

**Jefferson Parkway Public Highway Authority
Regular Board Meeting Agenda
Thursday, August 16, 2018
Arvada City Hall
8101 Ralston Road, Arvada, CO 80002**



**Executive Session
3:00 p.m.
Council Conference Room, 3rd Floor**

Executive session, pursuant to C.R.S., Section 24-6-402(4)(a), Section 24-6-402(4)(b) and Section 24-6-402(4)(e) for the purposes of discussing real property matters, receiving legal advice on specific legal questions and determining positions relative to matters that may be subject to negotiations and instructing negotiators related to FAA matters, right-of-way agreements and professional services agreements.

**Regular Board Meeting immediately following Executive Session
Council Chambers, 2nd Floor**

- I. Call to Order
- II. Pledge of Allegiance
- III. Approval of Minutes
 - A. July 19, 2018 Regular Board Meeting
- IV. Consent Items
- V. Report from Executive Director
 - A. Presentation of 2017 JPPHA Audit
- VI. Report of the General Counsel
- VII. New Business
 - A. Approval of Phase 2 Scope of Work - Ernst & Young – (Exhibit “A” Attached)
 - B. Approval of Selection of Transaction Counsel
 - C. Authorization for Staff to Initiate a Request for Qualifications for a Private Partner to Finance, Design, Construct, Operate and Maintain the Jefferson Parkway
- VIII. Report from the Board of Directors
- IX. Public Comment

X. Informational Items

XI. Adjournment

NOTE: Minutes subject to change upon Board review/approval at their next regular meeting.

**Jefferson Parkway Public Highway Authority
Special Board Meeting Minutes**



**Thursday, July 19, 2018
Rocky Mountain Metropolitan Airport
Mt. Evans Room
11755 Airport Way, Broomfield, CO 80021**

**3:00 p.m.
Tour of Runway Protection Zone**

**Executive Session immediately following Tour
Mt. Evans Room, Rocky Mountain Metropolitan Airport**

**Regular Board Meeting immediately following Executive Session
Mt. Evans Room, Rocky Mountain Metropolitan Airport**

Call to Order:

Chairman David Jones called the meeting of the Jefferson Parkway Public Highway Authority (JPPHA) to order at 3:00 p.m. Present were Director Randy Ahrens, Director David Beacom, Director Libby Szabo and Director Marc Williams. Also in attendance was Bill Ray, Exec. Director; Tamara Seaver and Ed Icenogle, JPPHA Counsel; Kevin Standbridge, Broomfield Deputy City and County Manager; Ellen Wakeman, Jeffco Counsel; Chris Daly, Arvada Counsel; and Steve Durian, Jeffco Transportation and Engineer Director

Pledge of Allegiance

Chairman David Jones stated that the first order of business will be the tour of the Runway Protection Zone.

The tour was completed and Chairman Jones said the regular Board meeting will continue and that an Executive Session is needed.

Tamara Seaver requested matters for discussion that required an Executive Session, pursuant to C.R.S., Section 24-6-402(4)(a), Section 24-6-402(4)(b) and Section 24-6-402(4)(e) for the purposes of discussing real property matters, receiving legal advice on specific legal questions

and determining positions relative to matters that may be subject to negotiations and instructing negotiators related to FAA matters, right-of-way agreements and professional services agreements.

Director Szabo made a motion to go into Executive Session for the purposes stated above. Director Beacom seconded the motion.

The following votes were cast on the Motion:

Those voting Yes: Ahrens, Beacom, Jones, Szabo, Williams

Approval of Minutes:

Director Beacom made a motion to approve the June 28, 2018 board meeting minutes as presented. Director Szabo seconded the motion.

The following votes were cast on the Motion:

Those voting Yes: Ahrens, Beacom, Jones, Szabo, Williams

Consent Items – None

Report from the Executive Director

Bill Ray handed out new business cards to the Board.

Mr. Ray briefly described the tour taken earlier in the meeting and thanked the County for their help.

Mr. Ray reported on the continuation of work with the FAA on the environmental assessment and safety structure and said a rough draft of the environmental assessment is being tuned and will be submitted soon.

Mr. Ray said it is staff's intention at the August 16 JPPHA meeting to request that the Board direct staff to proceed with the issuance of an RFQ with release by the end of August.

Report of the General Counsel:

A. Recommendation of P3 Counsel Procurement

Tamara Seaver reported on the recent procurement for a P3 counsel. She said eleven letters of interest were received, reviewed and in person interviews held, along with reference checks. She said at this time it has been narrowed down to two and that she would ask the Authority to authorize Bill Ray to negotiate with the two parties and make the final decision.

Director Williams moved to delegate authority to the Executive Director to complete negotiations and select the transactional legal counsel on behalf of the Board. Director Beacom seconded the motion.

The following votes were cast on the Motion:

Those voting Yes: Ahrens, Beacom, Jones, Szabo, Williams

New Business - None

Report from the Board of Directors - None

Public Comment:

Marian Whitney, Arvada, discussed concerns about the safety of Rocky Flats.

Dr. Sasha Stiles, Superior, discussed concerns about the safety of Rocky Flats and handed out a photo for the Board to review.

Bonnie Graham-Reed, Arvada, discussed concerns about the safety of Rocky flats.

Adjournment: Meeting was adjourned at 4:45 p.m.

David Jones
Chairman

Christine Koch
Recording Secretary

July 19, 2018

To the Board of Directors and Management
Jefferson Parkway Public Highway Authority

We have audited the financial statements of Jefferson Parkway Public Highway Authority (the "Authority") for the year ended December 31, 2017, and have issued our report thereon dated July 19, 2018. Professional standards require that we provide you with the following information related to our audit.

Our responsibility under U.S. Generally Accepted Auditing Standards was provided to you in the engagement letter dated December 4, 2017. This letter also communicated the general scope and timing of our audit; any significant updates have been verbally communicated.

We have also requested and received written representations from management regarding the financial statements. A copy of this letter can be provided to you upon request.

Significant Accounting Policies

The significant accounting policies used by the Authority are described in Note 2 to the financial statements. We noted no transactions entered into by the Authority during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

No significant estimates.

Audit Adjustments

There were no material corrected or uncorrected audit adjustments.

Disagreements with Management

None.

Consultations with Other Independent Accountants

None of which we are aware.

Significant Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Significant Difficulties Encountered in Performing the Audit

None.

Other Findings or Issues Noted During the Audit

None.

