

## **Annual Report and Disclosure Form**

### **Sky Ranch Metropolitan District No. 5 (the “District”)**

August 1, 2022

Pursuant to Section XI of the Amended and Restated Service Plan approved by the Board of County Commissioners of Arapahoe County, Colorado (the “**County**”) on December 8, 2020, the District submits the following documents and information to the County for report year 2021:

**1. Boundary changes made or proposed to the District’s boundaries as of December 31 of the prior year.**

Boundary changes were made or proposed in 2021. The updated boundary map is attached hereto as **Exhibit A**.

**2. Intergovernmental Agreements either entered into or proposed as of December 31 of the prior year.**

The following Intergovernmental Agreements were entered into or in 2021, attached hereto as **Exhibit B**:

- Second Amended & Restated Sky Ranch Community Authority Board Establishment Agreement by and between Sky Ranch Metropolitan District No. 1, Sky Ranch Metropolitan District No. 3 and the District, dated August 13, 2021.

The Sky Ranch Community Authority Board (the “CAB”) entered into the following Intergovernmental Agreements in 2021:

- The County/CAB/Developer Funding Agreement, I-70/Watkins and I-70/Monaghan 1601 Interchange Study, Arapahoe County Project Number: C-17-007, with the County and developer (the “1601 Interchange Agreement”), dated June 23, 2020.

**3. A summary of any litigation which involves the District Public Improvements as of December 31 of the prior year.**

The District was not involved in any pending or threatened litigation in 2021.  
The CAB was not involved in any pending or threatened litigation in 2021.

**4. Status of the District’s construction of the Public Improvements as of December 31 of the prior year.**

The CAB directs all construction for the District.

As of Summer 2022, the public improvements in Neighborhood B/Phase 1/Filing Nos. 1, 2, and 3 (which roughly corresponds to the boundaries of Sky Ranch Metropolitan District No. 1 (“District No. 1”)) were completed.

The County issued an initial acceptance letter for certain street and drainage improvements in part 1 of Phase 1 on October 1, 2020 (the “Phase I Streets Initial Acceptance Letter 1”); Rangeview Metropolitan District accepted certain sanitary sewer improvements on February 10, 2020 and July 7, 2020, and certain sanitary sewer and water improvements on July 17, 2020 (collectively, the “Phase I Sewer Initial Acceptance Letters”); the County issued an initial acceptance letter for certain street and drainage improvements in part 2 of Phase 1 on March 29, 2021 (the “Phase I Streets Initial Acceptance Letter 2,” and together with the Phase I Streets Initial Acceptance Letter 1, the Phase I Sewer Initial Acceptance Letters, and the Phase I Streets Initial Acceptance Letter 2, the “Phase I Initial Acceptance Letters.”)

The Phase I Initial Acceptance Letters are attached hereto as **Exhibit C**.

Construction of public improvements for Neighborhoods A&D/Phase II/Filing No. 5 (of which the property in District No. 3 is a part) is ongoing: grading commenced in late 2020/early 2021; wet utilities commenced in Summer 2021; and street and roadways commenced in Fall 2021. Phase II landscaping work is anticipated to commence in Summer 2022.

**5. List of all facilities and improvements constructed by the District that have been dedicated to and accepted by the County as of December 31 of the prior year.**

Please see the Response to No. 4, above.

**6. The assessed valuation of the District for the current year.**

The District’s assessed valuation by the Arapahoe County Assessor is \$649,468.

**7. Current year budget.**

The District’s 2022 Budget is attached hereto as **Exhibit D**.

The CAB’s 2022 Budget is attached hereto as **Exhibit E**.

**8. Audit of the District’s financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.**

The District’s Application for Exemption from 2021 Audit is attached hereto as Exhibit F.

The CAB’s 2021 Audit is attached hereto as Exhibit G.

**9. Any fees, rates, tolls, penalties or charges imposed pursuant to Section 32-1-1001(I), C.R.S., including the amount of any PIF collected by the District.**

The District does not impose fees within its boundaries.

The declarant recorded a PIF against all property within in the Service Area of the Sky Ranch Metropolitan Districts and the CAB, under which it assigned its declarant rights, and the right to receive the PIF revenue, to the District. Under the CABEA, the PIF revenue flows to the CAB. The PIF consists of a retail component and a construction component.

In 2021, the CAB collected \$135,815 in PIF revenue.

The CAB imposes an “O&M Fee” in both District No. 1 and District No. 3 (commencing in February 2022), in the amount of \$50 per lot per month, or \$600 per lot annually. The CAB imposes an administrative fee of \$100 per sale or transfer of any lot. In 2021, the CAB collected \$304,997 in O&M Fees, and \$19,100 in administrative fees.

Commencing in February 2022, the CAB imposes an additional “Alleyway O&M Fee” in the amount of \$9 per month, or \$108 annually, against the residential lots in District No. 3 that have alleyway loading access.

As of December 31, 2021, the CAB did not impose fees (except for the PIF, described above) within the boundaries of the District.

#### **10. Rules or regulations adopted by the District as of December 31 of the prior year.**

The District has not adopted rules and regulations.

The CAB has adopted the following rules and regulations:

- Resolution Acknowledging and Adopting the Covenants, Conditions and Restrictions for Sky Ranch;
- Resolution Regarding Rules and Regulations for Construction Activities;
- Resolution Adopting the Policies and Procedures Governing the Enforcement of the Covenants, Conditions and Restrictions for Sky Ranch;
- Resolution Adopting Design and Landscape Guidelines for Sky Ranch;
- Resolution Regarding Continuing Disclosure Policies and Procedures related to the CAB’s Series 2019 Bonds;
- Resolution Regarding Monthly Financial Processes;
- Facilities Rules and Regulations;
- Resolution Appointing the Architectural Review Committee; and
- Resolution Adopting the Sky Ranch Citizens Committee Bylaws.

Please let us know if you would like copies of the above documents.

#### **11. The amount of all Debt, including any refunding Debt issued by the District.**

As of December 2021, the District had not issued any debt.

In 2019, the CAB issued its \$11,435,000 in Limited Tax Supported District No. 1 Senior Bonds, Series 2019A (Senior Bonds) and \$1,760,000 in Limited Tax Supported District No. 1 Subordinate Bonds, Series 2019B (Subordinate Bonds) (collectively, “Series 2019 Bonds”). The repayment of the CAB’s Series 2019 Bonds are secured by the imposition of ad valorem property taxes within the boundaries of District No. 1, pursuant to a Capital Pledge Agreement by and between the CAB and District No. 1.

The CAB anticipates issuing bonds in 2022 (the “2022 Bonds”), the repayment of which is anticipated to be secured by the imposition of ad valorem property taxes within the boundaries of District No. 3, pursuant to a Capital Pledge Agreement by and between the CAB and District.

**12. The amount of all Developer Loans issued during the prior year, the estimated repayment schedule of such Developer Loans and the total amount of all unpaid Developer Loans as of December 31 of the prior year.**

All Developer Loans are issued through the CAB.

As of December 31, 2021, the aggregate developer advances to the CAB totaled \$25,920,007 in principal and \$1,899,445 in accrued interest, plus an additional \$1,942,111 in principal and \$229,727 in accrued interest under project management services agreements by and between the CAB and developer. A portion of the proceeds from the CAB’s 2022 Bonds is anticipated to repay a portion of the developer advances.

**EXHIBIT A**  
2021 Map of Boundary Changes

**EXHIBIT B**  
Intergovernmental Agreements

**SECOND AMENDED & RESTATED**  
**SKY RANCH COMMUNITY AUTHORITY BOARD ESTABLISHMENT AGREEMENT**

**BY AND BETWEEN**

**SKY RANCH METROPOLITAN DISTRICT NO. 1**

**SKY RANCH METROPOLITAN DISTRICT NO. 3**

**AND**

**SKY RANCH METROPOLITAN DISTRICT NO. 5**

**Dated: August 13, 2021**

<b>Document History</b>	
<b>Document Title/Description</b>	<b>Date</b>
First Amended and Restated CABEA	September 18, 2018
Original CABEA	November 13, 2017

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## SECOND AMENDED & RESTATED SKY RANCH COMMUNITY AUTHORITY BOARD ESTABLISHMENT AGREEMENT

THIS SECOND AMENDED & RESTATED SKY RANCH COMMUNITY AUTHORITY BOARD ESTABLISHMENT AGREEMENT (“CABEA”) is made and entered into this 13th day of August, 2021, by and between SKY RANCH METROPOLITAN DISTRICT NO. 1 (“**District No. 1**”), SKY RANCH METROPOLITAN DISTRICT NO. 3 (“**District No. 3**”), and SKY RANCH METROPOLITAN DISTRICT NO. 5 (“**District No. 5**”) (collectively, the “**CAB Districts**”), each a quasi-municipal corporation and political subdivision of the State of Colorado.

### RECITALS

A. District No. 1 operates pursuant to a Modified Service Plan, which the Board of County Commissioners (the “**BOCC**”) of Arapahoe County, Colorado (the “**County**”) approved on September 14, 2004, as it may be amended from time to time (the “**District No. 1 Service Plan**”).

B. District No. 3, District No. 5, and Sky Ranch Metropolitan District No. 4 (“**District No. 4**”) each operate pursuant to their respective Amended and Restated Service Plans, which the BOCC of the County approved on December 8, 2020, as may be amended from time to time (the “**District No. 3 Service Plan**,” the “**District No. 5 Service Plan**,” or the “**District No. 4 Service Plan**,” as applicable).

C. On December 8, 2020, the BOCC of the County approved the respective Service Plans for Sky Ranch Metropolitan District No. 6 (“**District No. 6**”), Sky Ranch Metropolitan District No. 7 (“**District No. 7**”), and Sky Ranch Metropolitan District No. 8 (“**District No. 8**,” and together, with District No. 6 and District No. 7, the “**New Districts**”), as may be amended from time to time (the “**District No. 6 Service Plan**,” the “**District No. 7 Service Plan**,” or the “**District No. 8 Service Plan**,” as applicable, and together with the District No. 3 Service Plan, District No. 4 Service Plan, and the District No. 5 Service Plan, the “**New Service Plans**”).

