RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE DENARGO MARKET METROPOLITAN DISTRICT NO. 2 HELD NOVEMBER 20, 2018

A Regular Meeting of the Board of Directors (referred to hereafter as the "Board") of the Denargo Market Metropolitan District No. 2 (referred to hereafter as the "District") was held on Tuesday, the 20th day of November, 2018, at 4:30 p.m., at The Marq at RiNo, 2797 Wewatta Way, Denver, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:
Kate E. Abrams
Donald D. Cabrera
Todd T. Wenskoski
Daniel V. Metzger

Following discussion, upon motion duly made by Director Abrams, seconded by Director Cabrera and, upon vote, unanimously carried, the absence of Director Mitchell was excused.

Also In Attendance Were:
Ann E. Finn; Special District Management Services, Inc.

Paula Williams, Esq.; McGeady Becher P.C.

Jason Carroll; CliftonLarsonAllen LLP

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board and to the Secretary of State. Attorney Williams noted that disclosures of potential conflicts of interest statements for each of the Directors had been filed with the Secretary of State seventy-two hours in advance of the meeting. Ms. Finn requested that the Directors consider whether they had any additional conflicts of interest to disclose. It was noted for the record that there were no additional disclosures made by the Directors present at the meeting and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statutes.

ADMINISTRATIVE MATTERS

Agenda: Ms. Finn reviewed with the Board a proposed Agenda for the District's Regular Meeting.

Following discussion, upon motion duly made by Director Abrams, seconded by Director Cabrera and, upon vote, unanimously carried, the Agenda was approved, as presented.

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

Following discussion, the Board noted that the meeting location is within the boundaries of the District.

Minutes: The Board reviewed the Minutes of the June 19, 2018 Regular Meeting.

Following discussion, upon motion duly made by Director Cabrera, seconded by Director Metzger and, upon vote, unanimously carried, the Board approved the Minutes of the June 19, 2018 Regular Meeting.

Regular Meeting Dates, Times and Location, and Designating Locations for Posting of 72-Hour and 24-Hour Notices: The Board discussed Regular Meeting Dates, Times and Location, and Designating Locations for Posting of 72-Hour and 24-Hour Notices.

Ms. Finn reviewed the business to be conducted in 2019 to meet the statutory compliance requirements. The Board determined to meet on the third Tuesday in June and November (June 18, 2019 and November 19, 2019) at 4:30 p.m. at The Marq at RiNo (Conference Room), 2797 Wewatta Way, Denver, Colorado.

Following discussion, upon motion duly made by Director Cabrera, seconded by Director Abrams and, upon vote, unanimously carried, the Board adopted Resolution No. 2018-11-01; Resolution Establishing Regular Meeting Dates, Time and Location, and Designating Locations for Posting of 72-Hour and 24-Hour Notices. A copy of the Resolution is attached hereto and incorporated herein by this reference.

§32-1-809, C.R.S. Reporting Requirements, Mode of Eligible Elector Notification for 2018: The Board discussed §32-1-809 C.R.S. reporting requirements and mode of eligible elector notification for 2019.

Following discussion, upon motion duly made by Director Abrams, seconded by Director Cabrera and, upon vote, unanimously carried, the Board determined to

post the required transparency notice information on the Special District Association's website.

Boundary Map: The Board discussed the engagement of an engineer to prepare an updated boundary map for the District, due to inclusion of additional property into the District.

Following review, upon motion duly made by Director Abrams, seconded by Director Cabrera and, upon vote, unanimously carried, the Board directed the District Manager to solicit proposals for preparation of a new boundary map.

PUBLIC COMMENT

There were no public comments to discuss.

FINANCIAL MATTERS

First Addendum to Management Agreement by and between the District and Special District Management Services, Inc. ("SDMS"): The Board considered approval of the First Addendum to Management Agreement by and between the District and SDMS.

Following discussion, upon motion duly made by Director Metzger, seconded by Director Cabrera and, upon vote, unanimously carried, the Board approved the First Addendum to Management Agreement by and between the District and SDMS.

Unaudited Financial Statements: Mr. Carroll reviewed with the Board the unaudited financial statements of the District setting forth the cash deposits, investments, budget analysis, and accounts payable vouchers for the period ending September 30, 2018 and the schedule of cash position as of September 30, 2018.

Following review, upon motion duly made by Director Cabrera seconded by Director Metzger and, upon vote, unanimously carried, the unaudited financial statements were accepted for the period ending September 30, 2018 and the schedule of cash position as of September 30, 2018, as presented.