This information is intended solely for the use of the Board of Directors and management of Jefferson Parkway Public Highway Authority and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Littleton, CO

Jefferson Parkway Public Highway Authority

Annual Financial Report

December 31, 2017

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**Haynie &
Company**

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Independent Auditor's Report

Members of the Board of Directors
Jefferson Parkway Public Highway Authority

We have audited the accompanying financial statements of the governmental activities and the major funds of Jefferson Parkway Public Highway Authority (the "Authority") as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Authority'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 of 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 the major funds of Jefferson Parkway Public Highway Authority, as of December 31, 2017 and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Haynie & Co.

Littleton, Colorado
July 19, 2018

Jefferson Parkway Public Highway Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

This section of the Jefferson Parkway Public Highway Authority Report provides readers with a narrative overview and analysis of the Authority's financial performance during the fiscal year that ended on December 31, 2017. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements and notes to the financial statements, to enhance their understanding of the activities and financial health of the Jefferson Parkway Public Highway Authority.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of the following two components:

- Government-wide Financial and Fund Financial Statements
- Notes to the Financial Statements

Government-wide Financial Statements. The government-wide statements are designed to provide readers with a broad overview of the Authority's finances using the accrual basis of accounting, the basis of accounting used by most private-sector businesses.

The statement of net position presents information on all of the Authority's assets and liabilities. The difference between assets and liabilities are reported as net position. Over time, increases and decreases in net position may provide an indication of whether the Authority's financial position is improving or deteriorating.

The statement of activities presents information reflecting how the Authority's net position have changed during the fiscal year just ended. All changes in net position are reported as soon as the underlying activity occurs. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future periods (e.g. uncollected taxes).

The government-wide financial statements report information on all of the activities of the Authority.

Fund Financial Statements. Traditional users of the Authority's financial statements will find the fund financial statement presentation more familiar. The focus is now on major funds rather than fund types.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. A major fund should generally meet the both of the following criteria: 1) total assets, liabilities, revenues, or expenditures/expenses are at least 10% of the corresponding total (assets, liabilities or expenditures/expenses) for that fund type (i.e. governmental or enterprise funds) and 2) total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority has only one fund, its General Fund. By rule, this fund is categorized as major.

Governmental Funds. Governmental funds are used to report those same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the fund financial statements are prepared on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, with the exception of long-term debt and similar long-term items which are recorded when due. Therefore, the focus of the governmental fund financial statements is on near-term inflows and outflows of spendable resources as well as on the balance of spendable resources available at the end of the fiscal year.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for all funds.

The Authority adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison schedule has been provided for the Authority's General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3-4 of this report.

Notes to the Financial Statements. The notes to the basic financial statements are considered an integral part of the financial statements since they provide additional information needed to gain a full understanding of the data provided in both the government-wide and fund financial statements. The notes to the financial statements can be found on pages 6-12 of this report.

Government-wide Financial Analysis

At the close of December 31, 2017, the Authority's assets exceeded liabilities by \$4,509,234.

For more detailed information, see the Statement of Net Position on page 1 of this report.

Financial Analysis of the Authority's Funds

As noted previously, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government funds. The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of year.

At the end of December 31, 2017, the Authority's governmental fund reported assets in excess of liabilities by \$489,560. This was made up of a \$38,572 emergency reserves and a \$450,988 unassigned balance.

Budgetary Highlights

- **General Fund**

- Actual 2017 professional services expenditures were above budgeted expenditures due to accruals at the end of year.

Capital Assets and Debt Administration

The Authority currently has one capital asset, commonly referred to as Rocky Flats Transportation Corridor, that was purchased in late 2012. This will be used as part of the development of the highway.

The Authority has no debt.

Current Economic Factors

The first preliminary engineering study for a circumferential beltway for the Denver Metro area was funded by Congress in 1968. More than forty five years later, approximately 80% has been pieced together by the efforts of the State and combinations of various local entities, and several original segments are adding new capacity.

Of the 20 miles remaining, portions of US 6, Highway 93 on the south end, and Interlocken Boulevard on the north end provide some functional transportation capacity, but there is an approximate 10 mile gap where there is no existing transportation infrastructure between Highway 93 north of West 64th Avenue to the intersection of Highway 128 and Simms Street. It is the purpose of the Jefferson Parkway Public Highway Authority (JPPHA) to design, build, operate, maintain, and finance this final un-built portion of the beltway via a public-private partnership.

Between 2003 and 2008, the Colorado Department of Transportation undertook a \$15 million Environmental Impact Statement process to determine the most efficacious way to connect the terminus of the Northwest Parkway in Broomfield to the terminus of C-470 by the Jefferson County Courthouse. Having reached the draft EIS stage in early 2008, CDOT determined that it could not reach a Record of Decision, since the EIS process requires a source of funding to implement the preferred alternative. Instead, it released the draft EIS materials as the Northwest Transportation and Environmental Study and invited any and all interested parties to utilize the information and analysis thus far generated.

In response, the City of Arvada, the City and County of Broomfield, and Jefferson County jointly created the Jefferson Parkway Public Highway Authority on May 22, 2008. Since that time, JPPHA has assembled a team via contracts for legal services, project management, financial advisory services, environmental review, and records management. JPPHA does not have any paid employees. In 2010, the Jefferson Parkway was added to the fiscally constrained regional transportation plan, which indicated that DRCOG and the State Air Quality Commission have determined that the Parkway will not degrade regional air quality over the next 25 years.

In 2011 JPPHA entered into a preferred private partner arrangement with Isolux Corisan, an international company specializing in public private partnership (P3) construction projects. Preliminary investigation has examined of several different financial and operating models though no final decisions have been made at this time. The preferred private partnership relationship lapsed in the spring of 2015.

The Authority completed the purchase of the Rocky Flats Transportation Corridor for \$2.8 million in 2012. The Federal actions that led to that sales were challenged by the City of Golden, the Town of Superior and two environmental groups in January 2013 and that challenged was dismissed in December of that year. Superior and the environmental groups appealed to the 10th Circuit Court of Appeals and oral arguments were made in November 2013. In the spring of 2015 that appeal was also dismissed, confirming the acquisition of the Rocky Flats transportation corridor.

Meanwhile, the Authority has continued to acquire the remaining land needed for the right of way, including the land in private ownership. The Candelas development has dedicated right of way through the development, as well as the Leyden Rock development. The City of Arvada has sought and received approval from Jefferson County Open Space to allow reversion of land originally purchased for open space in the Pattridge property as right of way.