D. The District No. 1 Service Plan and the New Service Plans are referred to herein, collectively, as the “**Service Plans**.” The Service Plans are incorporated in this CABEA by reference.

E. As of the date of this CABEA, District No. 4 is in inactive status pursuant to Section 32-1-104(3)(a), C.R.S., and the New Districts are in the process of being organized following BOCC approval of the New Service Plans. District No. 4 and the New Districts are referred to herein, collectively, as the “**Other Districts**.” The CAB Districts and the Other Districts are referred to herein, collectively, as the “**Districts**.” District No. 3, District No. 4, District No. 5, and the New Districts are referred to herein, collectively, as the “**RIM Districts**.”

F. Pursuant to the Colorado Constitution, Article XIV, Sections 18(2)(a) and (b), and Section 29-1-203.5, C.R.S., metropolitan districts may cooperate or contract with each other to provide any function, service or facility lawfully authorized to each, and any such contract may provide for the sharing of costs, the imposition of taxes, and the incurring of debt.

G. The Districts exist for the purpose of designing, acquiring, constructing, installing, financing, operating, and maintaining certain street, traffic and safety controls, water, sanitation, stormwater, parks and recreation, television relay and translation, transportation, and mosquito control, and providing certain services, all in accordance with the Service Plans.

H. The Service Plans disclose and establish the necessity for, and anticipate, one or more intergovernmental agreements between the Districts concerning the financing, construction, operation, and maintenance of Public Improvements (as defined in this CABEA) contemplated in the Service Plans and concerning the provision of services in the community to be served by the Districts.

I. The New Service Plans disclose and establish the necessity for, and anticipate, one or more intergovernmental agreements between the RIM Districts concerning the financing, construction, operation, and maintenance of Regional Improvements (as defined in the New Service Plans) and concerning the provision of services related to the Regional Improvements to be served by the RIM Districts.

J. The Service Plans contemplate that the Districts, with the approval of their electors, would enter into one or more intergovernmental agreements.

K. District No. 1, District No. 3, District No. 4, and District No. 5 previously entered into that certain Memorandum of Understanding dated July 17, 2012 (“**Administrative MOU**”), pursuant to which District No. 1, District No. 3, and District No. 4 engaged District No. 5 to perform “**Administrative Functions**”, as defined in the Administrative MOU, for so long as any of those Districts remained an “Inactive special district” as defined in Section 32-1-103(9.3), C.R.S.

L. Pursuant to Resolution 2017-03-01, Resolution of the Board of Directors of Sky Ranch Metropolitan District No. 1’s Intent to Return to Active Status, which was approved and adopted on March 10, 2017, the Board of Directors for District No. 1 declared that District No. 1 would return to active status.

M. Pursuant to Resolution 2021-02-01, Resolution of the Board of Directors of Sky Ranch Metropolitan District No. 3’s Intent to Return to Active Status, which was approved and adopted on February 12, 2021, the Board of Directors for District No. 3 declared that District No. 3 would return to active status.

N. District No. 1 is a residential district, and District Nos. 3, 6, 7 and 8 are anticipated to be residential districts (collectively, the “**Residential Districts**”). District No. 4 and District No. 5 are anticipated to be commercial districts (collectively, the “**Commercial Districts**”).

O. The CAB Districts wish to provide for a process under which the Other Districts may become parties to this CABEA, upon their return to active status, or upon their organization, as applicable, by amendment of this CABEA.

P. At the following elections of the qualified electors of the applicable District, duly called and held in accordance with law and pursuant to due notice, a majority of those qualified

to vote and voting at such elections, voted in favor of the Districts entering into one or more intergovernmental agreements. To the extent that this CABEA, as such an intergovernmental agreement, constitutes a Debt or a Multi-Fiscal Year Financial Obligation of one or more of the Districts, the same has received voter approval in such election:

<b><u>District</u></b>	<b><u>Date of Election(s)</u></b>
District No. 1	November 2, 2004 November 6, 2012 November 6, 2018
District No. 3	November 2, 2004 November 6, 2012 November 6, 2018 November 3, 2020
District No. 4	November 2, 2004 November 6, 2012 November 6, 2018 November 3, 2020
District No. 5	November 2, 2004 May 8, 2012 November 6, 2018 November 3, 2020

Q. The New Districts anticipate conducting organizational elections on November 2, 2021, during which the qualified electors are anticipated to vote, inter alia, on certain ballot questions regarding intergovernmental agreements and multiple-fiscal year agreements.

R. The Service Plans describe certain Public Improvements to be financed in accordance with general plans of finance described or permitted in the Service Plans, from either: (1) revenues received from the imposition of mill levies within the Districts; (2) revenue received from Development Fees collected by the Districts; or (3) the proceeds of Bonds and other available revenues (including Developer Advances).

S. The New Service Plans describe certain Regional Improvements (as defined in the New Service Plans) to be financed in accordance with the financial plan for the Regional Improvements, as described in the New Service Plans, from either: (1) revenues received from the imposition of the Regional Improvements Mill Levy (as defined in the New Service Plans) by the RIM Districts; or (2) the proceeds of Bonds and other available revenues.

T. The CAB Districts agree that the Public Improvements and Regional Improvements are needed by the CAB Districts and that such Public Improvements and Regional Improvements will benefit the residents and property owners in the CAB Districts in terms of cost, quality, and level of service.

U. The CAB Districts agree the coordinated construction, financing, completion and availability of the Public Improvements and/or Regional Improvements in a coordinated and timely fashion within the CAB Districts' Service Area will promote the health, safety, prosperity, security, and general welfare of the current and future inhabitants and property owners within the CAB Districts and will benefit the inhabitants and property owners within the CAB Districts' Service Area.

V. The CAB Districts desire to establish the Sky Ranch Community Authority Board (the "**CAB**"), which shall plan for, design and construct, furnish, operate and maintain the Public Improvements and shall provide services authorized by the Service Plans, and to which each CAB District shall transfer certain revenues received by such respective CAB District in order to fund the Actual Operation and Maintenance Costs (as defined in this CABEA).

W. Each CAB District has agreed that the CAB will own operate, maintain, finance and construct the Public Improvements throughout the CAB Districts' Service Area, benefiting the CAB Districts, and that each of the CAB Districts will contribute to the costs of construction, operation, and maintenance of such Public Improvements from such respective CAB District's taxes and fees.

X. Each CAB District has agreed that the CAB will own operate, maintain, finance and construct the Regional Improvements throughout the CAB Districts' Service Area, benefiting the CAB Districts, and that each of the RIM Districts will contribute to the costs of construction, operation, and maintenance of such Regional Improvements from such respective CAB District's taxes and fees.

Y. It is the purpose of this CABEA to bind the CAB Districts concerning capital expenditures and operation and maintenance expenses so that the cost of providing facilities and services to the entire development known as Sky Ranch, located in Arapahoe County, Colorado (the "**Development**"), will be shared by the property owners, taxpayers and fee payers in the CAB Districts' Service Area under the numerous circumstances which could occur in the future.

Z. It is the intent of the CAB Districts that Bonds shall be issued by the CAB, from time to time, for the financing of the Public Improvements and Regional Improvements as set forth herein, and that the CAB Districts will pledge certain revenue to the CAB to repay the Bonds.

AA. It is the intent of the CAB Districts that the CAB shall enter into contracts to plan, design, construct and acquire the Public Improvements and the Regional Improvements.

BB. The amount of any Bonds issued by the CAB will be based upon estimates of the capital costs of construction of portions of the Public Improvements and/or Regional Improvements, as applicable, as they are and will be needed to complete the Development, plus reserve funds, capitalized interest, legal fees, and any other costs associated with the financing or refinancing of the Bonds.

CC. The CAB Districts agree that the provision of services and the operation and maintenance of the Public Improvements by the CAB will be financed, primarily, by mill levies imposed by each of the CAB Districts for such purposes.

DD. The CAB Districts agree that the provision of services and the operation and maintenance of the Regional Improvements by the CAB will be financed, primarily, by mill levies imposed by each of the RIM Districts for such purposes.

EE. The CAB Districts desire to set forth their agreement regarding the implementation of guidelines and objectives set forth in the Service Plans for the financing, construction, and operation and maintenance of the Public Improvements and services described in the Service Plans.

FF. The CAB Districts desire to set forth their agreement regarding the implementation of guidelines and objectives set forth in the Service Plans for the financing, construction, and operation and maintenance of the Regional Improvements and services described in the New Service Plans.

GG. The landowner of the property within the Sky Ranch community has executed Covenants, Conditions and Restrictions for Sky Ranch (the “**Declaration**”), which has been recorded in the real property records of the County of Arapahoe, State of Colorado, as may be amended from time to time, which Declaration declares that the Sky Ranch property, as described therein (the “**Property**”), is and shall be subject to the Declaration, as amended from time to time, and shall be owned, held, conveyed, encumbered, leased, improved, used, occupied, enjoyed, sold, transferred, hypothecated, maintained, altered and otherwise enjoyed in accordance with and subject to the covenants and use restrictions contained in the Declaration.

HH. The Declaration provides that CAB shall enforce the provisions of the Declaration with respect to the Property against which the Declaration is recorded.

II. The Declaration further provides for the Sky Ranch design guidelines (the “**Design Guidelines**”) and/or Sky Ranch rules and regulations for covenant enforcement (the “**Covenant Enforcement Rules and Regulations**”) to be promulgated, amended, revised from time to time, administered and enforced by the CAB with respect to the Property against which the Declaration is recorded.

JJ. The Declaration provides that the CAB is authorized to undertake covenant enforcement and design review services with respect to the Property against which the Declaration is recorded, the Design Guidelines, and/or the Covenant Enforcement Rules and



Regulations; provided, however, that any and all revenues used to furnish such covenant enforcement and design review services in accordance with the Declaration, the Design Guidelines and/or the Covenant Enforcement Rules and Regulations must be derived from within the boundaries of the CAB District in which the services are furnished.

KK. To promote efficient administration and enforcement of the Declaration, the Design Guidelines and the Covenant Enforcement Rules and Regulations, the CAB Districts wish to expressly authorize the CAB to exercise the powers of the CAB Districts with respect to covenant enforcement and design review services (the “**Covenant Enforcement Services**”) for the Property.

