

**SKY RANCH METROPOLITAN DISTRICT NO. 3
("DISTRICT")**

370 Interlocken Boulevard, Suite 500
Broomfield, Colorado 80021
Tel: 303-466-8822
Fax: 303-466-9797

<https://SkyRanch.colorado.gov>

NOTICE OF REGULAR MEETING AND AGENDA

DATE: November 10, 2023

TIME: 8:30 a.m.

LOCATION: Pure Cycle Corporation
34501 E. Quincy Avenue
Building 65, Suite A
Watkins, CO 80137

AT LEAST ONE INDIVIDUAL, INCLUDING CERTAIN BOARD MEMBERS AND CONSULTANTS OF THE CAB WILL BE PHYSICALLY PRESENT AND WILL ATTEND THIS MEETING IN PERSON AT THE ABOVE-REFERENCED LOCATION. HOWEVER, CERTAIN OTHER BOARD MEMBERS AND CONSULTANTS OF THE CAB MAY ATTEND THIS MEETING VIA TELECONFERENCE, OR WEB-ENABLED VIDEO CONFERENCE. MEMBERS OF THE PUBLIC WHO WISH TO ATTEND THIS MEETING MAY CHOOSE TO ATTEND VIA TELECONFERENCE OR WEB-ENABLED VIDEO CONFERENCE USING THE INFORMATION BELOW.

ACCESS: You can attend the meeting in any of the following ways:

- 1. To attend via Microsoft Teams video-conference use the below link:

https://teams.microsoft.com/l/meetup-join/19%3ameeting_ZjA0NDUwMWUtZTY0Zi00NGMxLWI1MTctY2UzNjEzODBiMWMz%40thread.v2/0?context=%7b%22Tid%22%3a%224aaa468e-93ba-4ee3-ab9f-6a247aa3ade0%22%2c%22Oid%22%3a%227e78628f-89cd-4e97-af6c-60df84b55ffe%22%7d

- 2. To attend via telephone, dial **720-547-5281** and enter the following additional information:

Phone Conference ID: **258 008 705#**

<u>Board of Directors</u>	<u>Office</u>	<u>Term Expires</u>
Mark Harding	President	May 2027
Scott Lehman	Secretary	May 2027
Joe Knopinski	Assistant Secretary	May 2025
Dirk Lashnits	Assistant Secretary	May 2025
Vacancy		May 2027

I. ADMINISTRATIVE MATTERS

- A. Present Disclosures of Potential Conflicts of Interest.
- B. Confirm quorum, location of the meeting and posting of meeting notices. Approve Agenda.
- C. Acknowledge resignation of Kevin McNeill from the Board of Directors, effective July 20, 2023.
- D. Discuss Board Vacancy; Consider appointment of an eligible elector to the Board of Directors (Notice of Vacancy published October 26, 2023).
- E. Discuss and consider appointment of officers:

<u>Office:</u>	<u>Director:</u>
President	
Treasurer	
Secretary	
Assistant Secretary	
Assistant Secretary	

- F. Discuss business to be conducted in 2024 and location (virtual and/or physical) of meetings. Schedule regular Board meetings and consider adoption of Resolution Establishing Regular Meeting Dates, time and Location, and Designating Location for Posting of 24-Hour Notices (enclosure).
- G. Discuss requirements of Section 32-1-809, C.R.S. and direct staff regarding compliance for 2024 (Transparency Notice).
- H. Discuss requirements of Section 32-1-306, C.R.S. and direct staff regarding compliance for 2024 (Annual Map Filing).
- I. Discuss and consider approval of 2024 insurance renewal (enclosure). Consider adoption of documents needed to obtain or maintain insurance coverage through

the Colorado Special Districts Property and Liability Pool and TCW Risk Management and authorize membership in the Special District Association.

1. Discuss Workers' Compensation Insurance Coverage for Uncompensated Members of the Board of Directors.
2. Discuss Cyber Security and Increased Crime Coverage.
3. Establish Insurance Committee to make final determinations regarding insurance, if necessary.

II. CONSENT AGENDA

- A. Consider approval of the Minutes from the June 9, 2023 Regular Meeting (enclosure).

III. PUBLIC COMMENT

- A. Public Comment.

Members of the public may express their views to the Board on matters that affect the District that are otherwise not on the agenda. Comments will be limited to three (3) minutes per person.

IV. FINANCIAL MATTERS

- A. Conduct Public Hearing to consider amendment of the 2023 Budget. Consider adoption of Resolution to Amend the 2023 Budget, if necessary.
- B. Conduct Public Hearing on the proposed 2024 Budget and consider adoption of Resolution to Adopt the 2024 Budget and Appropriate Sums of Money and Resolution to Set Mill Levies (enclosures).
- C. Discuss and consider adoption of Resolution Authorizing Imposition of the Regional Improvements Mill Levy in Accordance with the Service Plan (enclosure).
- D. Discuss and consider adoption of Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Service Plan (enclosure).
- E. Discuss statutory requirement for an audit. Consider approval of the engagement with Haynie & Co. to prepare the 2023 Audit (enclosure).
- F. Consider approval of CliftonLarsonAllen LLP Master Services Agreement and Statement(s) of Work for 2024 accounting, management, community management, and billing services (to be distributed).

G. Authorize District Accountant to prepare the DLG-70 Certification of Tax Levies form for certification to the Board of County Commissioners and other interested parties.

H. Consider appointment of District Accountant to prepare 2025 Budget.

V. LEGAL MATTERS

A. Discuss and consider adoption of Resolution Amending Policy on Colorado Open Records Act Requests (enclosure).

VI. OTHER BUSINESS

A. Discuss next meeting date (in 2024).

VII. ADJOURNMENT

THERE ARE NO MORE REGULAR MEETINGS SCHEDULED FOR 2023.

RESOLUTION NO. 2023-11-01**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SKY RANCH METROPOLITAN DISTRICT NO. 3
ESTABLISHING REGULAR MEETING DATES, TIME, AND LOCATION, AND
DESIGNATING LOCATION FOR POSTING OF 24-HOUR NOTICES**

A. Pursuant to Section 32-1-903(1.5), C.R.S., special districts are required to designate a schedule for regular meetings, indicating the dates, time and location of said meetings.

B. Pursuant to Section 32-1-903(5), C.R.S., “location” means the physical, telephonic, electronic, or virtual place, or a combination of such means where a meeting can be attended. “Meeting” has the same meaning as set forth in Section 24-6-402(1)(b), C.R.S., and means any kind of gathering, convened to discuss public business, in person, by telephone, electronically, or by other means of communication.

C. Pursuant to Section 24-6-402(2)(c)(I), C.R.S., special districts are required to designate annually at the board of directors of the district’s first regular meeting of each calendar year, the public place at which notice of the date, time and location of regular and special meetings (“**Notice of Meeting**”) will be physically posted at least 24 hours prior to each meeting (“**Designated Public Place**”). A special district is deemed to have given full and timely notice of a regular or special meeting if it posts its Notice of Meeting at the Designated Public Place at least 24 hours prior to the meeting.

D. Pursuant to Section 24-6-402(2)(c)(III), C.R.S., special districts are relieved of the requirement to post the Notice of Meeting at the Designated Public Place, and are deemed to have given full and timely notice of a public meeting if a special district posts the Notice of Meeting online on a public website of the special district (“**District Website**”) at least 24 hours prior to each regular and special meeting.

E. Pursuant to Section 24-6-402(2)(c)(III), C.R.S., if a special district is unable to post a Notice of Meeting on the District Website at least 24 hours prior to the meeting due to exigent or emergency circumstances, then it must physically post the Notice of Meeting at the Designated Public Place at least 24 hours prior to the meeting.

F. Pursuant to Section 32-1-903(1.5), C.R.S., all meetings of the board that are held solely at physical locations must be held at physical locations that are within the boundaries of the district or that are within the boundaries of any county in which the district is located, in whole or in part, or in any county so long as the physical location does not exceed twenty (20) miles from the district boundaries unless such provision is waived.

G. The provisions of Section 32-1-903(1.5), C.R.S., may be waived if: (1) the proposed change of the physical location of a meeting of the board appears on the agenda of a meeting; and (2) a resolution is adopted by the board stating the reason for which meetings of the board are to be held in a physical location other than under Section 32-1-903(1.5), C.R.S., and further stating the date, time and physical location of such meeting.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sky Ranch Metropolitan District No. 3 (the “**District**”), Arapahoe County, Colorado:

1. That the provisions of Section 32-1-903(1.5), C.R.S., be waived pursuant to the adoption of this Resolution.

2. That the Board of Directors the District has determined that conducting meetings at a physical location pursuant to Section 32-1-903(1.5), C.R.S., would be inconvenient and costly for the directors and consultants of the District in that they live and/or work outside of the twenty (20) mile radius requirement.

