YORK STREET METROPOLITAN DISTRICT

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NOTICE OF SPECIAL MEETING AND AGENDA

Board of Directors:	Office:	Term/Expiration:
Blake Carlson	President	2022/May 2022
Brian Jumps	Secretary/Treasurer	2022/May 2022
Ryan Carlson	Assistant Secretary	2022/May 2022
Stephanie Reed	Assistant Secretary	2020/May 2020
Sara Carlson	Assistant Secretary	2020/May 2020

DATE: ***September 23, 2019***

TIME: ***9:00 A.M.***

PLACE: Miller & Associates Law Offices, LLC
1641 California Street, #300
Denver, Colorado

I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

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B. Approve Agenda, confirm location of the meeting and posting of meeting notices.

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II. FINANCIAL MATTERS

A. Review and consider approval of BBVA Term Sheet for Taxable Converting to Tax-Exempt Loan, in the Principal Amount of approximately $4,100,000 (enclosure).

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III. OTHER BUSINESS

B. ____

IV. ADJOURNMENT ***THE NEXT REGULAR MEETING IS SCHEDULED FOR NOVEMBER 6, 2019***

YORK STREET METROPOLITAN DISTRICT
TAXABLE CONVERTING TO TAX-EXEMPT LOAN

Summary of Terms and Conditions
September 12, 2019

Borrower/Issuer:	York Street Metropolitan District (the "District").
Lender:	BBVA through its BBVA Mortgage Corporation subsidiary (the "Lender").
Credit Facility:	Taxable converting to tax-exempt loan in the principal amount of approximately $4,100,000 (the "Loan").
Use of Loan Proceeds:	Proceeds from the Loan, together with existing funds of the District held in connection with the Series 2017 Bonds will be used to (i) refund the District's outstanding General Obligation Limited Tax (Convertible to Unlimited Tax) Bonds, Series 2017A and Subordinate General Obligation Limited Tax Bonds, Series 2017B (together, the "Series 2017 Bonds"), (ii) reimburse amounts due and owing to the developer, (iii) fund a debt service reserve fund for the Loan, as provided herein, and (iii) pay the costs related to the issuance of the Loan.
Closing Date:	On or prior to December 1, 2019 (the "Closing Date").
Maturity Date:	December 1, 2034 (the "Maturity Date").
Interest Rate:	Prior to the Conversion Date (as defined below), the Loan shall bear interest at a taxable fixed rate per annum (the "Taxable Rate") to be determined on the Pricing Date. Commencing on the Conversion Date through the Maturity Date, the Loan shall bear interest at a tax-exempt fixed rate equal to 79% of the Taxable Rate (the "Tax-Exempt Rate"). **The indicative Taxable Rate and Tax-Exempt Rate as of September 12, 2019 is 3.80% and 3.00%, respectively***. * *The indicative rates shall be subject to change daily based on changes in market conditions until the Taxable Rate is locked in writing by the District on the Pricing Date.*
Pricing Date:	The date on which the District may lock the interest rate on the Loan, which shall be a date on or after which (a) the District has accepted this proposal in writing by way of formal resolution by the District board and (b) the District instructs the Lender in writing to lock the interest rate on such date. The interest rate may be locked up to 60 days prior to the Closing Date.
Conversion Date:	Means the date on which the Taxable Rate on the Loan shall convert to the Tax-Exempt Rate following receipt by the Lender of the Tax-Exempt Documentation described below. The Conversion Date is expected to occur on approximately September 1, 2021 (the "Conversion Date").
Tax-Exempt Documentation:	Means the necessary documentation including the filing of a form 8038G with the Internal Revenue Service and an opinion from bond counsel to the effect that, on and after the Conversion Date, the interest on the Loan after such date will be

excluded from the gross income of the recipients for federal income tax purposes (the "Tax-Exempt Documentation").

Payment Dates: Interest shall be payable semi-annually on each June 1 and December 1, commencing on June 1, 2020 (each a "Payment Date"). Principal shall be paid annually on December 1 of each year, commencing on December 1, 2020 based on a 30-year amortization schedule acceptable to the Lender, an estimate of which is attached hereto as Addendum I.