LL. Each of the CAB Districts has adopted, or intends to adopt, a resolution (i) acknowledging the Districts’ powers to enforce covenants pursuant to state statute and the intention of the Districts to provide for uniform enforcement of the covenants and the uniform provision of design review services and (ii) authorizing their respective representatives on the CAB to implement and facilitate such uniformity in the provision of covenant enforcement and the design review services throughout the Property.

MM. The Districts wish to further define the CAB’s authority to administer and enforce the Declaration, Design Guidelines, and Covenant Enforcement Rules and Regulations for the Property, subject to the terms and conditions set forth in this CABEA.

NN. The CAB Districts previously entered into that certain Sky Ranch Community Authority Board Establishment Agreement dated November 13, 2017, and that certain Amended and Restated Sky Ranch Community Authority Board Establishment Agreement dated September 18, 2018 (as so amended and restated, the “**Amended and Restated CABEA**”), and desire to amend and restate the Amended and Restated CABEA in its entirety.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants in this CABEA, the CAB Districts agree as follows:

## **ARTICLE I : GENERAL PROVISIONS**

1.1 Interpretation. This CABEA shall be subject to the following rules of interpretation:

(a) The terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof,” and any similar terms, refer to this CABEA as a whole, including all exhibits, addendums, and amendments and not to any particular article, section, or subdivision of this CABEA, unless otherwise specifically stated to the contrary.

(b) All definitions and terms shall include both the singular and the plural, and all capitalized words or terms shall have the definitions set forth in the Recitals and Section 2.1.

(c) The captions or headings of this CABEA are for convenience only and in no way define, limit, or describe the scope or intent of any provision, article, or section of this CABEA.

(d) The term “and” can mean “or,” and the term “or can mean “and,” in any provision, article or section of this CABEA.

1.2 Effective Date and Term. This CABEA shall be effective as of the Effective Date and shall continue to be in full force and effect unless each CAB District agrees to terminate this CABEA; provided, however, that no CAB District shall be permitted to terminate this CABEA if there is outstanding Debt. Prior to termination of this CABEA, another governmental entity must assume the Public Improvements owned, and the services performed by, the CAB.

1.3 Inactive or Unorganized Status.

(a) The CAB Districts acknowledge that the Other Districts are inactive or are in the process of being organized, as applicable, and may determine to remain inactive, or initiate inactive status, as applicable, in any one or more of the years this CABEA is in effect. The CAB Districts agree that nothing in this CABEA invalidates or terminates the Administrative MOU as between any inactive District and District No. 5. The CAB Districts acknowledge and anticipate that the Other Districts, upon returning to active status, or upon organization, as applicable, may become a party to this CABEA, and wish to provide a process under which the Other Districts may become parties to this CABEA, as set forth in Section 15.4(a). Purpose and Scope of CABEA. This CABEA shall be governed, in general, by the following provisions in this Section 1.4. The CAB Districts agree that the statements of intention set forth in this Section 1.4 are essential to the proper interpretation of this CABEA and are intended to clarify the general intent of specific provisions contained in this CABEA. The following statements are illustrative of the CAB Districts’ intentions and while they are to be used to construe and govern this CABEA, the statements are not intended to constitute an all-inclusive statement of the intentions of the CAB Districts. Reference shall also be made to the Service Plans for the purpose of construing this CABEA.

(a) The Service Plans describe the individual Districts and contemplate that the Districts will provide services and Public Improvements to serve the Development, and that the RIM Districts will provide services and Regional Improvements to serve the Development. The ability of the Districts to effectively coordinate the provision and financing of these Public Improvements and services as set forth in the Service Plans, and for the RIM Districts to effectively coordinate the provision and financing of the Regional Improvements and services as set forth in the New Service Plans will also serve to effectuate the development of the Development in accordance with the County’s land use regulations and development standards.

(b) The CAB Districts intend to cooperate with one another and with the CAB to effectuate the financing of the operation and maintenance of the Public Improvements and services, and the Regional Improvements and services, as applicable, in a manner that is allocated among the CAB Districts or RIM Districts, as applicable. and the residents and taxpayers of the CAB Districts or RIM Districts, as applicable.

(c) The CAB Districts shall be responsible for the Multiple-Fiscal Year Financial Obligation as set forth in this CABEA to fund the Actual Operations and Maintenance Costs and Actual Capital Costs of the Public Improvements, and the RIM

Districts shall be responsible for the Multiple-Fiscal Year Financial Obligation as set forth in this CABEA to fund the Actual Operations and Maintenance Costs and Actual Capital Costs of the Regional Improvements.

(d) The CAB Districts acknowledge and agree that only the CAB Districts have the right to enforce this CABEA. The CAB Districts expressly declare that no person or entity shall be construed as a third-party beneficiary of this CABEA except the Developer (as defined in this CABEA).

1.5 Incorporation of Recitals. The Recitals set forth above are incorporated into this CABEA by this reference.

## ARTICLE II : DEFINITIONS

2.1 Definitions. As used in this CABEA, unless the context indicates otherwise, the words and terms defined below and capitalized throughout the text of this CABEA shall have the respective meanings set forth below.

(a) “**Act**” shall mean Title 32, Article 1, C.R.S.

(b) “**Actual Capital Costs**” shall mean those costs which are to be incurred by the CAB for the purpose of planning, designing, constructing, financing and acquiring the Public Improvements and/or Regional Improvements, as applicable, including, but not limited to, the following:

(i) All costs of labor and materials attributable to the actual construction or acquisition of the Public Improvements and/or Regional Improvements, as applicable, from Third Persons and all related components and materials used for the Public Improvements, and/or Regional Improvements, as applicable, all costs incurred for the acquisition of water rights, water storage rights, and all other costs or fees due or paid under cost recovery or other agreements with Third Persons, together with all costs incurred to obtain financing for the Public Improvements and/or Regional Improvements, as applicable,;

(ii) All costs attributable to the construction or acquisition of the Public Improvements and/or Regional Improvements, as applicable, or any part or component thereof incurred as a result of change orders approved in accordance with any construction contract;

(iii) All costs incurred for planning, design, engineering, construction, management, landscape architecture and engineering, soil testing and inspection, and line and systems testing and inspection attributable to the Public Improvements, and/or Regional Improvements, as applicable, including legal fees;

(iv) Site, permit and right-of-way or easement acquisition costs, including legal fees;

(v) All bond costs including the principal and redemption price of, and interest and premium on, any Bonds, including any scheduled mandatory or cumulative sinking fund payments and any mandatory redemption or principal prepayment amounts as provided in the bond documents and accumulation or replenishment of any reserves or surplus funds relating to the Debt, customary fees related to the issuance of the Debt (including, but not limited to, fees of a trustee, paying agent, rebate agent, and provider of liquidity or credit facility), remarketing the Debt, and any reimbursement due to a provider of liquidity or credit facility securing any Debt;

(vi) All legal, bond issuance, credit enhancement, accounting, interest costs, and reserve funds incurred in connection with the financing, construction or acquisition of the Public Improvements and/or Regional Improvements, as applicable;

(vii) All costs for Bonds, insurance, construction administration, financial, inspections, appraisals, and other professional fees;

(viii) Any other capital costs, expenses or expenditures associated with the financing, construction or acquisition of the Public Improvements and/or Regional Improvements, as applicable; and

(ix) Reimbursement to the Developer for Developer Capital Advances to fund the items in Section 2.1(b)(i)-(viii), above.

(c) **“Actual Operations and Maintenance Costs”** shall mean the costs incurred by the CAB for the purpose of providing Operation and Maintenance Services to the Public Improvements and/or Regional Improvements, as applicable, and shall include the reimbursement to the Developer of the Developer Operating Advances.

(d) **“Alternate Board Member”** shall mean an alternate CAB Board Member, appointed from among a CAB District’s Board of Directors and authorized to serve on the Board in the event the CAB District’s regular CAB Board Member does not attend a meeting or is no longer qualified to serve. Each CAB District appointing more than one Alternate Board Member shall establish an order according to which each shall be authorized to serve on the CAB Board.

(e) **“Board Meeting”** shall mean a regular or special meeting of the Board Members convened pursuant to Section 3.4 of this CABEA.

(f) **“Board Member”** shall mean a director of the CAB Board.

(g) **“Bonds”** shall mean any general obligation bonds, revenue bonds, refunding bonds, notes, debentures or other evidences of a borrowing that constitute multiple fiscal year obligations under Article X, Section 20 of the Colorado Constitution; provided, however that the definition of Bonds shall not include any of the following: multiple fiscal year obligations established by intergovernmental agreements between and among any one or more of the CAB Districts and/or the CAB; or intergovernmental

agreements between any one of the CAB Districts and/or the CAB and any other government, including, but not limited to, the County.

(h) “**Budget Year**” shall mean the year (immediately following the applicable Planning Year) during which the Actual Operations and Maintenance Costs and Actual Capital Costs are to be incurred.

(i) “**Bylaws**” shall mean any bylaws adopted by the CAB Board, as the same may be amended from time to time. In the absence of any bylaw(s) adopted by the CAB Board or addressing a particular circumstance or interpretation of bylaws adopted by the CAB Board, the CAB Board and any committees established by the CAB Board shall refer to *Robert’s Rules of Order*.

(j) “**CAB**” shall mean the Sky Ranch Community Authority Board established pursuant to this CABEA.

(k) “**CAB Board**” shall mean the Board of Directors of the CAB.

(l) “**CAB Districts**” shall mean all districts formed and operating pursuant to Title 32, C.R.S., which agree to the terms and conditions set forth in this CABEA, and which are unanimously accepted as members of the CAB, including: (i) District No. 1, (ii) District No. 3, (iii) District No. 5, (iv) any of the Other Districts that become parties to this CABEA; and (v) any other district that becomes a party to this CABEA.

(m) “**CAB Manager**” shall mean a professional manager or management company, hired by the CAB Board, who is experienced and knowledgeable in the management of authorities or local governments.

(n) “**CABEA**” shall mean this Second Amended and Restated Sky Ranch District Community Authority Board Establishment Agreement and any exhibits, addendums, and amendments hereto made in accordance with this CABEA.

(o) “**Capital Repair and Replacement Costs**” shall mean those costs related to the non-routine repair and replacement of the Public Improvements and/or Regional Improvements, as applicable, as part of the Actual Operations and Maintenance Costs, which shall be set forth in the Final Budget.

