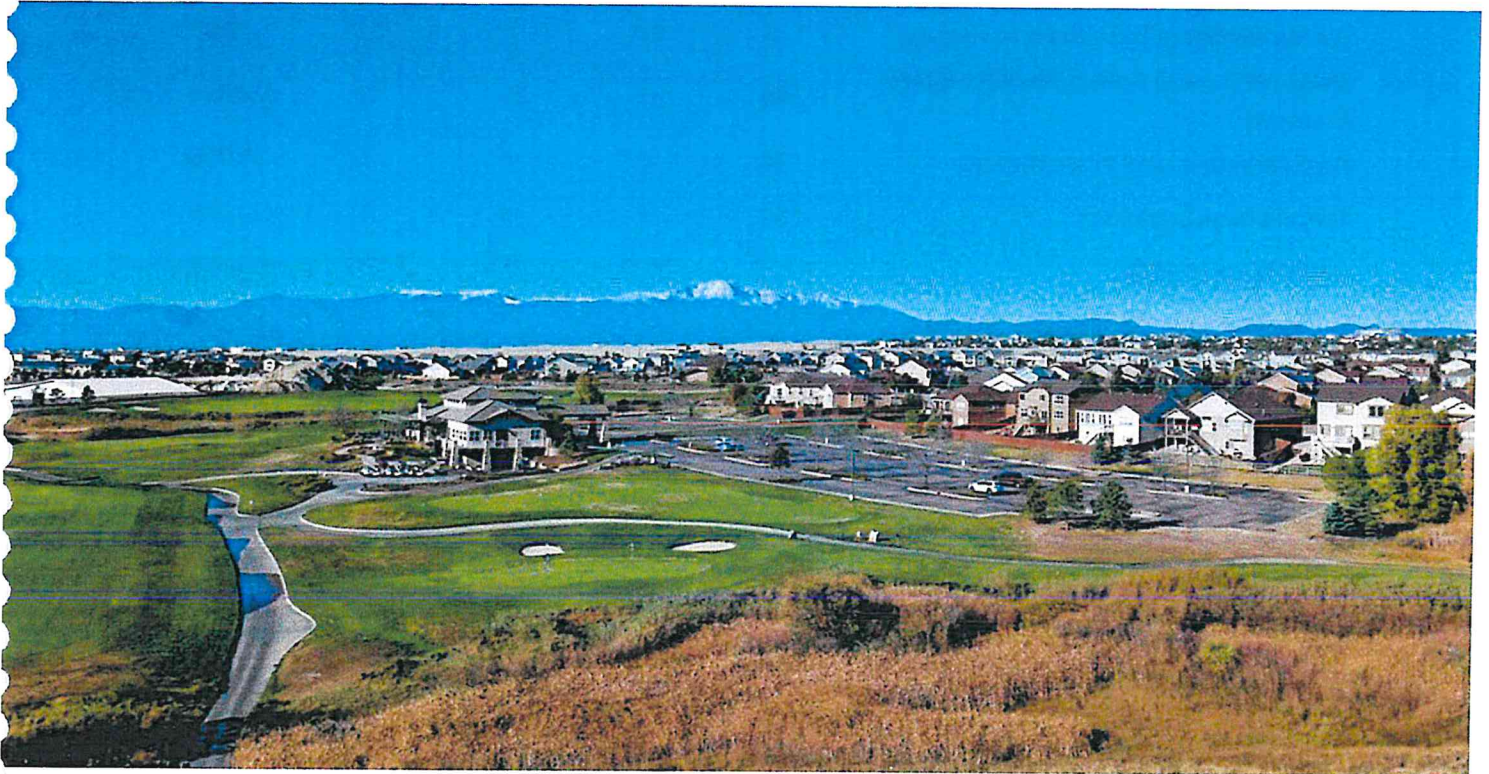
Erik Helgeson, MBA
Senior Project Manager

Alex Handlers
Vice-President

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Fee Proposal



Provided below is a draft breakdown of our budget by task. We remain available to work with the District to refine the scope and budget to meet the District's objectives and expectations.