3. That regular meetings of the District for the year 2024 shall be held on the second Friday of the month of November at 8:30 a.m., at the offices of Pure Cycle Corporation, 34501 E. Quincy Avenue, Building 65, Suite A, Watkins, Colorado 80137 and via video or telephone conference.

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

5. That, until circumstances change, and a future resolution of the District so designates, the physical location and/or method or procedure for attending meetings of the District virtually (including the conference number or link) shall appear on the agenda(s) of said meetings.

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

7. That the District has established the following District Website, <https://skyranch.colorado.gov/>, and the Notice of Meeting of the District shall be posted on the District Website at least 24 hours prior to meetings pursuant to Section 24-6-402(2)(c)(III), C.R.S. and Section 32-1-903(2), C.R.S.

8. That, if the District is unable to post the Notice of Meeting on the District Website at least 24 hours prior to each meeting due to exigent or emergency circumstances, the Notice of Meeting shall be posted within the boundaries of the District at least 24 hours prior to each meeting, pursuant to Section 24-6-402(2)(c)(I) and (III), C.R.S., at the following Designated Public Place:

(a) North of East 6th Avenue, along the District’s southern boundary

9. Scott Lehman, or his designee, is hereby appointed to post the above-referenced notices.

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE TO RESOLUTION ESTABLISHING REGULAR MEETING DATES, TIME, AND LOCATION, AND DESIGNATING LOCATION FOR 24-HOUR NOTICES]

RESOLUTION APPROVED AND ADOPTED ON NOVEMBER 10, 2023.

SKY RANCH METROPOLITAN DISTRICT NO. 3

By: _____
President

Attest:

Secretary

Renewal Documents and Invoice 1/1/2024 to EOD 12/31/2024

Acceptance of this coverage is evidenced only by payment of the enclosed invoice by January 1, 2024.

The following renewal documents are attached where applicable:

1. Invoice: Payment is due upon receipt. Please return a copy of the invoice with your payment to ensure that it is applied correctly. We have attached a Coverage Contribution instructions sheet which provides details about your payment.
2. Comparison of Annual Contributions.
3. Deductible Options:
 - Provides the difference in cost by coverage line if you were to increase or decrease the deductible for that specific coverage.
4. Quote for Excess Liability limits for your consideration:
 - Limits of up to \$8 million, in excess of the primary \$2 million Liability limit, are available. Although the primary \$2 million Liability limit is sufficient to cover the CGIA tort cap, we do recommend you consider purchasing higher limits primarily due to special districts' unlimited liability to federal civil rights, discrimination, harassment, whistle blowing, and other employment-related practices claims.
5. Coverage Declaration Pages: Informational page summarizing the key points about the coverage provided including limits and deductible descriptions for all coverage provided. Full coverage forms will be available at csdpool.org/documents by January 1, 2024.
6. Schedules: Lists of exposures and values.
7. Certificates of coverage: Originals are mailed directly to the Certificate Holders.
8. Automobile identification cards: Hard copies will be mailed.



Property and Liability Coverage Invoice

Named Member:

Sky Ranch Metropolitan District No. 3
c/o CliftonLarsonAllen LLP
8390 East Crescent Parkway, Suite 300
Greenwood Village, CO 80111

Broker of Record:

Highstreet TCW Risk Management
384 Inverness Parkway
Suite 170
Englewood, CO 80112

Coverage No.	Entity ID	Effective Date	Expiration Date	Invoice Date
24PL-60961-1384	60961	1/1/2024	EOD 12/31/2024	9/5/2023

Coverage	Contribution
General Liability	\$ 546.00
Crime	\$ 174.00
Non-Owned Auto Liability	\$ 132.00
Hired Auto Physical Damage	\$ 65.00
No-Fault Water Intrusion & Sewer Backup	\$ 35.00
Public Officials Liability	\$1,163.00
Pollution	\$ 0.00

Total Contribution	\$2,115
---------------------------	----------------

Please note: where included above, Hired Auto Physical Damage, Non-Owned Auto Liability, and No-Fault Water Intrusion & Sewer Backup are mandatory coverages and may not be removed.

The following discounts are applied (Not applicable to minimum contributions):

10% Direct Discount

Payment Due Upon Receipt

Payment evidences "acceptance" of this coverage. The terms of the Intergovernmental Agreement (IGA) require timely payment to prevent automatic cancellation of coverage. Please return this invoice and reference the coverage number on your check to help us apply your payment correctly. Only prior notice to the board of directors of the Colorado Special Districts Property and Liability Pool and subsequent approval may extend cancellation provision.

Remit checks to: Colorado Special Districts Property and Liability Pool
c/o McGriff Insurance Services, LLC
PO Box 1539
Portland, OR 97207-1539

We accept online payments at [E-Bill Express](#)
Refer to Payment Instructions page for additional options
billing@csdpool.org
800-318-8870 ext. 3



Payment Instructions

The annual contribution for coverage with the Pool is due upon receipt of this invoice.

We accept the following payment methods:

1. Online using **E-Bill Express** (www.e-billexpress.com/ebpp/CSDPool). For detailed instructions, please click [here](#) or go to csdpool.org/documents. You can also find an FAQ [here](#) or go to the E-Bill Express logon screen.
2. Mail your check to:
Colorado Special Districts Property and Liability Pool
c/o McGriff Insurance Services, Inc.
PO Box 1539
Portland, OR 97207

For express or overnight mail services, please use the address below:

Colorado Special Districts Property and Liability Pool
c/o McGriff Insurance Services, Inc.
1800 SW 1st Ave, Suite 400
Portland, OR 97201

To ensure that your payment is accurately applied, please always include a copy of the invoice.

3. Wire or ACH transfer from your own bank account. Please let us know if you wish to use this method and we will be happy to provide you with these instructions.

Please be advised that in accordance with the Intergovernmental Agreement (IGA), automatic expulsion will occur on the 60th day should your account not be current. If you wish to reinstate your district's coverage after cancellation has occurred, a \$100 reinstatement fee will apply.

If your district requires a payment extension, please submit a written request within ten (10) business days from the date of the invoice, for consideration by the CSD Pool Board of Directors.

Finally, all members of the Pool must be members in good standing with the Special District Association of Colorado (SDA). Please visit the SDA website at sdaco.org for member information.

Please contact us at billing@csdpool.org or 800-318-8870 ext. 3 for billing questions.

Annual Comparison of 2024 and 2023 contributions.
Loss Ratios based on participation years from 2016 to 2023

Sky Ranch Metropolitan District No. 3

Year	Contribution
2024	\$2,115.00
2023	\$2,113.00
Difference	\$2.00
% Difference	0.09%

General Liability	Contribution	TOE
Yr. 2024	\$546.00	\$50,000.00
Yr. 2023	\$546.00	\$50,000.00
Difference		NaN
% Difference		0.00%
Loss Ratio	0.00%	

Equipment Breakdown	Contribution
Yr. 2024	\$0.00
Yr. 2023	\$0.00
Difference	\$0.00
% Difference	0.00%
Loss Ratio	0.00%

Auto Liability	Contribution	Auto Count
Yr. 2024	\$132.00	0
Yr. 2023	\$132.00	0
Difference		0
% Difference	NaN	0.00%
Loss Ratio	0.00%	

Crime	Contribution
Yr. 2024	\$174.00
Yr. 2023	\$172.00
Difference	\$2.00
% Difference	1.16%
Loss Ratio	0.00%

Auto Physical Damage	Contribution	TIV
Yr. 2024	\$65.00	\$0.00
Yr. 2023	\$65.00	\$0.00
Difference		\$0.00
% Difference	NaN	0.00%
Loss Ratio	0.00%	

Public Officials Liability	Contribution	EE Count
Yr. 2024	\$1,163.00	0
Yr. 2023	\$1,163.00	0
Difference	\$0.00	0
% Difference	0.00%	0.00%
Loss Ratio	0.00%	

Property/Inland Marine	Contribution	TIV
Yr. 2024	\$0.00	\$0.00
Yr. 2023	\$0.00	\$0.00
Difference	\$0.00	\$0.00
% Difference	0.00%	0.00%
Loss Ratio	0.00%	

Excess Liability	Contribution
Yr. 2024	\$0.00
Yr. 2023	\$0.00
Difference	\$0.00
% Difference	0.00%
Loss Ratio	0.00%

Earthquake	Contribution
Yr. 2024	\$0.00
Yr. 2023	\$0.00
Difference	\$0.00
% Difference	0.00%
Loss Ratio	0.00%

Flood	Contribution
Yr. 2024	\$0.00
Yr. 2023	\$0.00
Difference	\$0.00
% Difference	0.00%
Loss Ratio	0.00%

No Fault	Contribution
Yr. 2024	\$35.00
Yr. 2023	\$35.00
Difference	\$0.00
% Difference	0.00%
Loss Ratio	0.00%



2024 Excess Liability Options Proposal

This Proposal Does Not Bind Coverage

This report demonstrates what it would cost your district to increase coverage from your current limit of liability to a higher limit.