In the spring of 2015, the Authority reached an agreement to purchase an approximate 4 acre parcel from the Hotchkiss family and has acquired a 2.42 acre parcel from the Consolidated Mutual Water Company in November 2016. A recent redesign of the Highway 72 interchange, made at the request of the Jefferson Center Metro District, will require some trading of land and easements between the Authority and JCMD to accommodate the redesign. This may also require the additional acquisition of one acre more or less from a third party. The Authority now has ownership of 100% of the main line right of way, through either outright acquisition or ownership by one of the member jurisdictions. A portion of land at the Rocky Mountain Metro Airport, owned by Jefferson County, is subject to the jurisdiction of the Federal Aviation Administration.

Financial Contact

The Authority's financial statements are designed to provide users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Authority's finances and to demonstrate the Authority's accountability. Questions concerning any of the information presented in this report or requests for additional information should be sent care of the Executive Director at the following address:

Jefferson Parkway Public Highway Authority
Attention: Executive Director
8101 Ralston Road
Arvada, CO 80001

Basic Financial Statements

Jefferson Parkway Public Highway Authority
Statement of Net Position
December 31, 2017

Assets	<u>Governmental Activities</u>
Cash and investments - unrestricted	\$ 892,687
Accounts receivable	390
Capital assets	<u>4,019,674</u>
Total Assets	<u>\$ 4,912,751</u>
Liabilities	
Accounts payable	<u>\$ 403,517</u>
Total Liabilities	<u>403,517</u>
Net Position	
Investment in capital assets	4,019,674
Restricted for:	
Emergencies	38,572
Unrestricted	<u>450,988</u>
Total Net Position	<u>4,509,234</u>
Total Liabilities and Net Position	<u>\$ 4,912,751</u>

The accompanying notes are an integral part of these financial statements.

Jefferson Parkway Public Highway Authority
Statement of Activities
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 1,285,736	\$ -	\$ 1,200,040	\$ -	\$ (85,696)
	<u>1,285,736</u>	<u>-</u>	<u>1,200,040</u>	<u>-</u>	<u>(85,696)</u>
			General revenues:		
			Interest income	10,794	
			Total general revenues	<u>10,794</u>	
			Change in net position	(74,902)	
			Net position - beginning of year	<u>4,584,136</u>	
			Net position - end of year	<u>\$ 4,509,234</u>	

The accompanying notes are an integral part of these financial statements.

Jefferson Parkway Public Highway Authority
Governmental Funds Balance Sheet
and Reconciliation of Fund Balances to Net Position
December 31, 2017

	<u>General Fund</u>
Assets	
Cash and investments - unrestricted	\$ 892,687
Accounts receivable	390
Total assets	<u>\$ 893,077</u>
Liabilities	
Accounts payable	<u>\$ 403,517</u>
Total liabilities	<u>403,517</u>
 Fund Balances	
Restricted for emergencies	38,572
Unassigned	<u>450,988</u>
Total Fund Balances	<u>489,560</u>
Total Liabilities and Fund Balance	<u>\$ 893,077</u>
 Total governmental fund balance per above	 \$ 489,560
 Amounts reported for governmental activities in the statement of net position excluded from the governmental fund balance because:	
Other long-term assets are not available to pay for current period expenditures, and therefore, are not reported in the funds.	
Total Capital Assets	<u>4,019,674</u>
 Net position of governmental activities	 <u>\$ 4,509,234</u>

The accompanying notes are an integral part of these financial statements.

Jefferson Parkway Public Highway Authority
Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances
and Reconciliation to the Statement of Activities
For the Year Ended December 31, 2017

	Total
Revenues:	
Member contributions	1,200,000
Interest income	10,794
Total General Revenues	1,210,834
Expenses:	
General government	
Professional services	1,283,822
Dues and subscriptions	759
Travel, trainings and meetings	846
Office and other expenses	309
Capital outlay	-
Total Expenditures	1,285,736
Excess of Revenues	
over expenditures	(74,902)
Fund Balance—Beginning of year	564,462
Fund Balance—End of Year	\$ 489,560

The accompanying notes are an integral part of these financial statements.

Jefferson Parkway Public Highway Authority
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—General Fund
For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Member contributions	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ -
Interest income	<u>4,000</u>	<u>4,000</u>	<u>10,794</u>	<u>6,794</u>
Total Revenue	<u>1,204,000</u>	<u>1,204,000</u>	<u>1,210,834</u>	<u>6,834</u>
Expenditures:				
General government				
Professional services	1,156,500	1,156,500	1,283,822	(127,322)
Insurance	3,000	3,000	-	3,000
Dues and subscriptions	3,000	3,000	759	2,241
Travel, trainings and meetings	1,000	1,000	846	154
Office and other expenses	5,500	5,500	309	5,191
Start-up costs	300,000	300,000	-	300,000
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,469,000</u>	<u>1,469,000</u>	<u>1,285,736</u>	<u>183,264</u>
Excess Revenue Over (Under)				
Expenditures	<u>(265,000)</u>	<u>(265,000)</u>	<u>(74,902)</u>	<u>190,098</u>
Fund Balance—Beginning of year	<u>665,337</u>	<u>665,337</u>	<u>564,462</u>	<u>(100,875)</u>
Fund Balance—End of Year	<u>\$ 400,337</u>	<u>\$ 400,337</u>	<u>\$ 489,560</u>	<u>\$ 89,223</u>

The accompanying notes are an integral part of these financial statements.

Jefferson Parkway Public Highway Authority

Notes to Financial Statements

December 31, 2017

1. Definition of Reporting Entity

Jefferson Parkway Public Highway Authority (the Authority), a municipal corporation, was organized in May 2008. The Authority was formed to facilitate the financing, construction, operation and maintenance of a public highway located on the northern and western perimeters of the Denver metropolitan area.

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

The Authority has no employees and contracts for all of its management and professional services.

2. Summary of Significant Accounting Policies

The more significant accounting policies of the Authority 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 Authority.

The statement of net position reports all financial and capital resources of the Authority. The difference between the assets and liabilities of the Authority is reported as net position.

The statement of activities demonstrates the degree to which the direct 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Jefferson Parkway Public Highway Authority
Notes to Financial Statements (continued)
December 31, 2017

2. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Expenditures for capital outlay are shown as increases in assets and redemption of bonds are recorded as a 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 both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid.