Buildout Financial Plan	Estimated	D. Dove E. Helgeson		A. Handlers	Total
	Hours	@ \$265/hr	@ \$225/hr	@ \$265/hr	Cost
Initiation and Data Collection	12	4		8	\$2,860
Develop Capital Spending Projections	44	7		35	\$10,180
Evaluate Financing Alternatives for Capital Improvements	25	3		15	\$5,745
Review Minimum Fund Reserve Targets	3	0.5		2	\$695
Develop Financial Projections & Evaluate Scenarios	90	15		65	\$20,850
Board Meetings and Presentations	34	2		30	\$7,730
Prepare Memorandums	59	8		45	\$13,595
SUBTOTAL HOURS	267	39.5		200	\$61,655
ESTIMATED NOT-TO-EXCEED EXPENSES					\$2,500
TOTAL PROJECT COSTS					\$64,155

AVAILABILITY & FEES



1. Bartle Wells Associates is prepared to begin work upon authorization to proceed.
2. During the project development period, Bartle Wells Associates will be available at all reasonable times and on reasonable notice for meetings and for consultation with staff, attorneys, consulting engineers, and others as necessary.
3. Bartle Wells Associates will perform all work related to the assignment. Erik Helgeson will be assigned as project manager on this assignment. He will serve as the lead contact person for BWA and will be involved with the project a day-to-day basis. Doug will be principal in charge and Alex will provide financing expertise and expert review. This project team may be assisted by other BWA analysts as needed.
4. The fees for services outlined in this proposal will not exceed \$64,155. The fee is based on the following assumptions:
 - a. All necessary information will be provided by the District in a timely manner.
 - b. Development of a draft, final draft, and final versions of tables, presentations, and reports. Time and expenses involved in revising tables and assumptions may constitute additional services if not achievable within the budget.
 - c. Two trips to the District for meetings and/or presentations. Additional meetings or presentations may constitute additional services if not achievable within the budget.
5. Progress payments and direct expenses are payable monthly on a time and materials basis as the work proceeds as provided in our Billing Rate Schedule 2021, which will remain in effect through the duration of this assignment.
6. Bartle Wells Associates will maintain in force, during the full term of the assignment, insurance as provided in the Certificate of Insurance attached.
7. If the project is terminated for any reason, we are to be reimbursed for professional services and direct expenses incurred up to the time we receive notification of such termination.
8. This proposal may be withdrawn or amended if not accepted within 90 days of its date.
9. We will not require a formal contract of employment and will consider a letter or e-mail from an appropriate official as sufficient authority to proceed.



BARTLE WELLS ASSOCIATES
BILLING RATE SCHEDULE 2021

Rates Effective 1/1/2021

Professional Services

Financial Analyst I	\$110 per hour
Financial Analyst II	\$135 per hour
Consultant	\$165 per hour
Project Consultant	\$180 per hour
Senior Consultant.....	\$195 per hour
Senior Project Manager	\$225 per hour
Principal Consultant.....	\$265 per hour

The hourly rates for professional services include all overhead and indirect expenses. Bartle Wells Associates does not charge for administrative support services. Expert witness, legal testimony, or other special limited assignments will be billed at one and one-half times the consultant’s hourly rate.

The above rates will be in effect through December 31, 2021 at which time they will be subject to change.

Direct Expenses

LSA Advisors will be billed at the hourly rate of \$225. Additional Subconsultants (if any) will be billed at cost plus ten percent. Other reimbursable direct expenses incurred on behalf of the agency will be billed at cost plus ten percent. These reimbursable costs include, but are not limited to:

- Travel, meals, lodging
- Printing and photocopying
- Special statistical analysis
- Outside computer services
- Bond ratings
- Automobile mileage
- Messenger services and mailing costs
- Graphic design and photography
- Special legal services
- Legal advertisements

Insurance

Bartle Wells Associates maintains insurance in the amounts and coverage as provided in the attached schedule of insurance. Additional or special insurance, licensing, or permit requirements beyond what is shown on the schedule of insurance are billed in addition to the contract amount.