Prepayment Provisions: The Loan may prepaid in whole, or with the consent of the Lender, in part, on any Payment Date on or after the five (5) year anniversary of the Closing Date at a prepayment price equal to the principal amount of the Loan so prepaid plus accrued interest thereon to the date of such prepayment, together with any applicable Yield Maintenance Fee that may be due as a result of such prepayment (as determined pursuant to Addendum II attached hereto); *provided, however,* the Yield Maintenance Fee shall not apply to any prepayment of the Loan occurring on any Payment Date on or after the ten (10) year anniversary of the Closing Date.

Security for the Loan: The Loan shall constitute a limited tax (convertible to unlimited tax) general obligation of the District secured by and payable from the following (collectively, the "Collateral"):

(i) all revenues derived from (a) the Required Mill Levy (as hereinafter defined); and (b) specific ownership taxes allocable to the Required Mill Levy (collectively, the Pledged Revenue"); *provided, however*, to the extent the Loan has not been fully paid, satisfied, and discharged as of the Maturity Date and so long as any subordinate debt of the District remains outstanding, commencing the year in which the Maturity Date of the Loan occurs and in each year thereafter in which the Loan balance remains outstanding, the amount of Pledged Revenue pledged for the repayment of the Loan shall be limited to a maximum of $350,000 commencing in the year in which the Maturity Date of the Loan occurs and increasing by 2.0% in each year thereafter.

(ii) the Reserve Fund (as hereinafter defined) and all investment earnings thereon;

(iii) the Surplus Fund (as hereinafter defined) and all investment earnings thereon; and

(iv) all funds and accounts established and held under the Loan Agreement in which deposits of amounts representing the Pledged Revenue is held, including all investment earnings thereon.

Required Mill Levy: Required Mill Levy shall mean the following:

(i) prior to the time when the debt to assessed ratio is 50% or less, an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient (taking into account amounts then on deposit in the Loan payment account not otherwise required to be applied to the payment of the Loan in the then-current calendar year) to pay the principal of and interest on the Loan and all amounts due and payable to the Lender under the Loan Agreement in the relevant year, and to replenish the Reserve Fund to Reserve Requirement, but (i) not in excess of 50 mills, and (ii) if the Surplus Fund is less than the Maximum Surplus Amount, not less than 50 mills or such lessor mill levy which will be sufficient to pay all amounts due and owing on the Loan for the relevant year, will replenish the Reserve Fund to the Requirement and will fund the Surplus Fund to the Maximum Surplus Amount; provided, that if the method of calculating assessed valuation is changed, the minimum and maximum mill levies provided herein will be increased or decreased to reflect such changes, so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes (a "Gallagher Adjustment"). For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. Pursuant to the above provision, as of the date hereof, the maximum and minimum levy of 50 mills has been adjusted to 55.277 mills; and

(ii) once the debt to assessed ratio is 50% or less, an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient (taking into account amounts then on deposit in the Loan payment account not otherwise required to be applied to the payment of the Loan in the then-current calendar year) to pay all amounts due on the Loan for the relevant year, and to fund the Reserve Fund to the Reserve Requirement, without limitation of rate and in amounts sufficient to produce such revenue.

Debt Service Reserve Fund: A debt service reserve fund (the "Reserve Fund") in an amount equal to 50% of maximum annual debt service on the Loan (the "Reserve Requirement") will be funded on the Closing Date with a portion of the proceeds of the Loan or existing funds of the District held in connection with the Series 2017 Bonds. The Reserve Fund shall secure the Loan and shall be held, invested and maintained with BBVA.

Surplus Fund: A Surplus Fund shall be funded from excess cash flow on an annual basis until the amount on deposit therein equals 50% of maximum annual debt service on the Loan (the "Maximum Surplus Amount"). In the event that Pledged Revenue is insufficient to pay amounts due and owing on the Loan, such shortfall amount shall be paid from the Surplus Fund prior to any draws on the Reserve Fund. The Surplus Fund shall secure the Loan and shall be held, invested and maintained with BBVA.