Positive Pay and Bill.com Payment Process: Mr. Carroll discussed with the Board using Positive Pay and bill.com for processing accounts payable.

Following discussion, upon motion duly made by Director Metzger, seconded by Director Cabrera and, upon vote, unanimously carried, the Board approved using Positive Pay and bill.com for processing accounts payable.

2018 Audit: The Board considered engagement of Dazzio & Associates, LLC to perform the 2018 Audit, for an amount not to exceed $4,500.

Following discussion, upon motion duly made by Director Metzger, seconded by Director Cabrera and, upon vote, unanimously carried, the Board approved the engagement of Dazzio & Associates, LLC to perform the 2018 Audit, for an amount not to exceed $4,500.

Accounting Services: The Board reviewed and discussed the Engagement Letter from CliftonLarsonAllen LLP for accounting services.

Following review and discussion, upon motion duly made by Director Metzger, seconded by Director Cabrera and, upon vote, unanimously carried, the Board ratified approval of the engagement of CliftonLarsonAllen LLP for accounting services.

2018 Budget Amendment: The President opened the public hearing to consider an amendment to the 2018 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider an amendment to the 2018 Budget and the date, time, and place of the public hearing was made in a newspaper having general circulation within the District. It was also noted that no written objections or public comments were received prior to the public hearing. The public hearing was closed.

Following review and discussion, Director Cabrera moved to adopt the Resolution to Amend 2018 Budget, Director Wenskoski seconded the motion and, upon vote, unanimously carried, the Board adopted Resolution No. 2018-11-02; Resolution to Amend the 2018 Budget. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

2019 Budget Hearing: The President opened the public hearing to consider the proposed 2019 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2019 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections or public comments were received prior to this public hearing. The public hearing was closed.

Mr. Carroll reviewed the estimated 2018 expenditures and proposed 2019 expenditures.

Following discussion, the Board considered the adoption of the Resolution No. 2018-11-03 to Adopt the 2019 Budget and Appropriate Sums of Money and Resolution No. 2018-11-04 to Set Mill Levies (for General Fund 10.000 mills, Debt Service Fund 30.000 mills, and Other Fund(s) 0.000 mills for a total mill levy of 40.000 mills). Upon motion duly made by Director Cabrera, seconded by Director Wenskoski and, upon vote, unanimously carried, the Resolutions were adopted, as discussed. Ms. Finn was authorized to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2019. A copy of the adopted Resolutions are attached to these Minutes and incorporated herein by this reference.

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

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

LEGAL MATTERS There were no legal matters to discuss.

OTHER MATTERS **Post River North Apartments Request to Assume Maintenance Responsibility for District Right-of-Way Landscaping**: No formal request was submitted. No further action was taken at this time.

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

Respectfully submitted,

By: _____
Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL NOVEMBER 20, 2018 MEETING MINUTES OF THE DENARGO MARKET METROPOLITAN DISTRICT NO. 2 BY THE BOARD OF DIRECTORS SIGNING BELOW:

Kate E. Abrams

Donald D. Cabrera

Daniel V. Metzger

Jason M. Mitchell

Todd T. Wenskoski

RESOLUTION NO. 2018-11-01

RESOLUTION OF THE BOARD OF DIRECTORS OF DENARGO MARKET METROPOLITAN DISTRICT NO. 2 ESTABLISHING REGULAR MEETING DATES, TIME AND LOCATION, AND DESIGNATING LOCATIONS FOR POSTING OF 72-HOUR AND 24-HOUR NOTICES

A. Pursuant to Section 32-1-903, C.R.S., special districts are required to designate a schedule for regular meetings, indicating the dates, time and location of said meetings.

B. Pursuant to Section 24-6-402(2)(c), C.R.S., special districts are required to designate annually at the board of directors of the district's first regular meeting of each calendar year, the place at which notice will be posted at least 24 hours prior to each meeting.

C. Pursuant to Section 32-1-903, C.R.S., special districts are required to post notices of regular and special meetings at three (3) public places within the district and at the office of the County Clerk and Recorder at least 72 hours prior to said meeting.

D. Pursuant to Section 32-1-903, C.R.S., all special and regular meetings of the board shall be held at locations which are within the boundaries of the district or which are within the boundaries of any county in which the district is located, in whole or in part, or in any county so long as the meeting location does not exceed twenty (20) miles from the district boundaries unless such provision is waived.