Payment

Fees are typically billed monthly for the preceding month and will be payable within 30 days of the date of the invoice. A late charge of 1.0 percent per month may be applied to balances unpaid after 60 days.

MUNICIPAL ADVISOR DISCLOSURES



This section provides certain disclosures required by the Municipal Securities Rulemaking Board (MSRB) regarding our duties as a Municipal Advisor to the extent any such duties apply to this assignment.

- * Bartle Wells Associates will provide advice and conduct activities with a “duty of care” and a “fiduciary duty” to the District. Our role and responsibilities during this engagement will continue through the completion of the project.
- * Bartle Wells Associates is a registered Municipal Advisor with the Securities and Exchange Commission (SEC Registration No. 867-00740) and the Municipal Securities Rulemaking Board (MSRB ID K0414).
- * Bartle Wells Associates has never been cited for any legal or disciplinary action regarding municipal advisory activities.
- * Bartle Wells Associates has not and will not receive any compensation from any third party seeking to provide services, municipal securities transactions, or municipal financial products related to this transaction. BWA or any of its employees will not engage in any activities that would produce a direct or indirect financial gain for the firm other than compensation for our services identified in this proposal.
- * Bartle Wells Associates is not aware of any conflicts of interest that would affect our ability to provide independent and objective advice and Municipal Advisory services in a manner consistent with the requirements of MSRB Rule G-42.
- * The website address for the Municipal Securities Rulemaking Board (MSRB) is www.MSRB.org. The MSRB’s website provides a municipal advisory client brochure that describes the protections that may be provided by the MSRB rules and how to file a complaint with an appropriate regulatory authority. The municipal advisory client brochure is accessible via a link on www.MSRB.org or can be downloaded from <http://www.msrb.org/~media/Files/Resources/MSRB-MA-Clients-Brochure>.

SCHEDULE OF INSURANCE



SCHEDULE OF INSURANCE

Insured: BARTLE WELLS ASSOCIATES

Bartle Wells Associates will maintain in force, during the full term of the assignment, insurance in the amounts and coverage as provided in this schedule. If additional insurance is required, and the insurer increases the premium as a result, then the amount of the increase will be added to the contract price.

TYPE OF INSURANCE	COMPANY/POLICY NUMBER	COVERAGES AND LIMITS	EXP. DATE
Commercial General Liability	Hartford Insurance Company Policy #35-SEA PA6857	<ul style="list-style-type: none"> • \$2,000,000 General Aggregate • \$2,000,000 Products Comp/Op Aggregate • \$2,000,000 Personal & Advertising Injury • \$1,000,000 Each Occurrence 	6/1/22
Excess/Umbrella Liability	Hartford Insurance Company Policy #35-SEA PA6857	<ul style="list-style-type: none"> • \$1,000,000 Aggregate • \$1,000,000 Each Occurrence 	6/1/22
Automobile Liability	Hartford Insurance Company Policy #35-URC VU2842	<ul style="list-style-type: none"> • \$1,000,000 Combined Single Limit 	6/1/22
Workers Compensation & Employers' Liability	Hartford Underwriters Insurance Company Policy #35-WEC FG7858	<p>Workers' Compensation: Statutory Limits for the State of California. Employers' Liability:</p> <ul style="list-style-type: none"> • Bodily Injury by Accident - \$1,000,000 each accident • Bodily Injury by Disease - \$1,000,000 each employee • Bodily Injury by Disease - \$1,000,000 policy limit 	6/1/22
Professional Liability	Chubb & Son, Inc. BND094045	<p>Solely in the performance of services as municipal financing consultants for others for a fee.</p> <p>Limit: \$2,000,000 Per Occurrence & Aggregate (including defense costs, charges, and expenses)</p>	6/1/22

RESOLUTION No. MSMD 21-04

MERIDIAN SERVICE METROPOLITAN DISTRICT

**RESOLUTION REGARDING SECURING CAPACITY IN CHICO BASIN
WASTEWATER TREATMENT FACILITY**

WHEREAS, Meridian Service Metropolitan District (the “District”) is a quasi-municipal corporation and political subdivision of the State of Colorado duly organized and existing as a metropolitan district under the laws of the State of Colorado in El Paso County, Colorado; and