The Authority reports the following major governmental fund:

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

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

Budgets

In accordance with the State Budget Law, the Authority'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 level and lapses at year end. The Authority'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.

Jefferson Parkway Public Highway Authority
Notes to Financial Statements (continued)
December 31, 2017

2. Summary of Significant Accounting Policies (continued)

Fund Equity

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

- *Nonspendable fund balance* — The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *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 Authority's policy to use the most restrictive classification first.

Jefferson Parkway Public Highway Authority
Notes to Financial Statements (continued)
December 31, 2017

3. Cash and Investments

Cash as of December 31, 2017 in the accompanying financial statements consists of the following:

	2017
Investments	\$ 892,687
Total cash and investments	\$ 892,687

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

At December 31, 2017, the District's cash deposits had a bank balance of \$3,490 and a carrying balance of \$(14,531), which is presented in the financial statements as a current liability.

Investments

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

The Authority generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the Authority 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.

Jefferson Parkway Public Highway Authority
Notes to Financial Statements (continued)
December 31, 2017

3. Cash and Investments (continued)

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

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

- Obligations of the United States, certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2017, the Authority had invested in the Colorado Local Government Liquid Asset Trust (the Trust); an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investment and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST records its investments at fair market value, and the Authority records its investment in COLOTRUST based on net asset value. As of December 31, 2017, the Authority had \$892,687 invested in COLOTRUST PLUS+.

Jefferson Parkway Public Highway Authority
Notes to Financial Statements (continued)
December 31, 2017

3. Cash and Investments (continued)

For investments, custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. The investments in ColoTrust may be categorized as follows: (1) insured, registered, or securities held by the Trust or the custodian bank in the Trust's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the Trust's name, or (3) uninsured and unregistered for which the securities are held by the broker or dealer or by its trust department or agent but not in the Trust's name. Investment securities are categorized to give an indication of the level of risk, including credit risk. All investments of the Trust, including the repurchase agreements, are classified in Category 1. COLOTRUST has a current credit rating of AAA from Standard and Poor's Rating Agency.

4. Capital Assets

An analysis of the changes in net capital asset for the years ended December 31, 2017 follows:

	Balance December 31, 2016	Additions	Retirements/ Conveyances	Balance December 31, 2017
Capital assets, not being depreciated:				
Land	\$ 4,019,674	\$ -	\$ -	\$ 4,019,674
Total capital assets, net	<u>\$ 4,019,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,019,674</u>

5. Net Position

The Authority has net position consisting of three components – investment in capital assets, restricted for emergencies and unrestricted.

As of December 31, 2017, the Authority had \$4,019,674 in investment in capital assets, \$38,572 designated as restricted for emergencies and unrestricted net position of \$450,988.

Jefferson Parkway Public Highway Authority
Notes to Financial Statements (continued)
December 31, 2017

6. Tax, Spending and Debt Limitations

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). At December 31, 2017, the Authority had \$38,572 in emergency reserves. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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

Exhibit A

SCOPE OF WORK

Detailed Scope of Work

Support Preparation of Request for Qualifications Document

- Provide strategic advice and summarize key provisions from relevant precedent transactions
- Provide feedback on specific RFQ content and drafting
- Support other tasks as needed, including briefings of JPPHA Board

Staffing Plan

Our core team will be comprised of Tom Rousakis as Engagement Leader and Denver-based Nicole Doheny as Engagement Manager with 1-2 additional team members providing support during the Request for Qualifications process. Our staffing plan assumes two in-person trips to Denver for Tom and in-person access to Nicole on an as needed basis over the course of the engagement. A detailed estimate of hours and budget is provided below. This is based on discussions to date and assumes an initial Request for Qualifications development process of approximately one to two months.

Key Staff	Tom Rousakis	Nicole Doheny	Dan Stalun	TBD	Total Labor Estimate
	Senior Managing Director	Senior Vice President	Vice President	Senior Associate	
Hourly Rate (\$)	\$550	\$480	\$400	\$325	
A. Prepare Request for Qualifications					
<i>i. Provide strategic advice and comparables research</i>		20	20	20	\$24,100
<i>ii. Provide selected drafting inputs</i>	15	30	30	8	\$37,280
<i>iii. Other analysis as needed</i>	33	28	8	8	\$37,390
Total Labor Hours	48	78	58	36	220
Total Labor Budget	\$26,400	\$37,440	\$23,200	\$11,700	\$98,740
Travel Expenses					\$1,260
Total Labor and Travel Budget					\$100,000

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August 3, 2018

www.ashurst.com

VIA EMAIL

Bill Ray
Executive Director
Jefferson Parkway Public Highway Authority
P.O. 1108
Arvada, CO 80001-1108

Engagement of Ashurst LLP – Jefferson Parkway P3 Project

Dear Bill,

This letter relates to the engagement of Ashurst LLP ("**Ashurst**") by the Jefferson Parkway Public Highway Authority ("**JPPHA**") to serve as JPPHA's special transactional legal counsel in connection with the Jefferson Parkway P3 Project (the "**Project**"). This letter is provided in conjunction with our terms of business set out in Appendix 1 ("**Terms of Business**"). The purpose of this letter is to confirm the terms, conditions, and scope of our engagement.

Our engagement is limited to representation of JPPHA. Ashurst has not agreed to provide representation to any directors, officers, partners, shareholders, subsidiaries, other affiliates, or employees of JPPHA. Further, this letter does not constitute a contract between JPPHA and any "partner", member, employee or consultant of Ashurst. The term "partner" is used to refer to a member of Ashurst LLP or to an employee or consultant with equivalent standing and qualifications, or to an individual with equivalent status. Any advice given or other work done by a or member, employee or consultant of Ashurst is given or done by that person on behalf of Ashurst and not in his or her individual capacity and, other than as required by law, no such person assumes any personal responsibility, obligation or duty to JPPHA with respect to such advice or other work unless the partner or employee has acted in bad faith in performing the work or providing advice hereunder..

1. Our Team

I will be primarily responsible for the legal advice and services that we provide to you and our relationship with you. I will involve colleagues of appropriate experience as may become necessary from time to time. Pursuant to paragraph 4 of the Standard Terms of Engagement attached to this letter, I will be the "relationship partner" and Sarah Rackoff will be the "matter partner".