E. The provisions of Section 32-1-903, C.R.S., may be waived if: (1) the proposed change of location of a meeting of the board appears on the agenda of a regular or special meeting; and (2) a resolution is adopted by the board stating the reason for which a meeting is to be held in a location other than under Section 32-1-903(1), C.R.S., and further stating the date, time and place of such meeting.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Denargo Market Metropolitan District No. 2 of the County of Denver, Colorado:

1. That the provisions of Section 32-1-903(1), C.R.S., be waived pursuant to the adoption of this Resolution.

2. That the Board of Directors (the "**District Board**") has determined that conducting regular and special meetings pursuant to Section 32-1-903(1), C.R.S., would be inconvenient and costly for the Directors and consultants of the District in that they live and/or work outside the twenty (20) mile radius requirement.

3. That regular meetings of the District Board of the Denargo Market Metropolitan District No. 2 for the year 2019 shall be held on the third Tuesday in June and November at 4:30 p.m., at the offices of The Marq at RiNo (Conference Room) 2797 Wewatta Way, Denver, Colorado in City and County of Denver, Colorado.

4. That special meetings of the District Board shall be held as often as the needs of the District require, upon notice to each Director.

5. That, until circumstances change and a future resolution of the District Board so designates, the location of all special and regular meetings of the District Board shall appear on the agenda(s) of said special and regular meetings.

6. That the residents and taxpaying electors of the District shall be given an opportunity to object to the meeting(s), location(s) and any such objections shall be considered by the District Board in setting future meetings.

7. Notice of Meetings of the District Board required pursuant to Section 24-6-402(2)(c), C.R.S., shall be posted within the boundaries of the District at least 24 hours prior to each meeting at the following location:

(a) At the park located at 28th Street and Delgany.

8. Notices of regular and special meetings required to be posted at three (3) public places within the District and at the office of the County Clerk and Recorder at least 72 hours prior to said meeting shall be made pursuant to Section 32-1-903, C.R.S., at the following locations:

(b) On a street light at Delaney Street at 29th Street
(c) At the northeast corner of Wewatta Way and Denargo Street.

9. Special District Management, Inc., or his/her designee, is hereby appointed to post the above-referenced notices.

RESOLUTION APPROVED AND ADOPTED on November 20, 2018.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2

By: _____
President

Attest:

_____
Secretary

RESOLUTION TO AMEND 2018 BUDGET
DENARGO MARKET METROPOLITAN DISTRICT NO. 2

WHEREAS, the Board of Directors of the Denargo Market Metropolitan District No. 2 adopted a budget and appropriated funds for the fiscal year 2018 as follows:

General Fund	$	158,273.00

WHEREAS, the necessity has arisen for additional expenditures in the General Fund requiring the unanticipated expenditure of funds in excess of those appropriated for the fiscal year 2018; and

WHEREAS, the expenditure of such funds is a contingency which could not have been reasonably foreseen at the time of adoption of the budget; and

WHEREAS, funds are available for such expenditures in the General Fund from bond proceeds; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Denargo Market Metropolitan District No. 2 shall and hereby does amend the adopted Budget for the fiscal year 2018 and adopts a supplemental budget and appropriation for the General Fund, for the fiscal year 2018, as follows:

General Fund	$	165,000.00

BE IT FURTHER RESOLVED, that such sums are hereby appropriated from the revenues of the District to the proper funds for the purposes stated.

DATED this 20th day of November, 2018.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2

By: _____
Secretary

RESOLUTION NO. 2018 - 11 - 03

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE DENARGO MARKET METROPOLITAN DISTRICT NO. 2
TO ADOPT THE 2019 BUDGET AND APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the Denargo Market Metropolitan District No. 2 ("District") has appointed the District Accountant to prepare and submit a proposed 2019 budget to the Board at the proper time; and

WHEREAS, the District Accountant has submitted a proposed budget to this Board on or before October 15, 2018, for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on November 20, 2018, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

WHEREAS, the Board of Directors of the District has made provisions therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any inter-fund transfers listed therein, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Denargo Market Metropolitan District No. 2:

1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the Denargo Market Metropolitan District No. 2 for the 2019 fiscal year.

2. That the budget, as hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. That the sums set forth as the total expenditures of each fund in the budget attached hereto as **EXHIBIT A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

ADOPTED this 20th day of November, 2018.