WHEREAS, the District, pursuant to its Service Plan and Colorado law, and as part of its provision of sewer and water service to the residents of the Meridian Ranch development, entered into an Intergovernmental Agreement with Cherokee Metropolitan District (“Cherokee”) dated June 26, 2003 (the “IGA”) which called for, among other things, the construction of the Chico Basin Wastewater Treatment Facility (the “WWTF”) for the treatment of wastewater flows from both the District and from Cherokee; and

WHEREAS, pursuant to the IGA, through payment of 45.8% of certain costs related to the WWTF, the District owns 45.8% (2.2 million gallons per day) of the capacity of the WWTF; and

WHEREAS, the District and Cherokee have recently completed an arbitration regarding the extent of the District’s obligations to pay 45.8% of costs related to bringing the WWTF into compliance with certain discharge permit requirements imposed by the Colorado Department of Public Health and Environment (“CDPHE”) (the “Additional Required Costs”); and

WHEREAS, the final arbitration award entered on May 10, 2020 (the “Arbitration Award”) established the District’s obligation to pay 45.8% of the Additional Required Costs; and

WHEREAS, the Board of Directors of the District desires to comply with the Arbitration Award in order to secure the District’s 45.8% on-going ownership interest in the capacity of the WWTF and to ensure that the WWTF is able to meet the requirements of the CDPHE and supply additional clean water to the residents of Meridian Ranch and other customers of the District as intended under the IGA; and

WHEREAS, compliance with the Arbitration Award will serve the public interest and promote the health, safety and general welfare of the residents/customers served by the District by securing the District’s 45.8% on-going ownership interest in the capacity of the WWTF and ensuring that the WWTF is able to meet the requirements of the CDPHE and supply additional clean water to the residents of Meridian Ranch and other customers of the District as intended under the IGA.

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

Section 1. The Board of Directors hereby finds, determines and declares the necessity of and the public interest that is served by securing the District’s 45.8% on-going ownership interest in the capacity of the WWTF and ensuring that the WWTF is able to meet the requirements of the CDPHE and supply additional clean water to the residents of Meridian Ranch and other customers of the District as intended under the IGA.

Section 2. As a result of the Arbitration Award and the desire to secure the District’s 45.8% on-going ownership interest in the capacity of the WWTF and to ensure that the WWTF is able to meet the requirements of the CDPHE and supply additional clean water to the residents of Meridian Ranch and other customers of the District as intended under the IGA, the Board of Directors hereby resolves to pay/continue to pay 45.8% of the costs incurred by Cherokee, as set forth in the Arbitration Award, in bringing the WWTF into compliance with the requirements of the CDPHE.

Section 3. The Board of Directors has determined that it is in the best interests of the District to pay to Cherokee the amount of \$1,844,035.76, together with interest at the rate of 8% per annum, along with 45.8% of all ongoing documented project costs for the Advanced Plant (as defined in the Arbitration Award) and associated work, including the work involved in the TDS Reduction Project (as defined in the Arbitration Award), in compliance with the requirements of the Arbitration Award.

ADOPTED AND APPROVED THIS 8th DAY OF SEPTEMBER, 2021.

President

ATTEST:

Secretary



MERIDIAN SERVICE METROPOLITAN DISTRICT
Water, Wastewater, Parks and Recreation
11886 Stapleton Dr, Falcon, CO 80831
719-495-6567, Fax 719-495-3349

September 8, 2021

Re: CVRF- SD-229 Meridian Service Metropolitan District

Attn: Audrey Field

This letter is to inform you that Meridian Service Metropolitan District is de-obligating \$19,728.02 (100% of our remaining funds) from the total allocated amount given to us by the Coronavirus Relief Fund.

Sincerely,

Milton 'Butch' Gabrielski
Board President
Meridian Service Metropolitan District