2. Scope of Work

Our scope of work for the Project is that set out in the document dated June 8, 2018 and titled "*Authority Solicitation of Letters of Interest for Public Private Partnership Transactional Counsel*". You are aware that Ashurst is not licensed to practice law in the state of Colorado; accordingly, we will not advise you on Colorado law. To the extent that you require advice on such matters, you will either rely on your General Counsel, Icenogle Seaver Pogue, or we will retain (subject to your written consent) an appropriately qualified law firm to advise you on matters of Colorado law. All work undertaken by Ashurst will be supervised by your general counsel, Icenogle Seaver Pogue.

3. **Our Fees, Expenses and Payment**

All time recorded will be charged at a rate of \$500 per hour. As set out more fully in the Terms of Business attached hereto as Appendix 1, we charge separately for certain expenses.

We will invoice you at the start of each calendar month for all work undertaken in the previous calendar month.

You have asked us to provide you with a budget for our work on the Project. You will appreciate that at this stage of the Project, it is extremely difficult to estimate our fees, but we do know from our experience working on other similar projects that our outturn costs are broadly comparable from project to project. As a general matter, we typically expect our fees to average approximately \$150,000 per month over the life of a project. With respect to each of the three key phases of the Project, we would recommend that you budget the following amounts for our fees:

Phase	Assumed Time Period	Budget (\$,000)	Contingency @ 20%
RFQ Related Work	3 months	125	25
RFP Related Work	12 months	1,675	335
Financial Close Related work	2 months	180	36

4. **Reporting**

If requested, I will provide you with monthly information and progress reports, including the level of our outstanding unbilled fees and disbursements.

5. **Confidentiality, Third Party Liability, Conflicts and Dispute Resolution**

I draw your attention to Terms 8, 14, 15 and 19 of our Terms of Business, which deal respectively with confidentiality, third party liability and conflicts. .

Please note that for certainty, while each member of the Ashurst Group (as such term is defined in Section 2 of our Terms of Business) will continue to preserve clients' confidentiality and legal professional privilege, members of the Ashurst Group may exchange information with each other for the purposes of providing our services, to check that no conflicts of interest arise, and/or to assist with the identification of and access to relevant expertise across the Ashurst Group.

6. **Counterparts**

This agreement can be executed by any number of counterparts.

7. **Terms of Business/Future Appointments**

Our Terms of Business will, except to the extent inconsistent with this letter, apply to this appointment and to any future appointment unless we have provided you with different Terms of Business prior to our acceptance of any such future appointment.

We very much look forward to working with you on this matter. For the record I should be grateful if you would arrange for JPPHA to confirm its acceptance of the terms of this letter (including our Terms of Business) by signing, dating and returning the enclosed duplicate copy. In the meantime, I will take your continuing instructions as confirming such agreement.

Yours sincerely,

Andrew Fraiser

Partner, for and on behalf of Ashurst LLP

I acknowledge receipt of the letter of which this is a copy and the appendix enclosed with it, and I agree to the appointment of Ashurst LLP on the terms of that letter.

Bill Ray
Executive Director
Jefferson Parkway Public Highway Authority

_____ 2018

APPENDIX 1

ASHURST LLP - TERMS OF BUSINESS



ASHURST LLP - TERMS OF BUSINESS

1. GENERAL

These Terms of Business ("Terms") apply to the services which Ashurst LLP supplies to its clients. In these Terms references to "Ashurst", "we", "us" or "our" are references to Ashurst LLP and any successor or assignee. Ashurst LLP is a limited liability partnership incorporated in England and Wales with registered number OC330252 and registered office at Broadwalk House, 5 Appold Street, London, EC2A 2HA. References to "Applicable Law and Regulations" mean any law or any professional, regulatory or other rules and regulations applicable to our work for you in any relevant jurisdiction.

When you instruct us we will normally send you a letter to record the scope of our work for you and the terms on which we will act (an "Engagement Letter"). The terms of any Engagement Letter and these Terms will together form the contract between us in relation to your instructions. To the extent of any inconsistency, the Engagement Letter will apply.

These Terms supersede any earlier terms of business we may have provided to you.

Your contract is a contract with Ashurst LLP which is solely responsible for the advice given to you and other work done for you ("Services").

A limited liability partnership is a body corporate which has "members". However, it is more usual for senior professionals to be referred to as "partners". We have decided to retain the title of "partner" to describe members of Ashurst and some senior employees or consultants (whether employed or self-employed) are entitled to the equivalent status of partners through the contractual arrangement between such consultant or employee and the limited liability partnership. There is, however, no partnership between such members, employees or consultants or between the members, employees or consultants and Ashurst. Any reference in the course of your dealings with us to a person being a "partner" is a reference to that person's equivalent status whether such person's contractual arrangement with the limited liability partnership is in the capacity as a member, employee or consultant of Ashurst.

Some of our staff are employed by service companies of Ashurst ("Ashurst Service Companies"). There is no contract between you and any Ashurst Service Company or any member, director, employee or consultant (whether employed or self-employed) of Ashurst or any Ashurst Service Company (each an "Authorised Agent"). Any Services provided by an Authorised Agent are provided on behalf of Ashurst LLP and not in their individual capacity and no Authorised Agent assumes any personal responsibility,

obligation or duty to you for such Services. Ashurst, LLP remain liable for the services of any and all Authorised Agents and will notify you in advance if it plans to employ an Authorised Agent for work described in the Engagement Letter. As of July 31, 2018, we anticipate Jack Rose and Perry Israel may advise on this matter as bankruptcy or tax matters arise.

In some jurisdictions, applicable local law requires us to obtain a power of attorney from you in favour of any of our lawyers who act for you. Nothing in any power of attorney shall create or imply a contract between you and any of those lawyers. Your contract for the provision of Services in respect of which the power of attorney is required shall be with Ashurst LLP and any duty and liability to you in respect of those Services shall be owed by Ashurst and not those lawyers.

You agree that you will not (and you will procure that your employees, workers or contractors will not) engage in discrimination or harassment of any Authorised Agent on any grounds prohibited by law.

2. ASHURST LLP AND THE ASHURST GROUP

(a) Ashurst LLP carries on business in a number of jurisdictions. In some jurisdictions independent local partnerships, companies or other entities are authorised to use the name "Ashurst" or describe themselves as being affiliated with Ashurst (together with Ashurst LLP the "Ashurst Group"). Some members of the Ashurst Group in addition to Ashurst LLP are also limited liability entities. Information about which Ashurst Group entity operates in any country can be found on our website www.ashurst.com. (If at any time you are uncertain of the name of the member of the Ashurst Group providing legal services this will be available from your usual contact at Ashurst).