Additional Debt: The District shall not be permitted to issue or incur additional debt on parity with or senior to the Loan without the prior written consent of the Lender. The District shall be permitted to issue subordinated debt subject to provisions acceptable to the Lender.

Events of Default:	Events of Default shall include those that are deemed standard and customary for transactions of this nature all of which shall be subject to satisfactory review by the Lender and its counsel.
Default Rate:	Upon the occurrence of an Event of Default (except for an Event of Default arising out of a failure to pay the Loan in full on the Maturity Date), the Loan, if elected by the Lender, shall accrue interest at the interest rate otherwise then borne by the Loan plus 4.00% (the "<u>Default Rate</u>"). Upon the occurrence of an Event of Default arising out of failure to pay the Loan in full on the Maturity Date, the Loan shall accrue interest at a variable rate equal to Wall Street Prime plus 2.00% (the "<u>Post-Maturity Default Rate</u>").
Determination of Taxability:	If interest on the Loan (following the Conversion Date) is determined not to be exempt from taxation as a result of any action or omission of action on the part of the District as provided in part (ii) of the Representations, Warranties & Covenants section below, the interest rate on the Loan, if elected by the Lender, shall be at a rate per annum equal to the interest rate otherwise then borne by the Loan *divided by* .79% (the "<u>Taxable Rate</u>").
Reporting Requirements:	The District shall provide, or cause to be provided, the following reporting requirements: (i) by August 1 following the end of each year, audited financial statements of the District; (ii) by February 1 of each year, a copy of the budget as adopted for such year for the District, which budget shall include a certificate of an authorized officer of the District setting forth the mill levy certified in December of the immediately preceding year; (iii) by September 10 of each year, a certification of valuation issued by the Adams County Assessor containing the preliminary certified actual value and assessed valuation of the District for such year; (iv) by January 15 of each year, a certification of valuation issued by the Adams County Assessor, on or about December 10 in each year, containing the final certified actual value and assessed valuation of the District for such year; and (v) promptly upon request of the Lender such other reports or information regarding the Pledged Revenue, development updates, financial condition, business or operations of the District, as the Lender may reasonably request, provided such request does not cause the District to incur additional costs.
Representations/ Warranties and Covenants:	The Loan Agreement shall include those representations and warranties, affirmative and negative covenants, events of default and remedies and other provisions that the Lender and its counsel considers customary, reasonable and appropriate for the proposed Loan, including but not limited to the following:

(i) standard representations including, but not limited to, no adverse litigation and no material adverse change in financial condition of the District prior to the Closing Date;

(ii) the District shall covenant for the benefit of the Lender that it will not take any action or omit to take any action with respect to the Loan, the proceeds thereof, or any other funds of the District or any facilities financed or refinanced with the proceeds of the Loan if such action or omission would cause the interest on the Loan (following the Conversion Date) to lose its exclusion from gross income for federal income tax purposes or applicable exclusion from alternative minimum taxable income pursuant to the Tax Code; and

(iii) any additional representations and warranties and other affirmative and negative covenants that Lender and Lender's counsel considers customary and reasonably appropriate for the proposed financing.

Conditions Precedent: Closing of the Loan shall be subject to the following conditions, all of which shall be in form and substance satisfactory to the Lender and Lender's counsel:

(i) any authorizing resolution(s) of the District as required for the issuance and repayment of the Loan;

(ii) opinions of counsel to the District as required by the Lender and Lender's counsel;

(iii) properly executed Loan Agreement, in form and substance satisfactory to the Lender and Lender's counsel; and

(iv) any other reasonable conditions following review of the transaction documents by Lender's counsel.

Other Conditions: The Loan shall be subject to the following additional conditions:

(i) the Loan shall not be registered or otherwise qualified for sale under the "Blue Sky" laws;

(ii) no CUSIP numbers will be obtained for the Loan;

(iii) no official statement or similar offering document shall be prepared in connection with the private placement of the Loan; and

(iv) Lender will sign an investor letter in form acceptable to Lender's counsel.

Closing Costs: The District shall be responsible for all legal costs of Lender incurred in connection with the documentation and issuance of the Loan, which fees shall be payable on the Closing Date.