Named Member: Sky Ranch Metropolitan District No. 3

Certificate Number: 24PL-60961-1384

<u>Excess Limit</u>	<u>Annual Excess Contribution</u>	<u>Change in Contribution</u>
\$1,000,000	\$330	\$330
\$2,000,000	\$570	\$570
\$3,000,000	\$810	\$810
\$4,000,000	\$1,020	\$1,020
\$5,000,000	\$1,250	\$1,250
\$6,000,000	\$1,500	\$1,500
\$7,000,000	\$1,750	\$1,750
\$8,000,000	\$2,000	\$2,000

Note: This is not your Coverage Document. It was created solely for informational purposes.

9/5/2023



Public Entity Liability and Auto Physical Damage Certificate Holder Declaration

Master Coverage Document Number: CSD Pool CTC 01 01 24 and CSD Pool PEL 01 01 24

Certificate Number: 24PL-60961-1384

Named Member:

Sky Ranch Metropolitan District No. 3
c/o CliftonLarsonAllen LLP
8390 East Crescent Parkway, Suite 300
Greenwood Village, CO 80111

Coverage Period: 1/1/2024 to EOD 12/31/2024

Broker of Record:

Highstreet TCW Risk Management
384 Inverness Parkway
Suite 170
Englewood, CO 80112

Coverage is provided only for those coverages indicated below for which a contribution is shown.

Coverage	Per Occurrence Limit	Annual Aggregate Limit	Deductible	Contribution
Public Entity Liability Coverage including:	\$2,000,000	None		
General Liability	Included	None	None	\$546
Medical Payments - Premises	\$10,000	None	None	Included
Employee Benefits Liability	Included	None	None	Included
Public Officials Liability	Included	None	\$1,000	\$1,163
Employment Practices Liability	Included	None	*\$100,000	Included
Pre Loss Legal Assistance	\$3,500	\$7,000	None	Included
No-Fault Water Intrusion & Sewer Backup	\$200,000 limited to \$10,000 Any One Premises	***\$1,000,000	\$500	\$35
Cyber	\$200,000	**\$200,000	\$1,000	Included
Fiduciary Liability	\$200,000	**\$200,000	\$1,000	Included
Excess Liability - Coverage agreements	No Coverage	No Coverage	N/A	No
Auto Liability	No Coverage	No Coverage	N/A	No
Medical Payments – Auto	No Coverage	No Coverage	N/A	No
Non-Owned and Hired Auto Liability	Included	None	None	\$132
Uninsured/Underinsured Motorists Liability	No Coverage	No Coverage	N/A	No
Auto Physical Damage	No Coverage	No Coverage	N/A	No
Hired Auto Physical Damage	\$50,000	N/A	\$500/\$500	\$65
Auto Physical Damage - Employee Deductible	\$2,500	N/A	None	Included
Total Contribution				\$1,941

*Employment Practices Liability Deductible: 50% of loss including Indemnity and Legal Expenses subject to a maximum deductible of \$100,000 each occurrence.

**A \$5,000,000 All Member Annual Aggregate Limit shall apply to Cyber.

**A \$1,000,000 All Member Annual Aggregate Limit shall apply to Fiduciary Liability.

***No-Fault Water Intrusion & Sewer Backup has \$1,000,000 All Member Annual Aggregate Limit.

Additional Endorsements applicable to Member:

This Certificate Holder Declaration is made and is mutually accepted by the CSD Pool and the Named Member subject to all terms which are made a part of the Public Entity Liability Coverage Document. This Certificate represents only a brief summary of coverages. Please refer to the Master Coverage Document for actual coverage, terms, conditions, and exclusions.

Countersigned by: _____

Authorized Representative

Crime Certificate Holder Declaration

Master Coverage Document Number: J05931794
Certificate Number: 24PL-60961-1384

Insurer: Federal Insurance Company (Chubb)
Coverage Period: 1/1/2024 to EOD 12/31/2024

Named Member:

Sky Ranch Metropolitan District No. 3
c/o CliftonLarsonAllen LLP
8390 East Crescent Parkway, Suite 300
Greenwood Village, CO 80111

Broker of Record:

Highstreet TCW Risk Management
384 Inverness Parkway
Suite 170
Englewood, CO 80112

Covered Designated Agent(s):

Coverages and Limits:

Employee Theft:	\$10,000
<ul style="list-style-type: none"> · Limit is maximum for each loss · Employee includes executives, full-time, part-time, seasonal, leased and temporary employee(s), interns or non-compensated volunteer. · Includes funds from a sponsored benefit plan. 	
Public Official Faithful Performance of Duty:	\$10,000
Client Theft:	\$10,000
Forgery or Alteration:	\$10,000
On Premises:	\$10,000
In Transit:	\$10,000
Computer System Fraud:	\$10,000
Funds Transfer Fraud:	\$10,000
Debit, Credit or Charge Card Fraud:	\$10,000
Money Orders and Counterfeit Paper Currency Fraud:	\$10,000
Social Engineering Fraud:	\$10,000

Deductible(s):

All Crime except Social Engineer Fraud:	\$250
Social Engineering Fraud:	20% of Social Engineering Fraud Limit

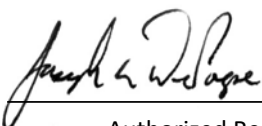
Contribution:

\$174

Policy Forms:

PF-52815 (04/20)	The Chubb Primary SM Commercial Crime Insurance
PF-52853 (04/20)	Governmental Entity (Colorado Special Districts Pool) Endorsement
PF-53127 (04/20)	Colorado Amendatory Endorsement
PF-52851 (04/20)	Add Corporate Credit Card Coverage

This Certificate Holder Declaration is made and is mutually accepted by the CSD Pool and the Named Member subject to all terms which are made a part of the Master Crime Policy. This Certificate represents only a brief summary of coverages. Please refer to the Master Policy Documents for actual coverage, terms, conditions, and exclusions.

Countersigned by: 

 Authorized Representative



Identity Recovery Certificate Holder Declaration

Master Coverage Policy Number:

CSD 2009 CP IDR Form 01 01 21

Insurer:

The Hartford Steam Boiler Inspection
and Insurance Company

Certificate Number: 24PL-60961-1384

Coverage Period: 1/1/2024 to EOD 12/31/2024

Named Member:

Sky Ranch Metropolitan District No. 3
c/o CliftonLarsonAllen LLP
8390 East Crescent Parkway, Suite 300
Greenwood Village, CO 80111

Broker of Record:

Highstreet TCW Risk Management
384 Inverness Parkway
Suite 170
Englewood, CO 80112

Member:

All permanent employees and District Board members participating in the Colorado Special Districts Property and Liability Pool; Special District Association of Colorado staff and Board of Directors.

Coverage:

Reimbursement coverage for expenses arising from a defined "Identity Theft" event. Including: legal fees for answer of civil judgements and defense of criminal charges; phone, postage, shipping fees; notary and filing fees; credit bureau reports; lost wages; child/elder care and mental health counseling.

This coverage does not reimburse the member for monies stolen or fraudulently charged to the member, and excludes loss arising from the member's fraudulent, dishonest or criminal act.

Annual Aggregate Limit per Member: \$35,000

Case Management Service Expenses - does not reduce the limit available

Legal Costs - reduces the limit available

Sub Limits:

\$5,000	Lost Wages and Child/Elder Care
\$1,000	Mental Health Counseling
\$1,000	Miscellaneous Expenses

Coverage Trigger: Coverage is provided on a discovery basis with a 60-day reporting requirement

Claims: For Recovery Assistance and Counseling, please call 1-800-945-4617

This Certificate Holder Declaration is made and is mutually accepted by the CSD Pool and the Named Member subject to all terms which are made a part of the Identity Recovery Coverage Policy. This Certificate represents only a brief summary of coverages. Please refer to the Master Coverage document for actual coverage, terms, conditions, and exclusions.