(b) If your matter requires advice or services to be obtained from a jurisdiction in which Ashurst LLP does not carry on business, you agree that we may, with your express written consent and in certain cases subject to paragraph 2(c) below, engage, as a subcontractor, whichever member of the Ashurst Group practises in that jurisdiction to provide the necessary advice or services. That engagement will be on these Terms but will be at the standard hourly rate and fees charged by the member of the Ashurst Group, except in the event the hourly rates of the member of the Ashurst Group are higher than those of Ashurst in which event the rates shall be on the same charging basis and/or fee rates as are agreed with us.

Where we do this:

(i) you will have a contract for the provision of the relevant advice or services in the relevant jurisdiction with Ashurst LLP and not with the relevant member of the Ashurst Group and any obligation or duty in respect of any advice or services provided by the relevant member of the Ashurst Group will be owed to you by Ashurst LLP and not by the relevant member of the Ashurst Group; and

(ii) we will co-ordinate the provision of advice and services given to you by us and the other member of the Ashurst Group. We will send you a single bill covering our fees and fees of the relevant member of the Ashurst Group. We will account to the other member of the Ashurst Group for any of their fees we collect from you.

(c) If you require the engagement with the relevant member of the Ashurst Group to be by direct contract with them, you agree that we may, following notice to you and your consent, as your agent and on your behalf, retain whichever member of the Ashurst Group practises in that jurisdiction to provide the necessary advice or services. In the absence of any agreement to the contrary that retainer will be on the standard terms of business of the relevant member of the Ashurst Group and at the standard rates of the relevant member of the Ashurst Group.

Where we do this:

(i) you will have a contract for the provision of the relevant advice or services with the relevant member of the Ashurst Group and not with Ashurst LLP and any obligation or duty in respect of such advice or services will be owed to you by the relevant member of the Ashurst Group and not by Ashurst LLP;

(ii) a separate engagement letter and/or terms of business may be issued to you by the relevant member of the Ashurst Group; and

(iii) we will co-ordinate the provision of advice and services given to you by us and the other member of the Ashurst Group.

3. OUR ADVICE

Our advice on any matter is confidential, both to you as client and to us as advisor, and is provided to you solely for the purpose of the instructions set out in the Engagement Letter. Save with our prior written consent, it may not be used for any purpose other than the mandate for which it was provided, or relied on by any person other than you.

We are not responsible for advising on matters outside the scope of the Engagement Letter; nor for advising on changes in the law after we have

delivered our advice; nor if you act or refrain from acting on the basis of any draft advice before it has been finalised.

We are also not responsible for any losses caused by changes made to our work without our approval or for use of our work beyond the purposes for which it was provided.

Please take reasonable care at all times to protect your own interests, including satisfying yourself as to the commercial wisdom of any transaction or litigation which is the subject of your instructions to us. We provide legal services but not financial advice.

4. RELATIONSHIP PARTNER

The Engagement Letter will identify a "relationship partner" who will supervise the services we provide to you and our relationship with you. The Engagement Letter will also identify a "matter partner" (who may or may not be the relationship partner) who will be responsible for a particular instruction. The relationship partner will offer to meet with you on a regular basis to ensure that we are delivering the service you expect and to discuss any potential for improvement.

5. OUR CHARGES

Hourly rates: Unless we agree otherwise, our charges will be based on the time spent on your matter, applying hourly charging rates as applicable from time to time. We will only bill for time incurred travelling to the extent such time is also spent working on the matter.

Expenses: We reserve the right to charge separately for non-legal services provided to you including data rooms, photocopying, printing, telephone calls, faxes, electronic funds transfers, catering and any support services that are provided outside normal business hours. We may also incur expenses on your behalf including: fees for external lawyers (to the extent approved by the client), counsel, experts, bailiffs, and other third parties, travel expenses, couriers, searches, registration, court fees and stamp duty. You will reimburse us for such expenses and, if they are likely to be significant, we may ask for payment in advance.

VAT: Where applicable, we will charge VAT on our charges and expenses.

Estimates: If possible we will give you an estimate in the Engagement Letter of the likely level of our fees and expenses. Any estimate will be based on a number of assumptions and will therefore be a guide and not a quotation.

6. BILLING

Billing: Unless we agree otherwise, we will invoice you on a monthly basis. If you are arranging for any

other person to pay our fees and expenses on a matter you will remain liable for any amounts unpaid.

If we are retained to act for more than one person or entity, each person or entity will be jointly and severally liable for our fees and expenses. We can recover the full amount of fees and expenses from any one of you. We will send only one copy of our bill to the billing address set out in our Engagement Letter unless we have agreed otherwise in writing.

Time for payment: Fees, expenses and VAT are payable within 30 days after the date the invoice is provided to the you or at completion of the matter to which they relate whichever is sooner. If you do not pay within 45 days of the date of the invoice, we reserve the right to charge interest on the amount outstanding from the due date until payment at two percentage points above the three month Euribor rate from time to time or at such other maximum rate as is permitted by any Applicable Law and Regulations. If your engagement is with the Ashurst Paris office then, subject to and in accordance with article L441-6 of the French commercial code, late payments by any professional shall automatically be liable for a fixed indemnity payment for recovery costs equal to 40 Euros.

If you do not pay our bills as agreed, we may stop work. If we propose to stop work, we will give you reasonable notice which may be as little as 24 hours in the circumstances.

E-billing: If you ask us to issue bills to you electronically ("e-bills") using a service provider chosen by you, you:

- (a) must ensure that service provider does not disclose to any third party, or process unlawfully, the personal or confidential data in the e-bills;
- (b) must ensure that you obtain consents from any individual who will be named in the e-bills (other than employees of the Ashurst Group) for the disclosure of their data to the service provider and for such data to be hosted and processed overseas, if applicable; and
- (c) agree we are not responsible for the consequences of using the e-billing service (including information breaches or other issues arising from it).

7. CLIENT MONEY

If we are holding monies for you (whether on account of our fees and expenses or otherwise), these will be placed in a client account which will be operated in accordance with Applicable Law and Regulations. Subject to any Applicable Law and Regulations, we will credit you with any interest over £20 (or the equivalent in any other currency) earned on client account balances. You agree that we will be permitted to use any such balances to pay outstanding invoices we have delivered to you.