Secretary

EXHIBIT A
(Budget)

CliftonLarsonAllen LLP
CLAconnect.com

Accountant's Compilation Report

Board of Directors
Denargo Market Metro District No. 2

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Denargo Market Metro District No. 2 for the year ending December 31, 2019, including the estimate of comparative information for the year ending December 31, 2018, and the actual comparative information for the year ended December 31, 2017, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Denargo Market Metro District No. 2.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 4, 2019

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
SUMMARY
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,

1/4/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	$ 122,214	$ 20,220	$ 8,412
REVENUES			
Property taxes	343,133	615,727	773,967
Specific ownership tax	25,732	33,236	46,439
Interest income	803	750	800
Loan Proceeds	440,147	-	-
Total revenues	809,815	649,713	821,206
Total funds available	932,029	669,933	829,618
EXPENDITURES			
General Fund	73,239	163,168	205,102
Debt Service Fund	838,570	498,353	550,173
Total expenditures	911,809	661,521	755,275
Total expenditures and transfers out requiring appropriation	911,809	661,521	755,275
ENDING FUND BALANCES	$ 20,220	$ 8,412	$ 74,343
EMERGENCY RESERVE	$ -	$ -	$ -
TOTAL RESERVE	$ -	$ -	$ -

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,

1/4/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
ASSESSED VALUATION			
Residential	$ 8,578,320	$ 15,393,180	$ 18,878,110
State assessed	-	-	355,500
Personal property			115,550
Certified Assessed Value	$ 8,578,320	$ 15,393,180	$ 19,349,160
MILL LEVY			
General	7.816	10.000	10.000
Debt Service	32.184	30.000	30.000
Total mill levy	40.000	40.000	40.000
PROPERTY TAXES			
General	$ 67,048	$ 153,932	$ 193,492
Debt Service	276,085	461,795	580,475
Budgeted property taxes	$ 343,133	$ 615,727	$ 773,967
BUDGETED PROPERTY TAXES			
General	**$ 67,048**	**$ 153,932**	**$ 193,492**
Debt Service	**276,085**	**461,795**	**580,475**
	$ 343,133	**$ 615,727**	**$ 773,967**

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,

1/4/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	$ 1,163	$ -	$ -
REVENUES			
Property taxes	67,048	153,932	193,492
Specific ownership tax	5,028	9,236	11,610
Total revenues	72,076	163,168	205,102
Total funds available	73,239	163,168	205,102
EXPENDITURES			
General and administrative			
County Treasurer's fee	670	1,539	2,902
Transfers to District No. 1	72,569	161,629	202,200
Total expenditures	73,239	163,168	205,102
Total expenditures and transfers out requiring appropriation	73,239	163,168	205,102
ENDING FUND BALANCE	$ -	$ -	$ -
EMERGENCY RESERVE	$ -	$ -	$ -
TOTAL RESERVE	$ -	$ -	$ -

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,

1/4/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	$ 121,051	$ 20,220	$ 8,412
REVENUES			
Property taxes	276,085	461,795	580,475
Specific ownership tax	20,704	24,000	34,829
Interest income	803	750	800
Loan Proceeds	440,147	-	-
Total revenues	737,739	486,545	616,104
Total funds available	858,790	506,765	624,516
EXPENDITURES			
General and administrative			
County Treasurer's fee	2,761	4,618	8,707
Paying Agent Fees	3,000	1,500	2,000
Bond Issuance Cost	41,902	1,500	-
Non use fees	-	15,420	16,000
Bond Interest - 2016A	409,275	349,031	345,541
Bond Interest - 2016B	-	21,883	2,050
Transfers to District No 1	381,632	-	-
Debt Service			
Bond principal 2016A	-	100,000	175,000
Bond principal 2016B	-	4,401	875
Total expenditures	838,570	498,353	550,173
Total expenditures and transfers out requiring appropriation	838,570	498,353	550,173
ENDING FUND BALANCE	$ 20,220	$ 8,412	$ 74,343

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The District, a quasi-municipal corporation, was formed in June 2010, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Denver, Colorado.

The District was established to provide for acquisition, construction, and installation of water, sanitation, drainage, street improvements, parks and recreational facilities, television relay and translation, and mosquito control.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 6% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.50%.

Expenditures

Administrative and Operating Expenditures

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, banking, and meeting expense.

Expenditures (continued)

Debt Service

Principal and interest payments in 2019 are provided based on the debt amortization schedule from the Series 2016A and 2016B Bonds (discussed under Debts and Leases).