Countersigned by:

A handwritten signature in black ink, appearing to read "Joseph L. W. Page", is written over a horizontal line.

Authorized Representative



Environmental Legal Liability Certificate Holder Declaration

Master Policy Number: ER00A9V23
Certificate Number: 24PL-60961-1384
Named Member:
 Sky Ranch Metropolitan District No. 3
 c/o CliftonLarsonAllen LLP
 8390 East Crescent Parkway, Suite 300
 Greenwood Village, CO 80111

Insurer: Aspen Specialty Insurance Company
Coverage Period: 1/1/2024 to EOD 12/31/2024
Broker of Record:
 Highstreet TCW Risk Management
 384 Inverness Parkway
 Suite 170
 Englewood, CO 80112

Claims-Made Coverage:

1. **First Party Protection:** For coverages 1.a – 1.d, the pollution incident must be first discovered by the responsible insured and reported to the insurer during the policy period.
 - a. **Clean up:** Covers clean-up costs resulting from a pollution incident on, at, under, or migrating from or through an insured location.
 - b. **Emergency Response:** Covers emergency response cost resulting from a
 - c. **Pollution Incident:** (i) on, at, under or migrating from or through an insured location; (ii) caused by transportation; or (iii) caused by covered operations.
 - d. **Environmental Crisis:** Covers crisis cost resulting from a crisis event.
 - e. **Business Interruption:** Covers business interruption cost and extra expense incurred by the insured and solely and directly by a pollution incident on, at or under an insured location, provided the pollution incident results in clean-up cost covered by this policy.

2. **Legal Liability Protection:** For coverages 2.a – 2.d, the claim for damages because of such bodily injury or property damage, or a claim for such clean-up cost, is first made against an insured and reported to the insurer during the policy period.
 - a. **Insured Location:** Covers sums the insured becomes legally obligated to pay: (1) as damages because of bodily injury or property damage; or (ii) for clean-up costs, resulting from a pollution incident on, at under, or migrating from or through an insured location.
 - b. **Non-owned Site:** Covers sums the insured becomes legally obligated to pay (1) as damages because of bodily injury or property damage; or (ii) for clean-up costs, resulting from a pollution incident on, at under, or migrating from or through any non-owned site.
 - c. **Transportation:** Covers sums the insured becomes legally obligated to pay (1) as damages because of bodily injury or property damage; or (ii) for clean-up costs, resulting from a pollution incident caused by transportation.
 - d. **Covered Operations:** Covers sums the insured becomes legally obligated to pay (1) as damages because of bodily injury or property damage; or (ii) for clean-up costs, resulting from a pollution incident caused by covered operations or completed operations.

Limits of Liability: \$1,000,000 Each Pollution Incident
 \$5,000,000 Total Policy and Program Aggregate – Shared All Members
Sublimits: \$500,000 Environmental Crisis Aggregate
 \$250,000 Business Interruption Aggregate
 \$100,000 Perfluorinated Compounds Aggregate

Member Deductible: \$1,000 Each Pollution Incident

Retroactive Date: January 1, 2009 (unless otherwise specified)
Defense Costs: Legal defense expenses and settlement shall erode the Limits of Liability

Partial List of Exclusions:

Asbestos, Contractual Liability, Criminal Fines and Criminal Penalties, Cross Liability (Insured vs. Insured), Damage to Insured's Product/Work, Divested Property, Employers Liability, Fraud or Misrepresentation, Intentional Non-Compliance, Internal Expenses, Known Conditions, Lead-Based Paint, Material Change in Risk, Non-Owned Disposal Sites, Underground Storage Tanks and Above Ground Storage Tanks excluded unless scheduled, Vehicle Damage, War or Terrorism, Workers Compensation, Lead at all gun or shooting ranges, Maintenance, Upgrades, Improvements or Installations where required by law, Microbial Matter with carveback for sudden and accidental water intrusion; 10-day discovery period/30 day reporting period, Prior Claims, Communicable Disease

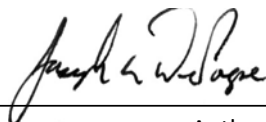
Policy Forms:

ASPENV110 06 17	Environmental Legal Liability Policy
ASPENV098 11 17	Cap on Losses from Certified Acts of Terrorism
ASPENV340 05 17	Insured Location(s) Schedule Endorsement
ASPENV310 05 17	Known Conditions Exclusion Endorsement
ASPENV316 05 17	Legal Expense Aggregate Limit of Liability Endorsement
ASPENV117 11 17	Self-Insured Retention Aggregate (Erosion by Underlying Policies)
ASPENV117 11 17	Sewage Back-up Deductible Amendatory Endorsement
ASPENV117 11 17	Perfluorinated Compounds, Sublimit and Retroactive Date Amendatory Endorsement
ASPENV117 11 17	Cancellation Amendatory Endorsement
ASPENV117 11 17	Microbial Matter Exclusion Endorsement
ASPENV117 11 17	Maintenance, Upgrade, Improvements or Installations Exclusion Endorsement
ASPENV117 11 17	Retroactive Date All Coverage Endorsement
ASPENV117 11 17	Microbial Matter Sudden and Accidental Coverage Limitation Amendatory Endorsement
ASPENV117 11 17	Insured Location/Acquired Property Endorsement
ASPENV117 11 17	Public Entity Amendatory Endorsement
ASPENV322 05 17	Minimum Earned Premium Endorsement
ASPENV341 05 17	Named Insured Schedule Endorsement
ASPENV118 11 17	Nuclear, Biological, Chemical, or Radiological Terrorism Exclusion
ASPENV003 05 17	Other Insurance Condition Amendatory Endorsement
ASPER334 01 14	Prior Claim Exclusion Endorsement
ASPENV338 04 19	Schedule of Crisis Management Firms Endorsement
ASPENV431 11 17	Aspen Environmental Emergency Response Hotline
SNCO 1021	Colorado Surplus Lines Notice
ASPENV117.EL.0920.X	Communicable Disease Exclusion

Additional Endorsements Applicable to Named Member:

This Certificate Holder Declaration is made and is mutually accepted by the CSD Pool and the Named Member subject to all coverage terms under the Pollution Liability Policy #EV00A9V23 issued by Aspen Specialty Insurance Company. This Certificate represents a brief summary of coverages. Please refer to the Master Coverage Document for all coverage terms, conditions and exclusions.

Countersigned by:



Authorized Representative

**General Liability Schedule
Metropolitan District**

Policy Number: 24PL-60961-1384
Named Member: Sky Ranch Metropolitan District No. 3

Coverage Period: 1/1/2024 – EOD 12/31/2024
Broker: Highstreet TCW Risk Management

Code	Description	Unit	Amount	Effective Date	Expiration Date
105	105-Total Operating Expenses - Any other	Dollars	50,000.00	1/1/2024	12/31/2024
348	348-Number of Board Members	Total	5.00	1/1/2024	12/31/2024

If your district has exposures not listed on the General Liability schedule above, such as airplanes, security staff, bridges, drones, etc., please furnish details. Certain activities may be excluded or restricted.



384 Inverness Parkway Suite 170
 Englewood, CO 80112
 (303) 368-5757
 tcwinfo@tcwrm.com

Invoice # 12795		Page 1 of 1
Account Number	Date	
SKYRANC-03	8/31/2023	
BALANCE DUE ON		
1/1/2024		
AMOUNT PAID	Amount Due	
	\$595.00	

Sky Ranch Metropolitan District No. 3
 c/o Clifton Larson Allen LLP
 8390 E Crescent Pkwy, Suite 300
 Greenwood Village, CO 80111

Commercial Package	PolicyNumber: .	Effective: 1/1/2024	to 1/1/2025
--------------------	-----------------	---------------------	-------------

Item #	Eff Date	Due Date	Type	Description	Amount
81277	1/1/2024	1/1/2024	FEEA	2024 Agency Fee	\$595.00
Total Invoice Balance:					\$595.00

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE SKY RANCH METROPOLITAN DISTRICT NO. 3 HELD JUNE 9, 2023

A regular meeting of the Board of Directors (referred to hereafter as the “Board”) of the Sky Ranch Metropolitan District No. 3 convened on June 9, 2023, at 8:30 a.m. at Pure Cycle Corporation, 34501 E. Quincy Ave., Bldg. 65, Suite A, Watkins, CO 80137. This District Board meeting was also held virtually via Microsoft Teams and by conference call. The meeting was open to the public.