(p) “**Construction**” shall include, but not be limited to, construction, expansion, acquisition, capital maintenance, repair, and replacement of the Public Improvements and/or Regional Improvements, as applicable.

(q) “**Construction Schedule**” shall mean the schedule showing the Public Improvements and/or Regional Improvements, as applicable, planned for Construction to commence during the Budget Year.

(r) “**County**” shall mean Arapahoe County, Colorado.

(s) **“Covenant Enforcement Rules and Regulations”** shall have the same meaning as set forth in Recital DD of this CABEA.

(t) **“Covenant Enforcement Services”** shall have the same meaning as set forth in Recital KK of this CABEA.

(u) **“C.R.S.”** shall mean the Colorado Revised Statutes as such statutes are amended from time to time. In the event of a repeal of a statute cited in this CABEA, the procedure contained in the statute immediately prior to repeal shall apply; provided, however, that if such repealed statute is replaced by another statute, then the new statute shall apply.

(v) **“Debt”** shall mean any Bonds, notes, agreements, instruments, or other obligations issued or incurred by the CAB, and payable from *ad valorem* property taxes of the CAB Districts, and other CAB District revenues, including, but not limited to, fees, rates, tolls and charges or any other multiple-fiscal year financial obligation whatsoever for payment of which any of the CAB Districts has promised to impose an *ad valorem* property tax mill levy.

(w) **“Declaration”** shall have the same meaning as set forth in Recital GG of this CABEA.

(x) **“Design Guidelines”** shall have the same meaning as set forth in Recital DD of this CABEA.

(y) **“Developer”** shall mean Pure Cycle Corporation, a Colorado corporation, or its designated successors and permitted assigns.

(z) **“Developer Advances”** shall mean, collectively, the Developer Capital Advances and the Developer Operating Advances.

(aa) **“Developer Capital Advances”** shall mean funds advanced by the Developer for payment of Actual Capital Costs, including the amounts previously advanced by the Developer for this purpose.

(bb) **“Developer Operating Advances”** shall mean funds advanced by the Developer for payment of Actual Operations and Maintenance Costs including the amounts previously advanced by the Developer for this purpose.

(cc) **“Development”** shall have the same meaning as set forth in Recital Y of this CABEA.

(dd) **“Development Fees”** shall mean fees imposed by vote of the CAB Board and recorded in the real property records of the County, for financing Actual Capital Costs and required to be paid to the CAB prior to the issuance of a building permit.

(ee) **“District Administrative Costs”** shall mean the costs incurred by the CAB Districts directly related to administrative functions of each applicable CAB

District, including, but not limited to, costs related to accounting, audit, insurance, management, and legal, and those costs which are incurred by each applicable CAB District related to administrative functions, plus costs for the audit and insurance.

(ff) **“District Board” or “District Boards”** shall mean the lawfully organized Board or Boards of the CAB Districts, as applicable.

(gg) **“Districts”** shall mean Sky Ranch Colorado Metropolitan District Nos. 1, and 3 through 8, collectively.

(hh) **“Effective Date”** shall mean August 13, 2021.

(ii) **“Event of Default”** shall mean any one or more of the events or the existence of one or more of the conditions set forth in Section 12.1 of this CABEA.

(jj) **“Expanded Notice”** shall mean in addition to notice being posted as required by the Act, notification being provided by one of the following methods: (a) publication in a newspaper circulated within the County; (b) an insert with a monthly utility billing statement; (c) email or comparable then-current technology to all property owners. To constitute an Expanded Notice, publication must be made by one of the foregoing methods no less than thirty (30) days prior to the date of the meeting at which consideration of a final decision on the matter will be considered and not more than sixty (60) days before the date of such meeting. Such Expanded Notice shall include the address of the CAB’s office where the names and addresses of the CAB Members and its officers and the address, telephone number, fax number and email address of the CAB may be obtained.

(kk) **“Fee”** shall mean, collectively: (i) any type of charge to any portion of the Service Area within the CAB for any services, or facilities provided through the CAB; (ii) any fees imposed by the CAB for the Design Review Committee or Enforcement Committee services; or (iii) any other community-wide services or facilities provided through the CAB.

(ll) **“Final Budget”** shall mean the final budget in any year, and as may be amended within the fiscal year, as established and approved by the CAB Board following public hearings for the payment of projected Actual Operations and Maintenance Costs and Actual Capital Costs.

(mm) **“Fine”** shall mean any monetary penalty imposed by the CAB Board due to a violation of the Covenant Enforcement Rules and Regulations, Declaration, or Design Guidelines by such owner or resident of the real property.

(nn) **“Funding Account”** shall mean the account owned, established, and managed by the CAB Board.

(oo) **“Multiple-Fiscal Year Financial Obligation”** shall mean the obligation of the CAB Districts evidenced hereunder, whereby the CAB Districts covenant to pay

their respective shares of the Actual Operations and Maintenance Costs and their respective share of the Actual Capital Costs.

(pp) **“Operations and Maintenance Services”** shall mean those costs incurred in the administration of the CAB, including, but not limited to, the cost of assuring compliance with this CABEA and all applicable statutory and regulatory provisions, the costs of administering the Funding Account, and those tasks, services and functions performed by or on behalf of the CAB or provided to the CAB which are necessary or appropriate in order to operate, maintain or repair and replace the Public Improvements, generally, including, without limitation, costs of labor and materials, management, legal, accounting, construction and other professional services, insurance, bonds, permits, licenses, and other governmental approvals.

(qq) **“PIF”** shall mean any covenant recorded against the property, or a portion of the property, within the Development, requiring payment of a public improvement fee for sales, lodging or construction.

(rr) **“PIF Revenue”** shall mean any revenue collected pursuant to a PIF.

(ss) **“PILOT”** shall mean any covenant recorded against the property, or a portion of the property, within the Development, requiring a payment in lieu of taxes if such property is not subject to ad valorem property taxation.

(tt) **“PILOT Revenue”** shall mean any revenue collected pursuant to a PILOT.

(uu) **“Planning Year”** shall mean the year immediately preceding the corresponding Budget Year.

(vv) **“Plans”** shall mean the plans, documents, drawings, and other specifications prepared by or for the CAB for the Construction of any Public Improvements and/or Regional Improvements, as applicable.

(ww) **“Present”** or **“Present at the Meeting”** shall mean either being physically present at a Board Meeting or attending a Board Meeting via phone or some other electronic device.

(xx) **“Public Improvements”** shall mean those improvements and facilities to be financed and constructed as authorized under the Service Plans necessary for the completion of the Development.

(yy) **“Regional Improvements”** shall have the same meaning as set forth in the New Service Plans.

(zz) **“Regional Improvements Mill Levy”** shall have the same meaning as set forth in the New Service Plans.



(aaa) “**Rules and Regulations**” shall mean those rules and regulations established by the CAB Board governing the operation and use of the Public Improvements and/or Regional Improvements, as applicable, as the same may be amended from time to time.

(bbb) “**Service Area**” shall have the same meaning as set forth in Section 3.2 of this CABEA.

(ccc) “**Service Plans**” shall have the same meaning as set forth in Recital D of this CABEA.

(ddd) “**Specific Ownership Tax Revenues**” shall mean the specific ownership taxes remitted to the CAB Districts, pursuant to Section 42-3-107, C.R.S., or any successor statute, because of its imposition of their respective mill levies.

(eee) “**Terminating District**” shall mean any CAB District that opts to terminate the Covenant Enforcement Services of the CAB and enforce the terms and conditions of the Declaration, Design Guidelines and Covenant Enforcement Rules and Regulations within its own boundaries.

(fff) “**Third Persons**” shall mean any individual, corporation, joint venture, estate, limited liability company, trust, partnership, association, or other legal entity including governmental entities, other than the CAB Districts, the Developer or the CAB.

(ggg) “**Transition Period**” shall mean the period of transition from Covenant Enforcement Services to enforcement of the Declaration, Design Guidelines and Covenant Enforcement Rules and Regulations by the Terminating District within its own boundaries as provided in Section 9.7 of this CABEA.

### **ARTICLE III : ESTABLISHMENT OF AUTHORITY**

3.1 Establishment of Authority. The CAB is organized as a separate legal entity to be a political subdivision and public corporation of the State of Colorado pursuant to the power of Article XIV of the Colorado Constitution and in conformity with the provisions of Sections 29-1-203 and 203.5, C.R.S.

3.2 Service Area. The service area of the CAB shall consist of the combined service area(s) of the CAB Districts, as the same may change from time to time.

3.3 Purpose. The purpose of the CAB is to effectuate the development of the Public Improvements and Regional Improvements for the benefit of the CAB Districts, the residents, users, and property owners, including the Developer. By the establishment of the CAB, the CAB Districts will be able to achieve efficiencies in coordinating the designing, planning, construction, acquisition, financing, and operating and maintaining of the Public Improvements and Regional Improvements. It is the intent that the CAB will provide residents and property owners the opportunity to participate in the Development through representation on the CAB Board, ultimately transitioning from construction and development needs to operations and

maintenance of all the Public Improvements and/or Regional Improvements, as applicable, when development is complete.

3.4 Governing Body. The CAB shall be governed and directed by the CAB Board, according to the following:

(a) Appointment of Board Members by CAB Districts. The Commercial Districts may each appoint up to three (3) Board Members to the CAB Board, and the Residential Districts may each appoint up to one (1) Board Member to the CAB Board.

(b) Eligibility to Serve as a Board Member. To be eligible to be appointed as a Board Member, the candidate must be currently serving on the District Board from which it is being appointed to represent.

(c) Alternate Board Members. Each CAB District may appoint from among its Board of Directors one or more Alternate Board Members to serve as an Alternate Board Member in the event such CAB District's appointed Board Member does not attend a CAB meeting or is no longer qualified to serve.

(d) Vacancies. In the event of a vacancy on the CAB Board, whether by expiration of a term, resignation, by virtue of the fact that the Board Member is no longer qualified to serve on the applicable District Board of Directors, or for any other reason, the applicable CAB District shall appoint a successor Board Member within thirty (30) days of such vacancy.