Debt and Leases

Series 2016 Bonds

$10,000,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Improvement Loan, Series 2016A, dated September 29, 2016 {the Series 2016A Loan) as evidenced by a Loan Agreement between the District and ZB, N.A. dba Vectra Bank, Colorado {the Bank).

Proceeds from the sale of the Series 2016A Loan were used for the purposes of (i) reimbursing a portion of the costs of certain public infrastructure incurred by District No. 1; {ii) paying the costs of issuance of the Series 2016A Loan and (iii) funding a portion of interest to accrue on the Series 2016A Loan.

Interest is payable on each June 1 and December 1 beginning on June 1, 2017 and continuing through December 1, 2046, based on a 360-day year and actual number of days elapsed in any applicable period.

The Series 2016A Loan is a variable rate loan in which the rate resets as follows:

(a) From September 29, 2016 to the First Rate Reset Date, being December 1, 2021, interest is at the rate of 3.4425% per annum.

(b) Thereafter, on each five-year anniversary being, December 1, 2026; December 1, 2031; December 1, 2036; and December 1, 2041, interest is equal to the Bank Qualified Tax-Exempt Rate, as defined in the Loan Agreement, computed by the Bank, on each such Rate Reset Date.

The Series 2016A Loan is secured by and payable solely from Pledged Revenues, which include: the (a) Required Mill Levy; (b) Specific Ownership Taxes; (c) System Development Fees; (d) Additional Revenue, if any; and (e) any other legally available moneys.

The Required Mill Levy is equal to an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of and interest on the Series 2016A Loan as the same become due and payable in the succeeding collection year but not greater than 40 mills and not less than the Minimum Mill Levy, defined as the lesser of (a) 30 mills or (b) the number of mills necessary to produce tax revenue in the applicable loan year in an amount which, when combined with the other net revenue budgeted to be received in such loan year, will cause the Debt Service Ratio, as defined in the Loan Agreement, to equal 1.25 times, provided that the foregoing maximum mill levy and Minimum Mill Levy may be adjusted to take into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation occurring after March 8, 2010 (being the date of the Service Plan) so that to the extent possible, the actual revenues generated by such minimum and maximum mill levies are neither diminished nor enhanced as a result of such changes.

Among other adjustments, a change in the ratio of actual valuation of assessable property shall be deemed a change in the method of calculating assessed valuation.

Debt and Leases (continued)

The Series 2016A Loan is subject to prepayment on the following dates and under the following conditions:

(a) No Prepayment. During the first and second years after the closing date and during the first and second years of each five-year period occurring between Rate Reset Dates, the Series 2016A Loan shall not be prepaid. Specifically, the 2016A Loan may not be prepaid during the following periods:

(i) from the Closing Date to but not including September 29, 2018;
(ii) December 1, 2021 to but not including December 1, 2023;
(iii) December 1, 2026 to but not including December 1, 2028;
(iv) December 1, 2031 to but not including December 1, 2033;
(v) December 1, 2036 to but not including December 1, 2038; and
(vi) December 1, 2041 to but not including December 1, 2043.

(b) Prepayment with 1% Prepayment Fee. During the third year after the closing date and during the third year of each five-year period occurring between Rate Reset Dates, the Series 2016A Loan may be prepaid in whole, but not in part, upon payment of the then current loan balance plus accrued and unpaid interest thereon to the date of such prepayment, together with a prepayment fee equal to 1.0% of the loan balance during the following periods:

(i) September 29, 2018 to but not including September 29, 2019;
(ii) December 1, 2023 to but not including, December 1, 2024;
(iii) December 1, 2028 to but not including December 1, 2029;
(iv) December 1, 2033 to but not including December 1, 2034;
(v) December 1, 2038 to but not including December 1, 2039; and
(vi) December 1, 2043 to but not including December 1, 2044.

(c) Prepayment at Par. During the fourth and fifth years after the closing date and during the fourth and fifth years occurring between Rate Reset Dates, the Series 2016A Loan may be prepaid in whole, but not in part, upon payment of the then current Loan Balance plus accrued and unpaid interest thereon to the date of such prepayment, without prepayment fee, premium or penalty; provided, during the following periods:

(i) September 29, 2019 to but not including December 1, 2021;
(ii) December 1, 2024 to but not including December 2026;
(iii) December 1, 2029 to but not including December 1, 2031;
(iv) December 1, 2034 to but not including December 1, 2036;
(v) December 1, 2039 to but not including December 1, 2041; and
(vi) December 1, 2044 through and including the Maturity Date.