Directors in Attendance Were:

Mark Harding
Kevin McNeill
Scott Lehman
Dirk Lashnits
Joe Knopinski

Also in Attendance Were:

Lisa Johnson, Celeste Terrell, Shauna D’Amato, and Cathee Sutton (for a portion of the meeting); CliftonLarsonAllen LLP (“CLA”)
Suzanne Meintzer, Esq.; McGeady Becher P.C.
Stan Fowler; Independent District Engineering Services, LLC (“IDES”) (for a portion of the meeting)
Cyrena Finnegan and Deb Saya; Pure Cycle Corporation
Adam Haskin; Board Member of Sky Ranch Metropolitan District No. 1

Members of the Public:

Adam Galusha, Tanya Scott, Kale Reed, Ken, Elliot Lezov, and Tammy Lezov

**ADMINISTRATIVE
MATTERS**

Ms. Johnson called the meeting to order.

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. Ms. Johnson noted that all Directors’ Disclosure Statements were filed. Attorney Meintzer requested members of the Board to disclose any potential conflicts of interest regarding any matters scheduled for discussion at this meeting and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. No additional conflicts were disclosed at the meeting.

Quorum, Location of Meeting, Posting of Meeting Notice and Agenda: Ms. Johnson confirmed the presence of a quorum. The Board reviewed a proposed agenda for the District’s regular meeting.

Following discussion, upon a motion duly made by Director Knopinski, seconded by Director McNeill and, upon vote, unanimously carried, the Board approved the agenda.

The Board discussed the requirements of Section 32-1-903(1), C.R.S., concerning the

RECORD OF PROCEEDINGS

location of the District's Board meeting.

Upon a motion duly made by Director Knopinski, seconded by Director McNeill and, upon vote, unanimously carried, the Board determined that certain Board members and consultants of the District would attend this meeting in person at the above-referenced location. However, certain other Board members and consultants of the District would attend this meeting via video conference or teleconference. The Board further noted that the notice of the time, date, location, and video conference/teleconference information for the meeting was duly posted.

Results of the May 2, 2023 Regular Director Election: Ms. Johnson reported that the election was cancelled, given that there were not more candidates than available Board positions, and that Directors Harding, McNeill and Lehman were each deemed re-elected to respective 4-year terms expiring May 2027.

Oaths of Office: Ms. Johnson confirmed that all Oaths of Offices were filed per state statute with all applicable entities.

Appointment of Officers: Following discussion, upon a motion duly made by Director Knopinski, seconded by Director Lehman and, upon vote, unanimously carried, the Board determined to appoint the following slate of officers:

President	Mark Harding
Treasurer	Kevin McNeill
Secretary	Scott Lehman
Assistant Secretary	Dirk Lashnits
Assistant Secretary	Joe Knopinski

Appointment of Board Member to the Board of Directors for the Sky Ranch Community Authority Board and adoption of Resolution of Appointment: Following discussion, upon a motion duly made by Director Knopinski, seconded by Director Lashnits and, upon vote, unanimously carried, the Board determined to appoint Director Lehman, as the representative for the District to the Sky Ranch Community Authority Board, and adopted the Resolution of Appointment.

CONSENT AGENDA The Board considered the following items under the Consent Agenda:

- **Minutes from the November 11, 2022 Regular Meeting**
- **Engagement Letter with Haynie & Co. for Preparation of 2022 Audit**

Upon a motion duly made by Director Knopinski, seconded by Director McNeill and, upon vote, unanimously carried, the Board approved the Consent Agenda.

PUBLIC COMMENT There were no public comments.

RECORD OF PROCEEDINGS

FINANCIAL
MATTERS

2022 Audit: Ms. Sutton presented the 2022 Audit to the Board. Following discussion, upon a motion duly made by Director Harding, seconded by Director Knopinski and, upon vote, unanimously carried, the Board accepted the 2022 Audit and authorized the execution of the Representations Letter and its submittal, subject to final review by the District Treasurer, legal counsel, and a clean opinion letter from the Auditor.

LEGAL MATTERS

None.

OTHER BUSINESS

Quorum for November 10, 2023 Meeting: The Board confirmed a quorum for the November 10, 2023 meeting.

ADJOURNMENT

There being no further business to come before the Board at this time, following a motion duly made by Director McNeill, seconded by Director Lehman and, upon vote, unanimously carried, the Board adjourned the meeting at 10:40 a.m.

Respectfully submitted,

By: _____
Secretary for the Meeting

SKY RANCH METROPOLITAN DISTRICT NO. 3
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2024

SKY RANCH METROPOLITAN DISTRICT NO. 3
SUMMARY
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

10/9/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 8/31/2023	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
Property taxes	1,318	708,197	700,893	708,197	740,167
Specific ownership taxes	83	42,491	31,544	47,305	44,411
Interest income	4	-	196	196	-
Other revenue	-	25,000	-	-	25,000
Total revenues	<u>1,405</u>	<u>775,688</u>	<u>732,633</u>	<u>755,698</u>	<u>809,578</u>
Total funds available	<u>1,405</u>	<u>775,688</u>	<u>732,633</u>	<u>755,698</u>	<u>809,578</u>
EXPENDITURES					
General Fund	742	73,376	66,732	68,824	79,034
Debt Service Fund	-	351,921	333,697	344,206	380,199
Regional Improvements Fund	663	350,391	332,204	342,668	350,345
Total expenditures	<u>1,405</u>	<u>775,688</u>	<u>732,633</u>	<u>755,698</u>	<u>809,578</u>
Total expenditures and transfers out requiring appropriation	<u>1,405</u>	<u>775,688</u>	<u>732,633</u>	<u>755,698</u>	<u>809,578</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

SKY RANCH METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

10/9/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 8/31/2023	ESTIMATED 2023	BUDGET 2024
ASSESSED VALUATION					
Residential	\$ -	\$ -	\$ -	\$ -	\$ 2,222,406
Agricultural	3,096	2,771	2,771	2,771	1,570
Vacant land	7,348	5,791,908	5,791,908	5,791,908	3,765,743
Personal property	-	-	-	-	8,977
Certified Assessed Value	<u>\$ 10,444</u>	<u>\$ 5,794,679</u>	<u>\$ 5,794,679</u>	<u>\$ 5,794,679</u>	<u>\$ 5,998,696</u>
MILL LEVY					
General	66.796	11.132	11.132	11.132	11.643
Debt Service	0.000	55.666	55.666	55.666	58.220
Regional Improvements	59.540	55.417	55.417	55.417	53.525
Total mill levy	<u>126.336</u>	<u>122.215</u>	<u>122.215</u>	<u>122.215</u>	<u>123.388</u>
PROPERTY TAXES					
General	\$ 697	\$ 64,506	\$ 64,506	\$ 64,506	\$ 69,843
Debt Service	-	322,567	322,567	322,567	349,244
Regional Improvements	622	321,124	321,124	321,124	321,080
Levied property taxes	<u>1,319</u>	<u>708,197</u>	<u>708,197</u>	<u>708,197</u>	<u>740,167</u>
Adjustments to actual/rounding	(1)	-	(7,304)	-	-
Budgeted property taxes	<u>\$ 1,318</u>	<u>\$ 708,197</u>	<u>\$ 700,893</u>	<u>\$ 708,197</u>	<u>\$ 740,167</u>
BUDGETED PROPERTY TAXES					
General	\$ 696	\$ 64,506	\$ 63,841	\$ 64,506	\$ 69,843
Debt Service	-	322,567	319,240	322,567	349,244
Regional Improvements	622	321,124	317,812	321,124	321,080
Budgeted property taxes	<u>\$ 1,318</u>	<u>\$ 708,197</u>	<u>\$ 700,893</u>	<u>\$ 708,197</u>	<u>\$ 740,167</u>

No assurance provided. See summary of significant assumptions.