(e) Contact Notice. Each CAB District shall provide one another and the CAB with written notice of the appointment, and the name and contact information for each Board Member and Alternate Board Member so appointed.

(f) Term. Each Board Member's term on the CAB Board shall be coincident with that Board Member's term on the Board of the District(s) from which the Board Member has been appointed. There shall be no limit on the number of terms a Board Member may serve on the CAB Board.

(g) Compensation. Board Members may receive compensation for their services from the CAB for their service as a Board Member in a manner similar to directors of special districts under the Act. The CAB Board shall adopt a resolution implementing this provision before any compensation is paid to any Board Member.

(h) Meetings.

(i) Regular meetings of the CAB Board shall be held at such place, on such date, and at such time as the CAB Board shall, by resolution or motion, establish from time to time, and in accordance with the requirements for special districts under the Act.

(ii) At least two (2) meetings of the CAB Board shall be held annually.

(iii) Special meetings of the CAB Board may be held at such place, on such day, and at such hour as the CAB Board may determine;

(iv) Notices of all meetings shall be the same as meetings for special districts under the Act except for those matters requiring Expanded Notice as more fully set forth in this CABEA.

(v) Action of the CAB Board shall be taken at a duly noticed regular or special meeting; provided, however, that after the closing on the first sale of a residential unit by a homebuilder to an end user, the following items shall require approval of the CAB Board after providing Expanded Notice and discussion at a minimum of two (2) public meetings prior to approval (approval may be at the second meeting, except for any bona-fide emergency action):

(1) adoption of the Final Budget; or

(2) Issuance of Bonds.

(i) Quorum. A Quorum is established by a majority of Board Members being present at a Board Meeting, which shall mean being either physically present at or Board Meeting or attending a Board Meeting via phone or by some other electronic device (“**Present**” or “**Present at a Meeting**”). If less than a majority of the Board Members then in office is Present at a Meeting, a majority of the Board Members Present shall constitute a quorum for the Meeting. If no Board Members are Present, the Secretary or other officer may continue the Meeting to a different time and place, and in such case the Secretary shall notify absent Board Members of the time and place of such continued Meeting.

(j) Voting Process.

(i) Each Present Board Member or Alternate Board Member shall have one (1) vote; provided however, if the same person is appointed by multiple CAB Districts to serve as Board Member or Alternate Board Member, that person shall only have one (1) vote as a Board Member.

(ii) Each Present Board Member shall vote according to the policy established by the CAB District the Board Member is representing.

(iii) Voting by proxy is prohibited.

(iv) In the event a vacancy is not filled as described in this CABEA, such vacancy shall cause the vote of such vacant Board seat to be waived on any matter coming before the CAB Board and the related voting requirement, if any, shall be reduced until such time as the vacancy is filled.

(k) Conflict Disclosures. All Board Members shall disclose conflicts of interest as required of officers or board members of special districts in accordance with Colorado law, as the same may be amended from time to time.

(l) Oath. Each Board Member shall take an oath of office substantially as required of directors of special districts under the Act.

(m) Officers. The officers of the CAB shall be a President, Vice-President, Secretary, Treasurer and Assistant Secretary (individually, an “**Officer**”, and collectively, the “**Officers**”). In addition to the duties designated by the CAB Board, the duties of the Officers shall include:

(i) The President shall preside at all meetings of the CAB Board and, except as otherwise delegated by the CAB Board or provided in this CABEA, shall execute all legal instruments of the CAB.

(ii) The Vice-President shall, in the absence of the President, or in the event of the President’s conflict or inability or refusal to act, perform the duties of the President and shall have all the powers of and be subject to all restrictions upon the President.

(iii) The Secretary shall maintain the official records of the CAB, including the minutes of meetings of the CAB Board, and a register of the names and addresses of the CAB Districts, Board Members, Alternate Board Members, and Officers and shall issue notice of meetings, attest and affix the corporate seal, as applicable, to all documents of the CAB and perform such other duties as the CAB Board may prescribe from time to time. The Secretary may be an individual other than a CAB Board Member.

(iv) The Treasurer shall serve as financial officer of the CAB.

3.5 Powers. In general, the CAB shall have the power to exercise all powers which are now or may in the future be conferred by law upon a political subdivision and public corporation organized pursuant to Sections 29-1-203 and 29-1-203.5, C.R.S., or essential to the provision of its functions, services, and facilities, subject to such limitations as are or may be prescribed by law or in this CABEA. In accordance with Subsection 29-1-203.5(2)(a), C.R.S., the CAB is expressly authorized to exercise any general power of a special district specified in Part 10 of Article 1 of, Title 32, C.R.S., so long as each of the CAB Districts may lawfully exercise the power; provided, however, that pursuant to Subsection 29-1-203.5(2)(b), C.R.S., the CAB may not levy a tax or exercise the power of eminent domain. The CAB is further authorized to exercise the powers established in Subsection 29-1-203.5(3), C.R.S. To the extent permitted by law and subject to the limitations set forth in this CABEA, powers and duties of the CAB Board, which shall be exercised by approval of a majority of the present and voting Board Members, unless otherwise specified in this CABEA, include, without limitation, the following:

(a) To establish such By-laws, rules, regulations, procedures, and policies as may be reasonably necessary for the administration of the CAB and access to and use of the Public Improvements and/or Regional Improvements, as applicable.

(b) To plan, design, acquire, construct, install, relocate, and/or redevelop, and finance the Public Improvements and/or Regional Improvements, as applicable, according to the procedures set forth in this CABEA.

(c) To own, operate, and manage the Public Improvements and/or Regional Improvements, as applicable, as set forth in this CABEA, and to cooperate with other governmental entities with respect to the Public Improvements and/or Regional Improvements, as applicable.

(d) To collect from the CAB Districts and administer revenues for all such purposes in this CABEA, subject to the terms of this CABEA and limitations of law.

(e) To determine the Actual Operations and Maintenance Costs and Final Budget for the Public Improvements and/or Regional Improvements, as applicable, and the mill levy required to be imposed by each CAB District and/or Rim District, as applicable.

(f) To determine the Actual Capital Costs and Final Budget for the Public Improvements and/or Regional Improvements, as applicable, and the anticipated revenues generated from the CAB Districts pursuant to the pledge set forth below.

(g) To acquire, hold, lease (as lessor or lessee), sell, or otherwise dispose of (subject to the limitations set forth in this CABEA) any legal or equitable interest in real or personal property utilized for the authorized purposes of the CAB.

(h) To conduct the business and affairs of the CAB in the best interests of, and for the benefit of, the CAB Districts and their inhabitants.

(i) To enter into, make, and perform contracts of every kind with the CAB Districts, including the agreements attached to this CABEA, the United States, any state or political subdivision thereof, or any county, city, town, municipality, city and county, any special district formed pursuant to Title 32, C.R.S., or any predecessor thereof, authority, or person or individual, firm, association, partnership, corporation, or any other organization of any kind with the capacity to contract for any of the purposes contemplated under this CABEA.

(j) To set Fees, rates, tolls, and charges and penalties.

(k) To employ agents and employees, and engage accountants, attorneys, engineers, and other consultants and to appoint officers of the CAB.

(l) To sue and be sued in the name of the CAB.

(m) To have and use a corporate seal.

(n) To report to the CAB Districts on the progress of plans for and development of the Public Improvements and/or Regional Improvements, as applicable.

(o) To keep minutes of the CAB Board's meetings.

(p) To ensure compliance with all Colorado statutes that apply to the CAB, including the provisions of Parts 1 (Local Government Budget Law of Colorado), 5

(Local Government Uniform Accounting Law), and 6 (Local Government Audit Law) of Article 1, Title 29, C.R.S.

#### **ARTICLE IV : ADMINISTRATIVE SERVICES**

4.1 Administrative Services. The CAB shall perform the following administrative services for each CAB District:

- (a) Serving as the “official custodian” and repository for the CAB Districts’ records, files space, incidental office supplies and photocopying, meeting, and reception services.
- (b) Coordination of all Board meetings, to include:
  - (i) Preparation and distribution of agenda and information packets;
  - (ii) Preparation and distribution of meeting minutes;
  - (iii) Attendance at Board meetings;
  - (iv) Preparation, filing, and posting of legal notices required in conjunction with the meeting; and
  - (v) Other details incidental to meeting preparation and follow-up.
- (c) Ongoing maintenance of an accessible, secure, organized, and complete filing system for the CAB Districts’ official records.
- (d) Monthly preparation of checks and coordination of postings.
- (e) Periodic coordination for financial report preparation and review of financial reports.
- (f) Insurance administration, including evaluating risks, comparing coverage, processing claims, completing applications, monitoring expiration dates, processing routine written and telephone correspondence, etc. Ensure that all contractors and subcontractors maintain required coverage for the applicable CAB District’s benefit.
- (g) Election administration, including preparation of election materials, publications, legal notices, pleadings, conducting training sessions for election judges and generally assisting in conducting elections.
- (h) Budget preparation, including preparation of proposed budgets, preparation of required and necessary publications, legal notices, resolutions, certifications, notifications, and correspondence associated with the adoption of the annual budget and certification of the tax levies.
- (i) Response to inquiries, questions, and requests for information from the applicable CAB District’s property. and residents and others.

(j) Drafting proposals, bidding, contract and construction administration, and supervision of contractors.

(k) Analysis of financial condition and alternative financial approaches and supervision of contractors.

(l) Oversee investment of each CAB District's funds based on investment policies established by the CAB Districts' Boards in accordance with State and federal law.

(m) Provide liaison and coordination with other governments.

(n) Coordinate activities and provide information as requested to external auditors engaged by the CAB Districts' Boards.

(o) Coordinate legal, accounting, engineering, and other professional services to the CAB Districts.

(p) Perform other services with respect to the operation and management of each CAB District as requested by the applicable CAB District's Board.

In addition to these services, when other services are, in the professional opinion of the CAB Board, necessary, the CAB may, with the approval of a CAB District, provide professional services to such CAB District in lieu of retaining consultants or contractors to provide those services.

## **ARTICLE V : FINANCING OF PUBLIC IMPROVEMENTS AND REGIONAL IMPROVEMENTS**

### **5.1 Electoral Approval.**

(a) Each of the CAB Districts has authorized, through the affirmative vote of their respective voting electors, the issuance of debt, fiscal year spending, Multiple-Fiscal Year Financial Obligations, revenue collections, and other constitutional matters requiring voter approval for purposes of this CABEA, as well as the Construction of the Public Improvements, in accordance with law and pursuant to due notice.