Debt and Leases (continued)

$8,000,000 Limited Tax {Convertible to Unlimited Tax) Taxable General Obligation Advancing Improvement Loan, Series 201GB, dated September 29, 2016 (the Series 2016B Loan) as evidenced by a Loan Agreement with the Bank, with a maturity date of December 1, 2046. The 20168 Loan is further evidenced by the 2016B-1 and 2016B-2 Notes.

The District is authorized to request advances from the Bank on the Series 20168 Loan only under the following circumstances:

1. Inclusion of additional property into the District - Real property has been legally included within the boundaries of the District after September 29, 2016. Additional property included in the District after September 29, 2016 will be eligible for Advances based on (1) Contributed Land; (2) Construction Buildings; and (3) Completed Buildings.

2. True-Up of Assessed Valuation - After receipt of the final certified assessed valuation for 2017 from the Denver County Assessor, if the Assessed Value of the District No. 2 Property has increased from the projected assessed valuation of $14,315,606 for 2017 that was the basis for the funding of the 2016A Loan on September 29, 2016.

3. Real property has been legally included within the boundaries of District No. 1 or District No. 3 after September 29, 2016 and there exists a pledge to the Bank of additional revenue. Property included in the boundaries of District No. 1 and/or District No. 3 after September 29, 2016 will be eligible for Advances based on (1) Contributed Land; (2) Construction Buildings; and (3) Completed Buildings.

The District may make advance requests once each calendar quarter in amounts not less than $250,000 for Construction Buildings and Completed Buildings. There shall be no minimum amount for Advance Requests relating to Contributed Land or to True-Up of Assessed Valuations.

The Series 2016B Loan is a variable rate loan with interest accruing at the taxable rate as follows: For advances made:

Prior to December 1, 2017 - 3.00% plus the five-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the advance.

On or after December 1, 2017 and November 30, 2018 - 3.00% plus the four-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the advance.

On or after December 1, 2018 and November 30, 2019 - 3.00% plus the three-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the advance.

On or after December 1, 2019 and November 30, 2020 - 3.00% plus the two-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the advance.

Debt and Leases (continued)

On or after December 1, 2020 and November 30, 2021 - 3.00% plus the one-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the advance.

Thereafter, on each rate reset on December 1, 2021, and each 5-year anniversary of such date until maturity, interest is 3.00% plus the five-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the advance

On December 9, 2016, the District entered into a Loan Pricing and Purchase Agreement whereby the interest rate on the 20168-1 Note was changed to the Bank Qualified Tax Exempt Rate, which is equal to the taxable rate, as defined above, multiplied by 75%.

The Series 2016B Loan is secured by and payable solely from the same Pledged Revenues as the Series 2016A Loan and follow the same prepayment conditions as the Series 2016A Loan. The Series 2016B Loan is parity debt to the Series 2016A Loan.

On December 27, 2017, the District received advances amounting to $440,147. The advances are evidenced by the 2016B-1 and 2016B-2 Notes amounting to $50,001 and $390,146, respectively. Proceeds from the advances were used for the purposes of (i) reimbursing a portion of the costs of certain public infrastructure and operating costs incurred by District No. 1; (ii) paying the costs of issuance of the Series 2016B advances and (iii) funding a portion of interest to accrue on the Series 2016B-1 and 2016B-2 Notes.

Reserve Fund

Emergency Reserve

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since substantially all operating funds received by the District are transferred to District No. 1, which pays for all Districts' operations and maintenance costs, an emergency reserve is not reflected in the District's Budget.

This information is an integral part of the accompanying budget.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

Bonds and Interest Maturing in the Year Ending December 31,	$10,000,000 General Obligation Limited Tax Convertible to Unlimited Tax Bonds Dated September 29, 2016 Series 2016A Interest Rate of 3.4425% Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total
2019	$ 175,000	$ 345,541	$ 520,541
2020	200,000	340,363	540,363
2021	125,000	332,452	457,452
2022	150,000	328,089	478,089
2023	175,000	322,853	497,853
2024	175,000	317,614	492,614
2025	200,000	310,638	510,638
2026	150,000	303,657	453,657
2027	175,000	298,422	473,422
2028	200,000	293,114	493,114
2029	225,000	285,333	510,333
2030	225,000	277,480	502,480
2031	250,000	269,627	519,627
2032	300,000	261,616	561,616
2033	300,000	250,431	550,431
2034	325,000	239,959	564,959
2035	350,000	228,615	578,615
2036	400,000	216,992	616,992
2037	425,000	202,438	627,438
2038	450,000	187,604	637,604
2039	475,000	171,898	646,898
2040	525,000	155,744	680,744
2041	550,000	136,995	686,995
2042	600,000	117,798	717,798
2043	625,000	96,856	721,856
2044	700,000	75,247	775,247
2045	725,000	50,610	775,610
2046	725,000	25,305	750,305
	$ 9,900,000	$ 6,443,291	$ 16,343,291