SKY RANCH METROPOLITAN DISTRICT NO. 3
GENERAL FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

10/9/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 8/31/2023	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
Property taxes	696	64,506	63,841	64,506	69,843
Specific ownership taxes	44	3,870	2,873	4,300	4,191
Interest income	2	-	18	18	-
Other revenue	-	5,000	-	-	5,000
Total revenues	<u>742</u>	<u>73,376</u>	<u>66,732</u>	<u>68,824</u>	<u>79,034</u>
Total funds available	<u>742</u>	<u>73,376</u>	<u>66,732</u>	<u>68,824</u>	<u>79,034</u>
EXPENDITURES					
General and administrative					
County Treasurer's fee	10	968	958	968	1,048
Contingency	-	5,000	-	-	5,000
Transfers to CAB	732	67,408	65,774	67,856	72,986
Total expenditures	<u>742</u>	<u>73,376</u>	<u>66,732</u>	<u>68,824</u>	<u>79,034</u>
Total expenditures and transfers out requiring appropriation	<u>742</u>	<u>73,376</u>	<u>66,732</u>	<u>68,824</u>	<u>79,034</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

SKY RANCH METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

10/9/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 8/31/2023	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
Property taxes	-	322,567	319,240	322,567	349,244
Specific ownership taxes	-	19,354	14,368	21,550	20,955
Interest income	-	-	89	89	-
Other revenue	-	10,000	-	-	10,000
Total revenues	-	351,921	333,697	344,206	380,199
Total funds available	-	351,921	333,697	344,206	380,199
EXPENDITURES					
General and administrative					
County Treasurer's fee	-	4,839	4,790	4,839	5,239
Contingency	-	10,000	-	-	10,000
Transfers to CAB	-	337,082	328,907	339,367	364,960
Total expenditures	-	351,921	333,697	344,206	380,199
Total expenditures and transfers out requiring appropriation	-	351,921	333,697	344,206	380,199
ENDING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

SKY RANCH METROPOLITAN DISTRICT NO. 3
REGIONAL IMPROVEMENTS FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

10/9/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 8/31/2023	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
Property taxes	622	321,124	317,812	321,124	321,080
Specific ownership taxes	39	19,267	14,303	21,455	19,265
Interest income	2	-	89	89	-
Other revenue	-	10,000	-	-	10,000
Total revenues	<u>663</u>	<u>350,391</u>	<u>332,204</u>	<u>342,668</u>	<u>350,345</u>
Total funds available	<u>663</u>	<u>350,391</u>	<u>332,204</u>	<u>342,668</u>	<u>350,345</u>
EXPENDITURES					
General and Administrative					
County Treasurer's fee	9	4,817	4,769	4,817	4,816
Contingency	-	10,000	-	-	10,000
Transfers to CAB	654	335,574	327,435	337,851	335,529
Total expenditures	<u>663</u>	<u>350,391</u>	<u>332,204</u>	<u>342,668</u>	<u>350,345</u>
Total expenditures and transfers out requiring appropriation	<u>663</u>	<u>350,391</u>	<u>332,204</u>	<u>342,668</u>	<u>350,345</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**SKY RANCH METROPOLITAN DISTRICT NO. 3
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the Arapahoe County (County) District Court issued on February 23, 2005 and recorded in the County records on March 15, 2005, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within Arapahoe County, Colorado.

The District was established to provide for the design, acquisition, construction, installation, maintenance, and financing of certain water, sanitation, storm drainage, streets, safety protection, park and recreation, transportation, television relay and translation, and mosquito control improvements and services within and without the boundaries of the District. Under its Service Plan, the District was organized in conjunction with three other related Districts: Sky Ranch Metropolitan District No. 1, No. 4, and No. 5. The Amended and Restated Service Plan for Sky Ranch Metropolitan District No. 3 was approved on December 8, 2020. Sky Ranch Metropolitan District Nos. 6 – 8 are being organized to work with the existing Districts to provide public improvements, facilities and services necessary to develop and serve the Sky Ranch development. The District entered into Second Amended and Restated Sky Ranch Community Authority Board Establishment Agreement (the CABEA) with District Nos. 3 and 5 on August 13, 2021 which establishes the Sky Ranch Community Authority Board (the CAB). The CAB will own, operate and maintain certain public improvements within the boundaries of the Districts.

The Amended and Restated Service Plans for District Nos. 3 – 8 limit the aggregate amount of debt that they may issue together to \$312,000,000. Pursuant to a Capital Pledge Agreement executed by and between the CAB and the District, the District agrees to impose ad valorem property taxes and pledge certain revenues to facilitate the issuance of Limited Tax Supported District No. 3 Senior Bonds (Tax-Exempt Fixed Rate) and other Debt Obligations issued by the CAB. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area, however, as of the date of this budget, the amount and timing of any debt issuances is not determinable.

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

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

**SKY RANCH METROPOLITAN DISTRICT NO. 3
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues

Property Taxes

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

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2024, the assessment rate for single family residential property decreases to 6.765% from 6.95%. The rate for multifamily residential property, the newly created subclass, decreases to 6.765% from 6.80%. Agricultural and renewable energy production property remains at 26.4%. Producing oil and gas remains at 87.5%. All other nonresidential property decreases to 27.90% from 29%.

Pursuant to the Service Plan, the maximum total mill levy the District is permitted to impose is 55.664 mills (subject to adjustment for changes in the method of calculating the assessed valuation after January 1, 2020) for debt service until the District's then outstanding debt is equal to or less than 50% of the District's assessed valuation, at that time the debt service mill levy will be unlimited. The maximum mill levy pledged to debt service fund is 50.000 mills. As a result of the assessment ratio change, for collection year 2024, the 55.664 have been adjusted to 58.220 mills for debt service. The service plan does not contain any limitations on the amount of the mill levy for operations and maintenance, and the District levied 11.643 for collection year 2024 for operations.

Specific Ownership Taxes

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

**SKY RANCH METROPOLITAN DISTRICT NO. 3
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

Transfer to CAB

In connection with the CABEA, the District will transfer property taxes, net of fees, derived from the operations mill levy, together with specific ownership taxes, to the CAB to pay for operations and maintenance expenditures.

The District is also authorized to impose a mill levy to generate revenue for the planning, design, acquisition, construction, installation, relocation and/or redevelopment, and the administration, overhead and operations and maintenance costs incurred with respect to the Regional Improvements. The District will transfer property taxes, net of fees, derived from the Regional Improvements Mill Levy, together with specific ownership taxes, to the CAB to contribute to the funding of the Regional Improvements.

The District will also transfer property taxes, net of fees, derived from the debt service mill levy, together with specific ownership taxes, to the CAB to pay for the principal and interest on bonds which CAB has issued in August 2022.

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

Debt and Leases

The District has no outstanding debt, nor any operating or capital leases.

Reserves

Emergency Reserve

The District did not provide for Emergency Reserves (equal to at least 3% of the General Fund's fiscal year spending as defined under TABOR) because net tax revenues will be transferred to the CAB. The CAB will provide for the emergency reserve.

This information is an integral part of the accompanying forecasted budget.

RESOLUTION NO. 2023-11-____

**RESOLUTION TO ADOPT BUDGET AND APPROPRIATE SUMS OF MONEY
RESOLUTION OF THE BOARD OF DIRECTORS OF SKY RANCH METROPOLITAN
DISTRICT NO. 3, ARAPAHOE COUNTY, COLORADO, PURSUANT TO SECTION 29-
1-108, C.R.S., SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND,
ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY FOR THE
BUDGET YEAR 2024**

A. The Board of Directors of Sky Ranch Metropolitan District No. 3 (the “**District**”) has appointed CliftonLarsonAllen LLP to prepare and submit a proposed budget to said governing body at the proper time.

B. CliftonLarsonAllen LLP has submitted a proposed budget to this governing body on or before October 15, 2023 for its consideration.

C. Upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on November 10, 2023, and interested taxpayers were given the opportunity to file or register any objections to said proposed budget.

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

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

F. The Board of Directors has made provision therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget.

G. It is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, thereby establishing a limitation on expenditures for the operations of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SKY RANCH METROPOLITAN DISTRICT NO. 3, ARAPAHOE COUNTY, COLORADO:

1. The budget, as submitted, amended, and summarized by fund, is hereby approved and adopted as the budget of the District for the year stated above.

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

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

**[SIGNATURE PAGE TO RESOLUTION TO ADOPT
BUDGET AND APPROPRIATE SUMS OF MONEY]**

RESOLUTION APPROVED AND ADOPTED on November 10, 2023.

**SKY RANCH METROPOLITAN
DISTRICT NO. 3**

By: _____
President

Attest:

By: _____
Secretary

EXHIBIT A

Budget

I, Scott Lehman, hereby certify that I am the duly appointed Secretary of the Sky Ranch Metropolitan District No. 3, and that the foregoing is a true and correct copy of the budget for the budget year 2024, duly adopted at a meeting of the Board of Directors of the Sky Ranch Metropolitan District No. 3 held on November 10, 2023.