(b) Each of the RIM Districts has authorized, through the affirmative vote of the their respective voting electors, the issuance of debt, fiscal year spending, Multiple-Fiscal Year Financial Obligations, revenue collections, and other constitutional matters requiring voter approval for purposes of this CABEA, as well as the Construction of the Regional Improvements, in accordance with law and pursuant to due notice.

**5.2 Bond Issuance, Debt, or Multiple-Fiscal Year Financial Obligation Incurrence.**  
Each CAB District shall use its best efforts to meet its funding obligations under this CABEA through the imposition of mill levies and the imposition and collection of Development Fees for payment on the CAB's Bonds. With regard to the financing of the Actual Capital Costs of the Public Improvements and or Regional Improvements, as applicable, as determined by the CAB

Board and required for the phasing and build-out of the Development, the CAB Districts agree that the CAB shall issue Bonds. Other than the pledge agreements entered into between the CAB Districts and the CAB to support the repayment of the Bonds issued by the CAB, the CAB Districts shall not issue any Bonds or contractually commit to any multiple-fiscal year obligations. The CAB Districts acknowledge that, from time to time, the Developer will advance funds to the CAB to assure the CAB has sufficient funds to meet the CAB's Actual Operation and Maintenance Costs. The CAB shall be authorized to enter into service agreements and funding and reimbursement agreements with the Developer, on behalf of all the CAB Districts, for repayment of such obligations in reliance on the CAB Districts' pledge of revenues to the CAB as set forth in this CABEA.

5.3 Financial Obligations. The CAB shall have the authority to issue Bonds, notes, or other financial obligations payable solely from revenue derived from one or more of the functions, services, systems, or facilities of the CAB, from money received under contracts entered into by the CAB, or from other available money of the CAB. The terms, conditions, and details of Bonds, notes, or other financial obligations, including related procedures and refunding conditions, must be set forth in the resolution of the CAB Board authorizing the Bonds, notes, or other financial obligations and must, to the extent practical, be substantially the same as those provided in Part 4 of Article 35, Title 31, C.R.S., relating to water and sewer revenue bonds; except that the purposes for which the same may be issued are not limited to the financing of water or sewage facilities. Bonds, notes, or other financial obligations issued under this Section are not an indebtedness of the CAB or the cooperating or contracting parties within the meaning of any provision or limitation specified in the Colorado Constitution or statutes. Each Bond, note, or other financial obligation issued under this Section must recite in substance that it is payable solely from the revenues and other available funds of the CAB pledged for the payment thereof and that it is not a debt of the CAB or the cooperating or contracting parties within the meaning of any provision or limitation specified in the Colorado Constitution or statutes. Notwithstanding anything in this Section to the contrary, Bonds, notes, and other obligations may be issued to mature at such times not beyond forty (40) years from their respective issue dates, shall bear interest at such rates, and shall be sold at, above, or below the principal amount thereof, at a public or private sale, all as determined by the CAB Board. Interest on any Bond, note, or other financial obligation issued under this Section is exempt from taxation except as otherwise may be provided by law. The resolution, trust indenture, or other security agreement under which Bonds, notes, or other financial obligations are issued is a contract with the holders thereof and may contain such provisions as the CAB Board determines to be appropriate and necessary in connection with the issuance thereof and to provide security for the payment thereof, including, without limitation, any mortgage or other security interest in revenue, money, rights, or property of the CAB. The provisions of this Section shall apply to any Bonds issued by the CAB.

(a) The proceeds of any Bonds, the interest on which is intended to be excludable from gross income of the bondholders thereof for federal income tax purposes, shall be used solely to finance items that will not adversely affect the exclusion of such interest from such gross income.

(b) The CAB Districts acknowledge that the CAB may enter into pledge agreements with one or more CAB Districts, pursuant to which such CAB District(s) will



be obligated to impose ad valorem property taxes for the payment of obligations issued by the CAB to fund Actual Capital Costs of Public Improvements. Notwithstanding any other provision contained in this CABEA, for so long as there remains in effect between the CAB and any CAB District such a pledge agreement, the provisions of such pledge agreement shall supersede every financial obligation of such CAB District under this CABEA with respect to the funding of Actual Costs of Public Improvements and the repayment of Developer advances to fund the cost of Operations and Maintenance Services, any provisions of this CABEA purporting to require such CAB District to impose ad valorem property taxes, collect Development Fees, or otherwise pay moneys to the CAB to fund Actual Capital Costs of Public Improvements shall be of no force and effect during the terms of such pledge agreement, and the application of any moneys to be imposed, collected, or received by the CAB District under such pledge agreement for the purpose of funding Actual Capital Costs of Public Improvements shall be governed solely by the terms of such pledge agreement.

(c) The RIM Districts acknowledge that the CAB may enter into pledge agreements with one or more RIM Districts, pursuant to which such RIM District(s) will be obligated to impose ad valorem property taxes for the payment of obligations issued by the CAB to fund Actual Capital Costs of Regional Improvements. Notwithstanding any other provision contained in this CABEA, for so long as there remains in effect between the CAB and any RIM District such a pledge agreement, the provisions of such pledge agreement shall supersede every financial obligation of such RIM District under this CABEA with respect to the funding of Actual Costs of Regional Improvements and the repayment of Developer advances to fund the cost of Operations and Maintenance Services, any provisions of this CABEA purporting to require such RIM District to impose ad valorem property taxes, collect Development Fees, or otherwise pay moneys to the CAB to fund Actual Capital Costs of Regional Improvements shall be of no force and effect during the terms of such pledge agreement, and the application of any moneys to be imposed, collected, or received by the RIM District under such pledge agreement for the purpose of funding Actual Capital Costs of Regional Improvements shall be governed solely by the terms of such pledge agreement.

(d) The CAB Districts acknowledge that the CAB may enter into pledge agreements with one or more CAB Districts, pursuant to which such CAB District(s) will be obligated to impose ad valorem property taxes for the payment of the cost of Operations and Maintenance Services and to fund obligations issued by the CAB to reimburse Developer advances to fund the cost of Operations and Maintenance Services. Notwithstanding any other provision contained in this CABEA, for so long as there remains in effect between the CAB and any CAB District such a pledge agreement, the provisions of such pledge agreement shall supersede every financial obligation of such CAB District under this CABEA with respect to the funding of Operations and Maintenance Services and the repayment of Developer advances to fund the cost of Operations and Maintenance Services any provisions of this CABEA purporting to require such CAB District to impose ad valorem property taxes, collect Fees, or otherwise pay moneys to the CAB to fund Operations and Maintenance Services shall be of no force and effect during the terms of such pledge agreement, and the application of any moneys to be imposed, collected, or received by the CAB District under such pledge

agreement for the purpose of funding the cost of Operations and Maintenance Service shall be governed solely by the terms of such pledge agreement.

#### 5.4 Funding Account.

(a) Prior to or upon the execution of this CABEA, the CAB Board will establish the Funding Account.

(b) All revenue received by the CAB Districts and/or RIM Districts, as applicable, will be transferred to the CAB for deposit in the Funding Account and application in accordance with the Final Budget for the Budget Year. Notwithstanding the foregoing, if any Bond document with respect to any outstanding obligations of any CAB District requires revenue to be deposited directly with a bond trustee or other Third-Person, the applicable CAB District(s) shall be entitled to make such payments, and the failure to deposit such funds into the Funding Account shall not be considered a default under this CABEA. The CAB District(s) making such deposits shall provide the remaining CAB Districts with appropriate supporting documentation evidencing that such deposits are being made in a timely manner.

(c) The CAB shall, pursuant to the CAB Districts' respective Final Budgets, deposit the required portion of revenues from Development Fees, revenue Bond proceeds, and any other revenues received from other sources, including Developer Capital Advances, into the Funding Account.

(d) Each CAB District acknowledges that the CAB may borrow funds for deposit into the Funding Account in reliance on each CAB District's covenants to comply with the requirements of this CABEA.

5.5 Disbursement of Funds. The CAB Board shall have the sole authority to withdraw monies from the Funding Account for use in the payment of Actual Capital Costs and Actual Operations and Maintenance Costs as specified by the Final Budget for the CAB. Such funds, together with any interest thereon, shall be used only to pay Actual Capital Costs and Actual Operations and Maintenance Costs incurred by the CAB. The CAB shall provide each CAB District with an annual audit reflecting funds withdrawn and payments made from the Funding Account.

5.6 Interest on Bonds. With respect to the CAB Bonds, the CAB Districts and/or RIM Districts, as applicable, covenant they will not take any action or omit to take any action, if such action or omission would cause the interest on such Bonds to lose such any of the following applicable exclusion(s):

(a) exclusion from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Tax Code");

(b) exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustments applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income; or

(c) exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present State law.

Without limiting the generality of the foregoing, the CAB shall maintain such records regarding the investment of the proceeds of any Bonds that are issued by the CAB to fulfill any rebate obligations pursuant to Section 148 of the Tax Code. The foregoing covenant shall remain in full force and effect, notwithstanding the payment in full or defeasance of the Bonds, until the date on which all obligations of the CAB in fulfilling the above covenant under the Tax Code and State law have been met.

5.7 Pledge of Payment. The CAB Districts and/or RIM Districts, as applicable, acknowledge that the CAB Board will determine the Actual Capital Costs and the Actual Operations and Maintenance Costs and will determine the mill levy that, if imposed by the CAB Districts and/or RIM Districts, as applicable, and together with project Fee revenue, would be sufficient to pay such Actual Capital Costs and Actual Operations and Maintenance Costs. The CAB Districts and/or RIM Districts, as applicable, further agree to impose such mill levies as are determined by the CAB Board to be sufficient, together with projected Fee revenue, to pay Actual Capital Costs and Actual Operations and Maintenance Costs. The financial obligations of the CAB Districts and/or RIM Districts, as applicable, to remit CAB District revenues to the CAB to fund the Actual Capital Costs and the Actual Operations and Maintenance Costs under this CABEA shall be Multiple-Fiscal Year Financial Obligations of each CAB District and/or RIM District, as applicable, payable from ad valorem property taxes generated as a result of the certification by each CAB District of a debt service and an operations mill levy and any revenue derived from Development Fees or other Fees, rates, tolls, or other charges of the CAB Districts, and/or certification by each RIM District of a Regional Improvements Mill Levy. The full faith and credit of each CAB District and/or RIM District, as applicable, as limited by this CABEA, is hereby pledged to the punctual payment of the amounts to be paid under this CABEA. Such amounts shall, to the extent necessary, be paid out of the general revenues of each CAB District and/or RIM District, as applicable, or out of any funds available for that purpose.