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

Bonds and Interest Maturing in the Year Ending December 31,	$50,001 General Obligation Limited Tax Convertible to Unlimited Tax Bonds Dated September 29, 2016 Series 2016B-1 Interest Rate of 4.0875% Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total
2019	$ 875	$ 2,050	$ 2,925
2020	1,000	2,021	3,021
2021	625	1,974	2,599
2022	750	1,948	2,698
2023	875	1,917	2,792
2024	875	1,886	2,761
2025	1,000	1,844	2,844
2026	750	1,803	2,553
2027	875	1,772	2,647
2028	1,000	1,740	2,740
2029	1,125	1,694	2,819
2030	1,125	1,647	2,772
2031	1,250	1,601	2,851
2032	1,500	1,553	3,053
2033	1,500	1,487	2,987
2034	1,625	1,425	3,050
2035	1,750	1,357	3,107
2036	2,000	1,288	3,288
2037	2,125	1,202	3,327
2038	2,250	1,114	3,364
2039	2,375	1,021	3,396
2040	2,625	925	3,550
2041	2,750	813	3,563
2042	3,000	699	3,699
2043	3,125	575	3,700
2044	3,500	447	3,947
2045	3,625	300	3,925
2046	3,626	150	3,776
	$ 49,501	$ 38,253	$ 87,754

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

Bonds and Interest Maturing in the Year Ending December 31,	$390,146 General Obligation Limited Tax Convertible to Unlimited Tax Bonds Dated September 29, 2016 Series 2016B-2 Interest Rate of 5.45% Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total
2019	$ 6,828	$ 21,342	$ 28,170
2020	7,803	21,022	28,825
2021	4,877	20,534	25,411
2022	5,852	20,265	26,117
2023	6,828	19,941	26,769
2024	6,828	19,618	26,446
2025	7,803	19,187	26,990
2026	5,852	18,756	24,608
2027	6,828	18,432	25,260
2028	7,803	18,105	25,908
2029	8,778	17,624	26,402
2030	8,778	17,139	25,917
2031	9,754	16,654	26,408
2032	11,704	16,159	27,863
2033	11,704	15,468	27,172
2034	12,680	14,821	27,501
2035	13,655	14,121	27,776
2036	15,606	13,403	29,009
2037	16,581	12,504	29,085
2038	17,557	11,588	29,145
2039	18,532	10,617	29,149
2040	20,483	9,620	30,103
2041	21,458	8,462	29,920
2042	23,409	7,276	30,685
2043	24,384	5,982	30,366
2044	27,310	4,648	31,958
2045	28,285	3,126	31,411
2046	28,285	1,563	29,848
	$ 386,245	$ 397,977	$ 784,222

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

TOTALS

	Principal	Interest	Total
2019	$ 182,703	$ 368,933	$ 551,636
2020	208,803	363,406	572,209
2021	130,502	354,960	485,462
2022	156,602	350,302	506,904
2023	182,703	344,711	527,414
2024	182,703	339,118	521,821
2025	208,803	331,669	540,472
2026	156,602	324,216	480,818
2027	182,703	318,626	501,329
2028	208,803	312,959	521,762
2029	234,903	304,651	539,554
2030	234,903	296,266	531,169
2031	261,004	287,882	548,886
2032	313,204	279,328	592,532
2033	313,204	267,386	580,590
2034	339,305	256,205	595,510
2035	365,405	244,093	609,498
2036	417,606	231,683	649,289
2037	443,706	216,144	659,850
2038	469,807	200,306	670,113
2039	495,907	183,536	679,443
2040	548,108	166,289	714,397
2041	574,208	146,270	720,478
2042	626,409	125,773	752,182
2043	652,509	103,413	755,922
2044	730,810	80,342	811,152
2045	756,910	54,036	810,946
2046	756,911	27,018	783,929
	$10,335,746	$ 6,879,521	$ 17,215,267

I, Ann Finn, hereby certify that I am the duly appointed Secretary of the Denargo Market Metropolitan District No. 2, and that the foregoing is a true and correct copy of the budget for the budget year 2019, duly adopted at a meeting of the Board of Directors of the Denargo Market Metropolitan District No. 2 held on November 20, 2018.