Secretary

RESOLUTION NO. 2023-11-____**RESOLUTION TO SET MILL LEVIES****RESOLUTION OF THE SKY RANCH METROPOLITAN DISTRICT NO. 3 LEVYING GENERAL PROPERTY TAXES, PURSUANT TO SECTION 39-1-111, C.R.S., FOR THE YEAR 2023, TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE 2024 BUDGET YEAR**

A. The Board of Directors of the Sky Ranch Metropolitan District No. 3 (the “**District**”) has adopted an annual budget in accordance with the Local Government Budget Law, on November 10, 2023.

B. The adopted budget is attached as Exhibit A to the Resolution of the Board of Directors of the District to Adopt Budget and Appropriate Sums of Money, and such budget is incorporated herein by this reference.

C. The amount of money necessary to balance the budget for general operating expenses from property tax revenue is identified in the budget.

D. The amount of money necessary to balance the budget for debt retirement expenses from property tax revenue is identified in the budget.

NOW, THEREFORE, PURSUANT TO SECTIONS 39-1-111(5) and 39-5-128(1), C.R.S., BE IT RESOLVED by the Board of Directors of the Sky Ranch Metropolitan District No. 3, Arapahoe County, Colorado, that:

1. For the purpose of meeting all general operating expenses of the District during the 2024 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

2. That for the purpose of meeting all debt retirement expenses of the District during the 2024 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

3. That for the purpose of meeting all contractual obligation expenses of the District during the 2024 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

4. That the Secretary is hereby authorized and directed to immediately certify to the Board of County Commissioners of Arapahoe County, Colorado, the mill levies for the District as set forth in the District’s Certification of Mill Levies, attached hereto as **Exhibit 1** and incorporated herein by reference, recalculated as needed upon receipt of the final certification of valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits.

[SIGNATURE PAGE OF RESOLUTION TO SET MILL LEVIES]

RESOLUTION APPROVED AND ADOPTED ON NOVEMBER 10, 2023.

**SKY RANCH METROPOLITAN
DISTRICT NO. 3**

By: _____
President

Attest:

By: _____
Secretary

EXHIBIT 1

Certification of Tax Levies

I, Scott Lehman, hereby certify that I am the duly appointed Secretary of the Sky Ranch Metropolitan District No. 3, and that the foregoing is a true and correct copy of the Certification of Mill Levies for the budget year 2024, duly adopted at a meeting of the Board of Directors of the Sky Ranch Metropolitan District No. 3 held on November 10, 2023.

Secretary

RESOLUTION NO. 2023-11-_____

RESOLUTION OF THE BOARD OF DIRECTORS OF SKY RANCH METROPOLITAN DISTRICT NO. 3 AUTHORIZING IMPOSITION OF THE REGIONAL IMPROVEMENTS MILL LEVY IN ACCORDANCE WITH THE SERVICE PLAN

A. Sky Ranch Metropolitan District No. 3 (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado pursuant to Title 32, Colorado Revised Statutes.

B. The District operates pursuant to its Amended and Restated Service Plan approved by the Board of County Commissioners for Arapahoe County, on December 8, 2020, as may be further modified or amended (the “**Service Plan**”), which authorizes the District to impose mill levies on taxable property. Such mill levies will be the primary source of revenue for repayment of debt service, public improvements, regional improvements and operations and maintenance costs of the District.

C. Section X.D of the Service Plan authorizes imposition of a Regional Improvements Mill Levy, which is “calculated as the difference between the overlapping mill levies of property subject to the Aurora Public Schools mill levy (‘**APS Mill Levy**’) and the overlapping mill levies of property not subject to the APS Mill Levy.”

D. For tax certification year 2022 (which was tax collection year 2023), the difference between the overlapping mill levies imposed on property subject to the APS Mill Levy and the overlapping mill levies imposed on property that is not subject to the APS Mill Levy, was 53.525 mills.

E. In compliance with the Service Plan, the Board determines it to be in the best interest of the District, its residents, users, property owners, and the public, to impose the Regional Improvements Mill Levy in 2023 for collection in 2024.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Sky Ranch Metropolitan District No. 3, Arapahoe County, Colorado:

1. The Board hereby authorizes the imposition of the Regional Improvements Mill Levy compliance with the Service Plan.
2. The Service Plan allows for the imposition of a Regional Improvements Mill Levy, calculated as the difference between the overlapping mill levies of property subject to the APS Mill Levy and the overlapping mill levies of property not subject to the APS Mill Levy.
3. The Board determines to impose a Regional Improvements Mill Levy in the amount of 53.525 mills, which is the difference between the overlapping mill levies imposed on property that is subject to the APS Mill Levy and the overlapping mill levies imposed on property that is not subject to the APS Mill Levy.

4. The Regional Improvements Mill Levy shall be reflected in the District's Certification of Tax Levies to be submitted to Arapahoe County on or before _____, for collection in 2024.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO RESOLUTION AUTHORIZING IMPOSITION OF THE
REGIONAL IMPROVEMENTS MILL LEVY IN ACCORDANCE WITH THE
SERVICE PLAN]**

RESOLUTION APPROVED AND ADOPTED ON November 10, 2023.

**SKY RANCH METROPOLITAN
DISTRICT NO. 3**

President

Attest:

Secretary

RESOLUTION NO. 2023-11-____

RESOLUTION OF THE BOARD OF DIRECTORS OF SKY RANCH METROPOLITAN DISTRICT NO. 3 AUTHORIZING ADJUSTMENT OF THE DISTRICT MILL LEVY IN ACCORDANCE WITH THE SERVICE PLAN

- A. Sky Ranch Metropolitan District No. 3 (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado pursuant to Title 32, Colorado Revised Statutes.
- B. The District operates pursuant to its Amended and Restated Service Plan approved by the Board of County Commissioners for Arapahoe County, on December 8, 2020, as may be further modified or amended (the “**Service Plan**”), which provides the District with the authority to impose mill levies on taxable property. Such mill levies will be the primary source of revenue for repayment of debt service, public improvements, and operations and maintenance costs of the District.
- C. The Service Plan authorizes a maximum debt service mill levy of 55.664 mills (“**Debt Mill Levy Cap**”).
- D. Section X.D.1 of the Service Plan authorizes adjustment of the Debt Mill Levy Cap in the event that the method of calculating assessed valuation is changed after January 1, 2020 (the “**Baseline Year**”), by any change in law, change in method of calculation, or in the event of any legislation or constitutionally mandated tax credit, cut, or abatement. The Debt Mill Levy Cap may be increased or decreased to reflect such changes. Such increases or decreases shall be determined by the Board of Directors (the “**Board**”) in good faith (such determination to be binding and final) 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.
- E. The Service Plan provides that, 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.
- F. The history of the residential assessment ratio in Colorado since property tax assessment year 1995, as set by the Colorado General Assembly, or as voted by the electors of the State of Colorado, is set forth in **Exhibit A**, attached hereto and incorporated herein by this reference.
- G. At the time of the Baseline Year, the residential assessment ratio set by the Colorado General Assembly was 7.20%.
- H. In 2022, the Colorado General Assembly (the “**General Assembly**”) passed Senate Bill 22-238, which amended Section 39-1-104.2, C.R.S. by setting the ratio of valuation for:
1. Multi-family residential real property at 6.80% for property tax assessment years 2022 and 2024;

2. Multi-family residential real property at 6.765% for property tax assessment year 2023;
3. Residential real property other than multi-family residential real property at 6.95% for property tax assessment year 2022; and
4. Residential real property other than multi-family residential real property at 6.765% for property tax assessment year 2023.

I. In 2023, the General Assembly passed Senate Bill 23-303, which referred a ballot issue, known as Proposition HH, to the electors of the State of Colorado for the November 7, 2023 election. If Proposition HH passes, the residential assessment rate for both multi-family residential real property and residential real property other than multi-family residential real property will be 6.70% for property tax assessment year 2023.

J. Proposition HH **did not pass** at the November 7, 2023 election, and as a result, the residential assessment rate for both multi-family residential real property and residential real property other than multi-family residential real property will be 6.765% for property tax assessment year 2023 as set forth in Senate Bill 22-238.