For the purpose of raising such general revenues, and for the purpose of providing the necessary funds to make payments under this CABEA as the same become due, the Board of each CAB District and/or RIM District, as applicable, shall annually determine, fix, and certify a rate of levy for ad valorem property taxes to the County, which when levied on all of the taxable property of such CAB District, shall raise direct ad valorem property tax revenues which, when added to other funds of the CAB District legally available therefore, will be sufficient to promptly and fully pay the amounts to be paid under this CABEA, as well as all other Multiple-Fiscal Year Financial Obligations or general obligation indebtedness of such CAB District, as the same become due. Except as limited in this CABEA, each CAB District and/or RIM District, as applicable, covenants to levy such mills which are from time to time lawful, and as necessary, together with other moneys of the CAB District and/or RIM District, as applicable, to pay the amounts to be paid under this CABEA, along with all other general obligation indebtedness or Multiple-Fiscal Year Financial Obligations of the CAB District and/or RIM District, as applicable.

Notwithstanding anything to the contrary set forth in this CABEA, no CAB District and/or RIM District, as applicable, shall be obligated to impose a mill levy in excess of what is allowable under its Service Plan.

5.8 Effectuation of Pledge; Appropriation; Regulatory Amendment. Except as limited by this CABEA, the amounts to be paid under this CABEA are hereby appropriated for that purpose, and such amounts shall be included in the annual budgets and the appropriation resolutions or measures to be adopted or passed by the Board of each CAB District and/or RIM District, as applicable, in each year this CABEA remains in effect. The CAB Board shall direct the mill levy to be imposed each year by the CAB Districts and/or RIM District, as applicable. No provisions of any constitution, statute, resolution, or other measure enacted after the execution of this CABEA shall in any manner be construed as limiting or impairing the obligations of a CAB District and/or RIM District, as applicable, to levy, administer, enforce, and collect the ad valorem property taxes and other revenues required for the payment of its obligations under this CABEA.

It shall be the duty of the Board of each CAB District and/or RIM District, as applicable, annually, at the time and in the manner provided by law for the levying of such CAB District's and/or RIM District's, as applicable, taxes, to ratify and carry out the provisions of this CABEA regarding the levy and collection of the *ad valorem* property taxes specified under this CABEA, and to require the officers of the CAB District and/or RIM District, as applicable, to cause the appropriate officials of the County, to levy, extend, and collect such taxes in the manner provided by law.

5.9 CAB Reliance; Funding Obligations Pending Dispute Resolution. Each CAB District agrees that its authority to modify this CABEA is limited so as to prohibit a repeal of the obligations set forth in this CABEA. The CAB Districts each agree, notwithstanding any fact, circumstance, dispute, or any other matter, that they will not take or fail to take any action which would delay a payment to the CAB or impair the CAB's ability to receive payments due under this CABEA. Each CAB District acknowledges that the CAB may issue revenue Bonds and the CAB may obtain financial commitments and security for its Bonds from Third-Parties, all of whom shall be relying on performance of the payment obligations of the CAB Districts and/or RIM District, as applicable, under this CABEA. The purpose of this Section is to ensure that the CAB receives all payments due under this CABEA in a timely manner so that the CAB may pay Actual Capital Costs and Actual Operations and Maintenance Costs. Notwithstanding that the bondholders are not in any manner Third-Party beneficiaries of this CABEA, and do not have any rights in or rights to enforce or consent to amendment of this CABEA, each CAB District and/or RIM District, as applicable, agrees that during the pendency of any litigation which may arise under this CABEA, all payments shall be made by such CAB District and/or RIM District, as applicable, for the purpose of enabling the CAB to make payments on its Bonds. If a CAB District and/or RIM District, as applicable, believes it has valid defenses, setoffs, counterclaims, or other claims, it shall make all payments to the CAB as described in this CABEA and attempt to seek to recover such payments by actions at law or in equity for damages or specific performance.

5.10 Parameters for Bond Issuance. Unless otherwise previously approved in writing by the County, all Bonds issued by the CAB shall be subject to the applicable provisions of the CAB Districts' Service Plans.

## **ARTICLE VI : CONSTRUCTION OF PUBLIC IMPROVEMENTS AND REGIONAL IMPROVEMENTS**

6.1 Construction and Acquisition of Public Improvements. The CAB shall have the right and power to construct and acquire all Public Improvements and/or Regional Improvements, as applicable, pursuant to a process and procedure set forth in the Bylaws, if any, and as provided in this CABEA.

6.2 Diligence. If required by the Act, or any agreement between the CAB or the CAB Districts and another governmental entity, a contract for construction of approved Public Improvements and/or Regional Improvements, as applicable, shall be publicly bid and approved at a public meeting.

6.3 Public Improvements and Regional Improvements Process. Prior to the approval of a construction contract for approved Public Improvements and/or Regional Improvements, as applicable:

(a) The CAB Board shall also determine the operations and maintenance and repair and replacement costs associated with such Public Improvements and/or Regional Improvements, as applicable, for purposes of the impact on the operations and maintenance budget in the current and future years. The CAB Board shall schedule, phase, and configure the Public Improvements and/or Regional Improvements, as applicable, to adequately and economically provide for the needs of the CAB Districts' and/or RIM Districts', as applicable, residents and property owners, and as development demands require.

(b) The CAB shall obtain all necessary governmental approvals, and exercise reasonable efforts to comply and cause its designated contractors to comply with Colorado and other applicable rules, laws, regulations and orders.

(c) The CAB shall cause Construction of the Public Improvements and/or Regional Improvements, as applicable, to be commenced on a timely basis, subject to receipt of all necessary governmental approvals and the terms of this CABEA.

(d) The CAB shall make available during normal business hours to the CAB Districts copies of any and all Construction contracts and related documents concerning the Public Improvements and/or Regional Improvements, as applicable, and shall deliver copies of such documents to the requesting CAB District following receipt of a written request. The CAB shall diligently and continuously prosecute to completion the Construction of the Public Improvements and/or Regional Improvements, as applicable.

(e) The CAB Board shall have the authority to approve non-material changes or modifications to construction contracts, in accordance with any adopted CAB Board resolution, between CAB Board meetings and as necessary to diligently pursue

Construction activities; provided, however, that any such change shall be ratified at the next Board Meeting.

(f) In case of emergencies, the CAB Board may approve contracts which shall be ratified at the next CAB Board meeting, so long as it facilitates Construction of the Public Improvements and/or Regional Improvements, as applicable, within the Final Budget.

6.4 County Requirements. The facility and service standards of the CAB shall be compatible with those of the County and such other governmental entities as may be applicable.

## **ARTICLE VII : OWNERSHIP AND DEDICATION OF PUBLIC IMPROVEMENTS AND REGIONAL IMPROVEMENTS; OPERATIONS AND MAINTENANCE SERVICES**

7.1 Ownership of Public Improvements and Regional Improvements. The CAB shall own, operate and maintain all Public Improvements and/or Regional Improvements, as applicable, unless and until any of such Public Improvements and/or Regional Improvements, as applicable, are dedicated to the County or another appropriate governmental entity for perpetual ownership and maintenance. The CAB Districts hereby transfer and assign to the CAB all interests in real estate contracts, and the CAB Districts agree to execute all deeds and other documents necessary to evidence this transfer and conveyance.

7.2 Transfer of Public Improvements and Regional Improvements. Except as may be required by law, the County, Rangeview Metropolitan District, any other jurisdiction that will be accepting the completed improvement for ownership, operations or maintenance, or under the Service Plans, the CAB shall not transfer Public Improvements and/or Regional Improvements, as applicable, to another entity without the express written consent of the CAB District Boards or RIM District boards, as applicable.

7.3 Operations and Maintenance Services. Within the constraints of the Final Budget and appropriations for such purposes, the CAB Board shall supervise and cause to be performed all Operation and Maintenance Services, regardless of location, including, but not limited to, the following:

- (a) Draft proposals, bidding (if required by laws applying to special districts), contracts, and provide contract administration and supervision of service providers;
- (b) Supervise and ensure contract compliance by all service contractors, including the establishment and maintenance of preventive maintenance programs;
- (c) Procure all inventory, parts, tools, equipment and other supplies necessary to perform the services required;
- (d) Retain service providers and professional services to perform duties including, but not limited to, the following:

- (i) Operations and maintenance, including mosquito, weed and animal control;
- (ii) Cooperation with State, County and Federal authorities in providing such tests as are necessary to maintain compliance with appropriate governmental standards;
- (iii) Permitting and supervision of the connection of lines to private developments;
- (iv) Coordinate Construction with various utility companies to ensure minimum interference with CAB maintenance responsibilities and assets owned by the CAB;
- (v) Perform routine maintenance and repairs necessary to continue the efficient operation of assets;
- (vi) Provide for the services of subcontractors necessary to maintain and continue the efficient operation of assets; and
- (vii) Provide for emergency preparedness, consisting of a centralized telephone number maintained to provide adequate response to emergencies.

7.4 CAB Manager. The CAB may hire or engage a CAB Manager to assist in the implementation of the Operations and Maintenance Services.

- (a) The Actual Operations and Maintenance Costs shall be determined during the budget process.
- (b) The CAB shall make available copies of all service contracts to the CAB Districts.
- (c) Any agreement governing a CAB Manager's agency with respect to Bond financed Public Improvements and/or Regional Improvements, as applicable, shall comply with all applicable federal income tax requirements if interest on the Bonds is intended to be excluded from gross income of the bondholders for federal income tax purposes.