This summary of indicative terms and conditions is not a commitment to lend, purchase or to provide any other service related to a financing. Any such commitment or undertaking will be issued only in writing to the District subject to appropriate documentation, the terms of which are not limited to those set forth herein. This summary of indicative terms and conditions is intended as an outline of certain of the material terms of a proposed financing and is not intended to summarize all of the conditions, covenants, representations, warranties and other provisions that would be contained in definitive loan documents, and is subject to, among other things, completion of due diligence and final credit approval by the Lender.

This communication is being provided to you for informational purposes only. Neither the Lender nor its affiliates or any of its representatives are recommending any action to the District. The Lender is not acting, and will not be acting, as a financial advisor or municipal advisor to the District, and does not owe the District a fiduciary duty or any other duty pursuant to Section 15B of the Securities Exchange Act of 1934, as amended, with respect to the information and material contained in this communication. The Lender is acting for its own interest, which may be different from that of the District. The District should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this communication, including with respect to any legal, regulatory, tax or accounting treatment.

This term sheet is intended for the sole and exclusive benefit of the District and the terms and provisions of this correspondence are ***confidential*** *and may not be disclosed by the District to any other person or entity; provided, however, the foregoing restrictions on disclosure shall not apply to disclosure(s) to the District's legal counsel or financial advisor(s) for purposes of advising the District with respect hereto and provided, however, that such counsel and financial advisor(s) agree to preserve the confidentiality of this correspondence.*

Respectfully submitted,

BBVA USA

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ADDENDUM I

ESTIMATED AMORTIZATION SCHEDULE

Payment Date	Amount
12/1/2020	$ 10,000
12/1/2021	50,000
12/1/2022	80,000
12/1/2023	80,000
12/1/2024	90,000
12/1/2025	90,000
12/1/2026	95,000
12/1/2027	100,000
12/1/2028	105,000
12/1/2029	110,000
12/1/2030	120,000
12/1/2031	120,000
12/1/2032	125,000
12/1/2033	135,000
12/1/2034	2,790,000
Total	$4,100,000

ADDENDUM II

YIELD MAINTENANCE FEE

The "Yield Maintenance Fee" shall be defined as the Annual Yield Differential multiplied by the Percent Being Prepaid, multiplied by the Average Remaining Outstanding Principal Amount, multiplied by the number of days from the date Lender received the prepayment (the "Prepayment Date") through the Maturity Date, divided by 360. The Yield Maintenance Fee shall only be applicable to any prepayment made that is in addition to the scheduled principal payments on the Loan and then only subject to the prepayment provisions contained in the Summary Terms & Conditions. For purposes of the foregoing calculation, the following capitalized terms shall have the meanings assigned below:

"Annual Yield Differential" means the difference (but not less than zero) between: (i) the U.S. Treasury constant maturity yield, as reported in the H.15 Report, for the Closing Date, for a maturity that is the same as the Maturity Date as of the Closing Date (rounded to the nearest whole number of months) or, if no such maturity is reported, an interpolated yield based on the reported maturity that is next shorter than, and the maturity reported that is next longer than, the Maturity Date as of the Closing Date, and (ii) the U.S. Treasury constant maturity yield, as reported in the H.15 Report, daily updates, for the Prepayment Date for a maturity that is the same as the remaining term of the Loan at the Prepayment Date (rounded to the nearest whole number of months) or, if no such maturity is reported, then the interpolated yield based on the reported maturity that is next shorter than, and the maturity reported that is next longer than, the remaining term of the Loan on the Prepayment Date. If the H.15 Report is not available for any day, then the H.15 Report for the immediately preceding day on which yields were last reported will be used.

"Average Remaining Outstanding Principal Amount" means the simple average of (i) the outstanding principal balance of Loan plus any accrued and unpaid fees or other sums owed in connection with the Loan as of the Prepayment Date (prior to any prepayment being applied), and (ii) the scheduled principal amount of the Loan as of the Maturity Date (taking into account any prior prepayments, but not the prepayment being then made).

"Percent Being Prepaid" means the amount determined by dividing the principal amount of the Loan being prepaid by the unpaid principal balance of the Loan as of the Prepayment Date.