[OR]

Proposition HH **passed** at the November 7, 2023 election, as a result, the residential assessment rate for both multi-family residential real property and residential real property other than multi-family residential real property will be 6.70% for property tax assessment year 2023 as set forth in Proposition HH.

K. In compliance with the Service Plan, in order to mitigate the effect of the reduction in the ratio of valuation for residential real property set by **Senate Bill 22-238 OR Proposition HH** for property tax assessment year 2023, the Board determines it to be in the best interest of the District, its residents, users, property owners, and the public, to adjust the Debt Mill Levy Cap, so that the actual tax revenues to be received by the District are neither diminished nor enhanced as a result of the change in the ratio of valuation for assessment since the Baseline Year.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Sky Ranch Metropolitan District No. 3, Arapahoe County, Colorado:

1. The Board hereby authorizes the adjustment of the Debt Mill Levy Cap to reflect that **Senate Bill 22-238 OR Proposition HH** set the residential assessment rate for both multi-family residential real property and residential real property other than multi-family residential real property at ____% for property tax assessment year 2023, which is a change from the 7.20% ratio of valuation for assessment of residential property as of the Baseline Year.

2. The Service Plan allows for Debt Mill Levy Cap to be adjusted to _____ mills (the “**Adjusted Debt Mill Levy**”) so that District revenues shall be neither diminished nor enhanced as a result of the ratio of valuation for assessment being set at ____% for collection year 2024.

3. The Board also determines to impose an O&M Mill Levy of _____ mills, and a Regional Improvements Mill Levy (the “**RIM Levy**”) of _____ mills, such that the total mill levy to be imposed, including the Adjusted Debt Mill Levy, the O&M Mill Levy, and the RIM Levy, will be _____ mills (the “**Adjusted Total Mill Levy**”).

4. The Adjusted Total Mill Levy shall be reflected in the District’s Certification of Tax Levies to be submitted to Arapahoe County on or before _____, for collection in 2024.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO RESOLUTION AUTHORIZING ADJUSTMENT OF THE
DISTRICT MILL LEVY IN ACCORDANCE WITH THE SERVICE PLAN]**

RESOLUTION APPROVED AND ADOPTED ON November 10, 2023.

**SKY RANCH METROPOLITAN
DISTRICT NO. 3**

President

Attest:

Secretary


EXHIBIT A
History of Residential Assessment Ratio


<u>Tax Levy/Assessment Year</u>	<u>Tax Collection Year</u>	<u>Residential Assessment Ratio</u>
1995	1996	10.36%
1996	1997	
1997	1998	9.74%
1998	1999	
1999	2000	
2000	2001	
2001	2002	9.15%
2002	2003	
2003	2004	7.96%
2004	2005	
2005	2006	
2006	2007	
2007	2008	
2008	2009	
2009	2010	
2010	2011	
2011	2012	
2012	2013	
2013	2014	
2014	2015	
2015	2016	


2016	2017	
2017	2018	7.20%
2018	2019	
2019	2020	7.15%
2020	2021	
2021	2022	
2022	2023	6.95% (other than multi-family) 6.80% (multi-family)
2023	2024	6.765% [if Prop HH does NOT pass] 6.70% if Prop HH DOES pass]



1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

October 10, 2023

Sky Ranch Metropolitan District No. 3
φ CliftonLarsonAllen LLP
8390 E. Crescent Parkway, Suite 300
Greenwood Village, CO 80111-2811

To the Members of the Board of Directors:

We are pleased to confirm our understanding of the services we are to provide for Sky Ranch Metropolitan District No. 3 (District) for the year ended December 31, 2023. We understand the District employs CliftonLarsonAllen, LLP as its manager (“Manager”), which firm may be referenced herein as “Management”.

Audit Scope & Objectives

We will audit the financial statements of the governmental activities, each major fund, and the disclosures, which collectively comprise the basic financial statements of Sky Ranch Metropolitan District No. 3 as of and for the year ended December 31, 2023.

Management has elected to omit the management’s discussion and analysis that accounting principles generally accepted in the United States of America (GAAP) require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have also been engaged to report on supplementary information other than RSI that accompanies Sky Ranch Metropolitan District No.1’s financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America (GAAS) and will provide an opinion on it in relation to the financial statements as a whole:

- 1) Debt Service Fund–Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) – Budget and Actual

In connection with our audit of the basic financial statements, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work

performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

- 1) Schedule of Assessed Valuation, Mill Levy, and Property Taxes Collected
- 2) Schedules of Valuations of Property Class

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Management override of controls

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Sky Ranch Metropolitan District No. 3's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees,

October 10, 2023

Page 4 of 5

former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Engagement Administration, Fees, and Other

The audit documentation for this engagement is the property of Haynie & Company and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the State of Colorado or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Haynie & Company personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the State of Colorado or its designee. The State of Colorado or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We estimate that our fees for these services will be \$6,500. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full. Accounts in excess of 30 days will accrue finance charges at 1.5% per month. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Ty Holman is the engagement partner and is responsible for supervising the engagement and signing the report. We expect to begin our audit on a mutually agreed upon date and to issue our report no later than July 31, 2024.

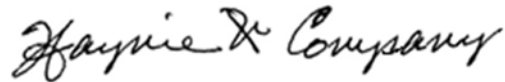
Reporting

We will issue a written report upon completion of our audit of Sky Ranch Metropolitan District's financial statements. Our report will be addressed to the Board of Directors of Sky Ranch Metropolitan District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If,

for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,



Accepted and agreed to:
Sky Ranch Metropolitan District No. 3

Officer signature

Title

Date

RESOLUTION NO. 2023-11-
SKY RANCH METROPOLITAN DISTRICT NO. 3
AMENDING POLICY ON COLORADO OPEN RECORDS ACT REQUESTS

A. On February 12, 2021, Sky Ranch Metropolitan District No. 3 (the “**District**”) adopted Resolution No. 2021-02-06 Regarding Colorado Open Records Act Requests (the “**Resolution**”), in which the District adopted a policy related to Colorado Open Records Act Requests (the “**Policy**”).

B. In 2023, the Colorado General Assembly enacted Senate Bill 23-286, which provided for certain changes in the law related to Colorado Open Records Act Requests.

C. The District desires to amend the Policy due to the legislative changes set forth in Senate Bill 23-286.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Sky Ranch Metropolitan District No. 3, Arapahoe County, Colorado:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Resolution.

2. Amendments to Policy. The Policy is hereby amended as follows:

(a) Amendment to Section 3 of the Resolution. Section 3 of the Resolution is hereby deleted in its entirety, and substituted in lieu thereof shall be the following:

“3. Within the period specified in Section 24-72-203(3)(a), C.R.S., as amended from time to time, the Official Custodian shall notify the record requester that a copy of the record is available, but will only be sent to the requester once the custodian either receives payment or makes arrangements for receiving payment for all costs associated with records transmission and for all other fees lawfully allowed, unless recovery of all or any portion of such costs or fees has been waived by the Official Custodian, or where prohibited or limited by law. Upon either receiving such payment or making arrangements to receive such payment at a later date, the Official Custodian shall provide the record(s) to the requester as soon as practicable, but no more than three (3) business days after receipt of, or making arrangements to receive, such payment.”

(b) Amendment to Section 5 of the Resolution. Section 5 of the Resolution is hereby deleted in its entirety, and substituted in lieu thereof shall be the following:

“5. The Official Custodian shall not charge a per-page fee for providing records in a digital or electronic format.”

(c) Amendment to Section 7 of the Resolution. Section 7 of the Resolution is hereby deleted in its entirety, and substituted in lieu thereof shall be the following:

“7. All requests for copies or inspection of public records of the District shall be submitted to the Official Custodian in writing. Such requests shall be delivered by the Official Custodian to the District’s legal counsel for review and legal advice regarding the lawful availability of records requested and related matters, including without limitation, whether to deny inspection or production of certain records or information for reasons set forth in Sections 24-72-204(2) and (3), C.R.S., as amended from time to time. The District may, from time to time, designate specific records for which written requests are not required and with respect to which review by legal counsel is not required; i.e., service plans, rules and regulations, minutes, etc. Such designations shall occur in the minutes of the meetings of the District.”

3. Except as expressly set forth herein, the Resolution continues to be effective without modification.

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE TO RESOLUTION NO. 2023-11-____]

RESOLUTION APPROVED AND ADOPTED ON NOVEMBER 10, 2023.

**SKY RANCH METROPOLITAN
DISTRICT NO. 3**

By: _____
President

Attest:

Secretary