8. PROVISION OF INFORMATION

You agree to provide us with all information that is reasonably required for us to advise you and to ensure that such information is, and remains, true and accurate in all material respects and is not misleading. Unless we agree otherwise, we will not check the accuracy or completeness of such information. You should not assume that information or documents which have previously been given to us or matters on which we have previously advised will be known to those instructed on a new matter.

You are responsible for ensuring that you have all necessary rights to supply us with the information you provide and that our use, disclosure or transfer of that information will not infringe the rights of any third party or result in a breach of any Applicable Law and Regulations.

9. CONFIDENTIALITY

The Ashurst Group will keep confidential all information we receive regarding your business and affairs unless you instruct us, if permitted under any Applicable Law and Regulations, to disclose that information or it is already in the public domain or if we, in good faith, consider disclosure to be required by any Applicable Law and Regulations or for the purpose of insurance notifications. Unless you instruct us otherwise, you agree that the Ashurst Group may refer publicly to our involvement on your behalf, in accordance with Applicable Law and Regulations.

Ordinarily our advice is subject to legal professional privilege protecting it from production in civil or criminal proceedings. To maintain such privilege, it is important that our advice is kept confidential and is not disclosed to third parties. If you are in any doubt about this please ask us for advice.

Whilst the Ashurst Group will continue to preserve clients' confidentiality and any privilege, Ashurst Group members may exchange your information with each other for Ashurst Group purposes including but not limited to the provision of the Services. The information you provide to us may also, on a confidential basis, be disclosed or transferred to, or used by, third party service providers including legal process outsourcers and hosting service providers, including in circumstances where such providers are located in another country.

We are generally obliged to disclose to you everything we know that is relevant to your matter. You agree that this duty does not extend to:

- (a) confidential information belonging to another client or a third party even if it would be relevant to our work for you; or
- (b) information that the team working on your matter is not aware of.

10. DATA PROTECTION/PRIVACY

The full terms on which we process personal data are set out in our Privacy Policy which can be viewed on our website at www.ashurst.com. You agree that you have read our Privacy Policy and consent to the processing of personal data in accordance with its terms.

Where you ask us to carry out work involving personal data that you control you agree that we act as "controller" as defined in the General Data Protection Regulation (EU) 2016/679 and that the work is subject to Applicable Law and Regulations, in particular duties of confidentiality and professional secrecy imposed on lawyers and law firms.

Accordingly we shall:-

- (a) process such data only as required for the work that we are instructed to do;
- (b) implement appropriate technical and organisational measures to protect the safety and integrity of any personal data you provided to us and to ensure a level of security appropriate to the risk of unauthorised or accidental loss or disclosure of data ;
- (c) assist you as reasonably necessary to comply with your obligations under Applicable Law and Regulations relating to data protection;
- (d) delete or restrict access to any personal data received from you for the purposes of an engagement in accordance with Applicable Law and Regulations and technical standards relating to data protection at the end of our engagement and expiry of the retention period for matter files agreed with you except to the extent we are required or permitted by Applicable Law and Regulations to retain such data.

You acknowledge and agree that we will not inform any individuals concerned about the disclosure of their personal data to us by you for the purpose of the Services because, among other reasons, such personal data is subject to our professional duty of secrecy and must remain confidential, unless required by law.

Please note that

- (i) we may instruct service providers (so called 'data processors') within or outside the Ashurst Group, including legal process outsourcers and hosting service providers, including in circumstances where such providers are located in another country, to process personal data you provide to us on our behalf and in accordance with our instructions only. We will retain control over and remain responsible for such personal data and will use appropriate safeguards as required by Applicable Law and Regulations to ensure the integrity and security of the data when engaging such service providers;

- (ii) we may be required by Applicable Law and Regulations to disclose personal data to appropriate regulatory authorities.

You must ensure, before disclosing any personal data to us (whether that information relates to you or to someone else, such as one of your directors, employees or someone with whom you have dealings), that, in your capacity as data controller, you are entitled to disclose that information to us, and that, without us taking any further steps required by data protection laws we may collect, use, disclose and carry out "processing" activities as defined in the General Data Protection Regulation (EU2016/679) in respect of that information for the purposes described in the Engagement Letter or in our Privacy Policy or as contemplated by these Terms.

11. ELECTRONIC COMMUNICATIONS

Unless agreed with you, we will not encrypt electronic communications. You acknowledge that the electronic transmission of information by email or otherwise (in particular when unencrypted) may be delayed, intercepted, corrupted or otherwise fail to be delivered. We shall use our reasonable endeavours to ensure that electronic communications that we send are free from viruses and any other material which may cause harm to any computer system. You undertake to act likewise with any electronic communications you send to us. We reserve the right to monitor all email communications through our network.

Neither you nor we shall have any liability to each other in respect of any claim or loss arising in connection with an electronic communication other than where such claim or loss arises from bad faith or wilful default.

12. DOCUMENT STORAGE AND DESTRUCTION

Save for documents in respect of which we have specific instructions from you and subject to any Applicable Law and Regulations, we will store documents relating to a completed matter for a minimum of 7 years. Thereafter we may destroy them without further reference to you. In the interim we may convert our file including documents or material you have left with us to any format that meets relevant statutory requirements, which might include document imaging, and we may destroy the paper documents.

We will not, unless expressly requested to do so in writing and at your cost, take any additional steps to secure stored documents, such as putting them in fire proof custody or in safe custody. We accept no liability for any losses you suffer if our file, including any documents or material you leave with us, is destroyed for any reason.

If you require our file or any part of it to be delivered to you or to another advisor you agree that we will at your cost identify and deliver the documents belonging to you and make a copy of those documents for our records.

13. MONEY LAUNDERING

We are required to comply with all Applicable Law and Regulations relating to money laundering, including being satisfied as to the identity of any client.

There are also circumstances under money laundering legislation where we can be required to make a confidential report to a designated authority where we know or suspect that a criminal offence has been or may have been committed.

We shall have no liability whatsoever arising out of any action that we, in good faith, consider is necessary for us to comply with money laundering legislation.

14. LIMITATION/EXCLUSION OF LIABILITY

General: Save as expressly set out in these Terms or as agreed with you in writing, we do not limit or exclude any liability which a court or tribunal of competent jurisdiction finds that we have to you for the provision of any Services within the scope of work described in the Engagement Letter.

Nothing in this Term 14 or the Engagement Letter shall exclude or limit our liability to you (i) for wilful default, fraud or fraudulent concealment for which Ashurst is responsible or (ii) to the extent that liability may not be excluded or limited by any Applicable Law or Regulation.