By: _____
Secretary

RESOLUTION NO. 2018 - 11 - 04

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE DENARGO MARKET METROPOLITAN DISTRICT NO. 2
TO SET MILL LEVIES

WHEREAS, the Board of Directors of the Denargo Market Metropolitan District No. 2 ("District") has adopted the 2019 annual budget in accordance with the Local Government Budget Law on November 20, 2018; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2019 Budget and Appropriate Sums of Money, and such budget is incorporated herein by this reference; and

WHEREAS, the amount of money necessary to balance the budget for general fund expenses from property tax revenue is identified in the budget; and

WHEREAS, the amount of money necessary to balance the budget for debt service fund expenses from property tax revenue is identified in the budget.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Denargo Market Metropolitan District No. 2:

1. That for the purposes of meeting all general fund expenses of the District during the 2019 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

2. That for the purposes of meeting all debt service fund expenses of the District during the 2019 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

3. That the District Accountant of the District is hereby authorized and directed to immediately certify to the City Council of the City and County of Denver, Colorado, the mill levies for the District as set forth in the District's Certification of Tax Levies (attached hereto as **EXHIBIT A** and incorporated herein by reference), recalculated as needed upon receipt of the final certification of valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits.

ADOPTED this 20th day of November, 2018.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2 CITY AND COUNTY OF DENVER (SEAL)

Secretary

EXHIBIT A
(Certification of Tax Levies)

452B County Tax Entity Code DOLA LGID/SID 66223

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners[1] of Denver County, Colorado.

On behalf of the Denargo Market Metro District No. 2 (taxing entity)[A],

the Board of Directors (governing body)[B]

of the Denargo Market Metro District No. 2 (local government)[C]

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS assessed valuation of: $ 19,349,160 (GROSS[D] assessed valuation, Line 2 of the Certification of Valuation Form DLG 57[E])

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area[F] the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: $ 19,349,160 (NET[G] assessed valuation, Line 4 of the Certification of Valuation Form DLG 57) **USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10**

Submitted: (no later than Dec. 15) *12/05/2018* (mm/dd/yyyy) for budget/fiscal year *2019* (yyyy).

PURPOSE (see end notes for definitions and examples)	**LEVY**[2]		**REVENUE**[2]
1. General Operating Expenses[H]	10.000	mills	$ 193,492
2. <**Minus**> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction[I]	< 0.000 >	mills	$< 0 >
SUBTOTAL FOR GENERAL OPERATING:	**10.000**	**mills**	**$ 193,492**
3. General Obligation Bonds and Interest[J]	30.000	mills	$ 580,474
4. Contractual Obligations[K]		mills	$
5. Capital Expenditures[L]		mills	$
6. Refunds/Abatements[M]		mills	$
7. Other[N] (specify):		mills	$
		mills	$
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	**40.000**	**mills**	**$ 773,966**

Contact person: (print) Jason Carroll Daytime phone: 303-779-5710

Signed: Jason Carroll Title: Accountant for the District

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

[1] If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
[2] Levies must be rounded to three decimal places and revenue must be calculated from the total *NET assessed valuation* (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS[J]:

1. Purpose of Issue: Public Improvements and Facilities
   Series: Improvement Loan 2016A
   Date of Issue: September 29, 2016
   Coupon Rate: 3.4425%
   Maturity Date: December 1, 2046
   Levy: 28.309
   Revenue: 547,755

2. Purpose of Issue: Public Improvement and Facilities
   Series: Improvement Loan 2016B-1
   Date of Issue: September 29, 2016
   Coupon Rate: 4.0875%
   Maturity Date: December 1, 2046
   Levy: .159
   Revenue: 3,077

3. Purpose of Issuance: Public Improvement and Facilities
   Series: Improvement Loan 2016B-2
   Date of Issue: September 29, 2016
   Coupon Rate: 5.45%
   Maturity Date: December 1, 2046
   Levy: 1.532
   Revenue: 29,642

4. Purpose of Contract:
   Title:
   Date:
   Principal Amount:
   Maturity Date:
   Levy:
   Revenue:

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.