Liability to third parties: We shall have no liability to any third party for any Services that we provide to you unless we have agreed in writing that the third party can rely on such Services in accordance with the terms of such agreement.

15. REGULATION

Ashurst LLP is not authorised by the UK Financial Conduct Authority ("FCA").

We are authorised and regulated by the Solicitors Regulation Authority under number 468653, including in relation to our carrying on of any "exempt regulated activities" under the *Financial Services and Markets Act 2000* ("FSMA"). We are permitted to carry on a limited range of activities relating to investments where an exemption under the FSMA applies, including regulated activities which may reasonably be regarded as a necessary part of our legal services. The scope of our engagement does not and will not include giving you advice on the merits of entering into any transaction in investments. When providing our services, we will assume that you have

decided, or will decide, to negotiate and enter into any such transaction solely on the basis of your own evaluation of it, and any advice which you may receive from a person authorised under the FSMA. We will not communicate, either to you or on your behalf to any other person, any invitation or inducement to engage in investment activity, and nothing we write or say should be construed as any such invitation or inducement.

We are also included on the register maintained by the FCA permitting us to carry on insurance mediation activity. This includes advising on, selling and administration of insurance contracts. This register is accessible via the FCA website at www.fca.org.uk/register.

Offices of Ashurst outside London and individual members, employees and consultants of Ashurst are regulated in their local jurisdiction.

16. INSIDER LISTS

If you are obliged by law to maintain an insider list in respect of any transaction, we will maintain a list of relevant Ashurst Group personnel and third parties whom we instruct who have access to inside information. We will provide you with a copy of the list on request if permitted under Applicable Law and Regulations and we may be required, by Applicable Law or Regulations, to provide a copy and other information to a designated authority.

17. CONCERNS OR COMPLAINTS

If at any time you have any concerns or complaints about our Services to you, or about our charges, please contact either the relevant matter partner or your relationship partner. Alternatively, please speak to the head of the relevant department or office or Angela Pearson, Partner and General Counsel, who will, at your request, initiate our complaints procedure (a copy of which is available on request).

If you are unable to resolve any concerns or complaints about our Services to you through these channels, you may be entitled to refer the matter to the relevant regulator which, in the case of Services provided by English solicitors, is the Legal Ombudsman, further information about which, including the time frame for making a complaint, can be obtained from www.legalombudsman.org.uk.

If your complaint relates to our charges, you may be entitled to apply to the court for an assessment of the bill under *Part III of the Solicitors Act 1974* in which case the Legal Ombudsman may not consider your complaint.

18. CONFLICTS

In accordance with Applicable Laws and Regulations, we have procedures in place to identify and avoid potential conflicts of interest between clients of the

Ashurst Group and/or the Ashurst Group. In some circumstances, we may be precluded from accepting instructions on conflict grounds. However, where we are not prevented from doing so by duties of confidentiality, our normal practice is to discuss conflict issues with you.

Subject to any Applicable Law and Regulations, you consent to our accepting instructions from other clients whose interests may conflict with your interests provided that, at the time we accept those other instructions, we are not acting for you in a matter that is related to those other instructions and we take reasonable and appropriate steps to ensure the confidentiality of any confidential information in our possession that belongs to you.

We may have more than one client actually or potentially interested in the same subject matter of a transaction or competing for the same asset (e.g. the acquisition of a company being sold by auction or a tender for a contract). In such cases you agree that we are free to act for more than one client to the extent not precluded by, and in accordance with, Colorado law.

19. FORCE MAJEURE AND DISRUPTION TO SERVICES

Except for obligations to pay any amount due, neither we nor you shall be liable in any way for failure to perform our respective obligations under these Terms or the Engagement Letter if the failure is due to causes outside the reasonable control of the party which has failed to perform.

In providing services to you we rely on the availability of a wide range of resources including utilities and electronic and communication systems. You acknowledge that we cannot guarantee the availability or proper functioning of these resources and that (except to the extent required by law) we have no liability to you for any delay, disruption or failure to provide services, due to the unavailability or malfunctioning of these resources for any reason.

20. TERMINATION

You may terminate our engagement on any matter in writing at any time. We may cease acting for you with good reason and on reasonable written notice.

On termination you will pay all outstanding fees and expenses. All accrued rights and liabilities under these Terms and the Engagement Letter shall survive and remain in full force and effect notwithstanding termination.

21. SEVERABILITY

If any provision in these Terms is or becomes invalid, illegal or unenforceable then it shall, to the extent required, be severed and shall be ineffective and the

validity of the remaining provisions shall not be affected in any way.

22. THIRD PARTY RIGHTS AND ASSIGNMENT

You and we irrevocably agree that each Authorised Agent shall be entitled to the benefit of these Terms under any Applicable Law and Regulations but our contract with you may be varied (except this Term 22) from time to time or terminated without the consent of any Authorised Agent. (In accordance with *Articles 1205 et seq. of the French Civil Code*, each Authorised Agent has confirmed his intention to benefit from these rights.)

You may not assign, encumber, declare a trust over or otherwise deal with your rights under or arising out of this engagement without our prior written consent.

23. ENTIRE AGREEMENT AND CHANGES

Unless and to the extent otherwise stated in the Engagement Letter, the Engagement Letter and these Terms contain the entire agreement between us about our engagement on this matter. Any previous understanding, agreement, representation or warranty relating to our engagement is replaced by this agreement and has no further effect.

Changes to the terms of our engagement must be in writing and signed by us.

24. DISPUTE RESOLUTION AND GOVERNING LAW

Unless we agree otherwise with you in the Engagement Letter or to the extent that this is not permitted by any Applicable Law and Regulations and subject to the next paragraph of this Term 24: (i) these Terms, any Engagement Letter, the provision by us and any members of the Ashurst Group of Services to you and any dispute between us arising out of or in connection with any of them (including any non-contractual disputes or claims) ("Dispute") shall be governed by the laws of the United States and Colorado. The venue for any such Disputes is agreed to be the state or federal courts of the State of Colorado.

To the extent permitted by Applicable law and Regulations, nothing in this Term shall prevent Ashurst from applying to a court of competent jurisdiction for the recovery of fees and expenses, including those of any other member of the Ashurst Group or any third party, incurred in connection with our engagement, nor from taking any steps we consider necessary if proceedings are issued against us by a third party (such as joining you as a party to such proceedings).