## **ARTICLE VIII : BUDGET PROCESS**

8.1 Adoption. The CAB Board shall establish an annual budget process. At a minimum, the CAB budget process shall require the CAB to furnish to each CAB District the following: An accounting of any estimated carryover balances from prior years; and

- (b) A proposed schedule for deposits based on the expected timing for receipt of funds generated from (i) the CAB Districts' *ad valorem* property taxes and specific ownership taxes; (ii) Developer Capital Advance(s) and Developer Operating Advances

to the CAB or CAB Districts; and/or (iii) other rates, Development Fees, other Fees, tolls, and other charges that may be imposed by the CAB or any of the CAB Districts from time to time in accordance with State law.

1.2 Annual Appropriation. On or before December 10th of each year throughout the term of this CABEA, each of the CAB Districts and the CAB agree to budget and appropriate funds for ensuing year in the amount sufficient to pay for the costs and expenses necessary to undertake the services.

8.2 Final Budge. The Final Budget may be amended from time to time in accordance with State law, to reflect changes in actual revenues and/or expenses, utilizing the same process and requirements set forth in this Section, except that the CAB Board may establish alternative reasonable time periods for preparation, review, and approval of proposed budget amendments. Any Final Budget processed and approved in accordance with this Section shall be known as an “Amended Final Budget”.

In the event that funding provided by any CAB District to the CAB exceeds the amount owed by that CAB District according to the Amended Final Budget, the balance may be carried over and credited against the anticipated funding obligation of such CAB District for the following year as identified by the Preliminary Budget Documents

## **ARTICLE IX : COVENANT ENFORCEMENT AND ARCHITECTURAL REVIEW**

9.1 Declaration Delegation to CAB. During the term of this CABEA, the CAB Districts assign to the CAB all duties, rights and obligations delegated to the CAB or CAB Districts by the Declaration, Design Guidelines, and Covenant Enforcement Rules and Regulations, all as may be amended, with respect to the Covenant Enforcement Services. Specifically, with respect to each document, the CAB is authorized as follows:

(a) Declaration. On behalf of the CAB Districts that have property within their boundaries on which the Declaration has been recorded, the CAB Board shall be charged with promulgating, amending, and revising, from time to time, the Design Guidelines and promulgating additional and/or supplemental design guidelines (including with respect to specific portions of the Sky Ranch property) as authorized by the Declaration. The District Board(s) of CAB Districts that have property within their boundaries on which the Declaration has been recorded shall adopt and promulgate the Design Guidelines and Covenant Enforcement Rules and Regulations. The CAB Districts authorize the CAB Board to enforce any and all use restrictions, as set forth in the Declaration and to take any and all actions provided for in the Declaration on behalf of the CAB Districts without regard to which CAB District the subject property is included.

(b) Architectural Review Committee. The CAB Districts acknowledge that general administration of the Design Guidelines is assigned by the Declaration to the Architectural Review Committee (“ARC”), as such committee is more particularly described in the Declaration and Covenant Enforcement Rules and Regulations. The CAB Board shall appoint not less than three (3) members to the ARC. The CAB



Districts acknowledge that general administration of the covenants, rules, and regulations set forth in the Declaration is assigned by the Declaration to the ARC.

(c) Imposition of Fees and Fines Related to Declaration. The CAB Board may adopt and impose appropriate Fees and Fines related to the activities of the ARC and to otherwise implement the provisions of the Declaration and this CABEA.

(d) Independent Contractors. The CAB Districts agree and acknowledge that at any time during the term of this CABEA the CAB Board may engage one or more Third-Party independent contractors to carry out and enforce all or a portion of the provisions of the Declaration, the Design Guidelines, the Covenant Enforcement Rules and Regulations and any supplemental documents and agreements related to the provision of the Covenant Enforcement Services. Any such contractors shall be engaged under the sole direction and control of the CAB Board.

9.2 Covenant Enforcement Area and Revenue. During the term of this CABEA, the CAB is authorized to undertake the Covenant Enforcement Services within the boundaries of the CAB Districts to the extent that the real property within such boundaries is subject to the Declaration, the Design Guidelines and/or the Covenant Enforcement Rules and Regulations; provided, however, that any and all revenues used to furnish the Covenant Enforcement Services in accordance with the Declaration, the Design Guidelines and the Covenant Enforcement Rules and Regulations must be derived from within the boundaries of the District in which the Covenant Enforcement Services are furnished. By way of illustration, revenue furnished for the administration of the Declaration, the Design Guidelines and the Covenant Enforcement Rules and Regulations within the boundaries of District No. 1 shall be derived from revenue collected from ad valorem property taxes imposed within the boundaries of District No. 1 or from within a smaller portion of such area to the extent such position is the sole recipient of the Covenant Enforcement Services provided.

9.3 Records and Reports. Throughout the term of Covenant Enforcement Services by the CAB Board, the CAB shall maintain and preserve books, documents, papers, and records of any Third-Party contractors or service providers providing services on behalf of the CAB, which are directly pertinent to the Covenant Enforcement Services and shall make available the same to the CAB Districts and any of their authorized representatives upon request at all reasonable times for the purpose of making audits and examinations.

9.4 Costs. Costs incurred by the CAB in the provision of Covenant Enforcement Services shall be considered Actual Operations and Maintenance Costs for purposes of this CABEA.

9.5 Appellate Body. The CAB Districts acknowledge that the CAB Board may create an appellate board to review the decisions of the ARC. Any appellate board may consist of a subset of the CAB Board members or all CAB Board members.

9.6 Other Committees. The CAB Board may organize and provide for the administration of such other boards, committees, and subcommittees as it deems reasonable and appropriate.

9.7 Termination of Covenant Enforcement Services and Transition of Responsibilities.

(a) Any CAB District may elect to terminate the CAB's Covenant Enforcement Services within such CAB District's boundaries with or without cause; provided, however, that in such event the terminating CAB District shall be compelled to administer and enforce the Declaration, Design Guidelines and Covenant Enforcement Rules and Regulations within its own boundaries. In such case, the written resolution of the Board of Directors of the Terminating District shall establish a Transition Period of ninety (90) to one hundred twenty (120) days to unwind the mutual covenants of this CABEA related to the Covenant Enforcement Services. During such transition period, the Terminating District agrees to work cooperatively with the CAB and the CAB Districts to develop and execute transition procedures that minimize impact to the CAB Districts' property owners.

(b) To the extent it is possible to assess whether excess funds of the Terminating District will remain under the CAB's control following the termination of Covenant Enforcement Services by the CAB, the CAB shall transmit any funding overage to the Terminating District during the Transition Period. In the event that the end balance for the Terminating District's funding of the Covenant Enforcement Services cannot be determined during the Transition Period, the CAB shall transmit any excess funds of the Terminating District remaining on the CAB's books to the Terminating District no later than January 31st of the year following the year in which Covenant Enforcement Services are terminated.

(c) During the Transition Period, the CAB shall transmit any and all books, documents, papers and records related to Covenant Enforcement Services provided for the benefit of the Terminating District to such CAB District. The CAB shall also retain copies of such books, documents, papers and records.

(d) Upon termination of the CAB's Covenant Enforcement Services, any Terminating District shall administer and enforce the Declaration, Design Guidelines and Covenant Enforcement Rules and Regulations within its own boundaries, and any and all revenues used to furnish such services shall continue to be derived from within the boundaries of the CAB District in which the services are furnished.

**ARTICLE X : SPECIAL PROVISIONS**

10.1 Rights of the CAB. Subject to the limitations of this CABEA, the CAB Districts grant the CAB the right to construct, own, use, connect, disconnect, modify, renew, extend, enlarge, replace, convey, abandon or otherwise dispose of any and all real property, Public Improvements and/or Regional Improvements, as applicable, or appurtenances thereto, and any and all other interests in real or personal property or otherwise, within the control of the CAB Districts to enable the CAB to provide the Public Improvements and/or Regional Improvements, as applicable, and Operations and Maintenance Services. The CAB Districts grant to the CAB the right to occupy any place, public or private, which the CAB Districts might occupy for the purpose of fulfilling the obligations of the CAB as set forth in this CABEA. To implement the

foregoing, the CAB Districts agree to exercise such authority, to do such acts, and to grant such easements as may be reasonably requested by the CAB; provided that, any legal, engineering, technical or other services required, or costs incurred, for the performance of this obligation shall be performed by a Person in the employment of or under contract with, and paid by, the CAB.

10.2 Right to Provide Public Improvements, Regional Improvements, and Services.  
The CAB Districts agree that they shall not without the prior written consent of the CAB:

(a) Provide Public Improvements and/or Regional Improvements, as applicable, of any kind to their residents and property owners, except for financing or construction and dedication of the Public Improvements and/or Regional Improvements, as applicable, as set forth in this CABEA;

(b) Provide Operations and Maintenance Services to its residents and property owners, except as set forth in this CABEA.

10.3 Consolidation of CAB Districts. The CAB Districts may initiate consolidation proceedings in accordance with the Act and Service Plans at such time as the Development is at build-out and the CAB owns and maintains the Public Improvements and/or Regional Improvements, as applicable, that are not otherwise to be dedicated to another governmental entity. The CAB Districts shall not file a request with any court to consolidate among themselves nor with any other Title 32 districts without the prior written consent of the County. No consolidation proceedings shall be initiated if less than all of the District Boards of the CAB Districts wishing to consolidate adopt a joint resolution agreeing to such consolidation.

10.4 Dissolution of CAB. In accordance with Section 29-1-203.5(4), C.R.S., upon dissolution of the CAB, all the CAB's property shall be transferred to, or at the direction of, one or more of the CAB Districts.

## **ARTICLE XI : REPRESENTATIONS AND WARRANTIES**

11.1 General Representations. In addition to the other representations, warranties and covenants made by the CAB Districts in this CABEA, the CAB Districts make the following representations, warranties and covenants to each other:

(a) Each CAB District has the full right, power and authority to enter into, perform and observe this CABEA.

(b) Neither the execution of this CABEA, the consummation of the transactions contemplated hereunder, nor the compliance with the terms and conditions of this CABEA by the CAB Districts will conflict with or result in a breach of any terms, conditions, or provisions of, or constitute a default under any agreement, instrument, indenture, judgment, order, or decree to which a CAB District is a party or by which a CAB District is bound.

(c) This CABEA is a valid and binding obligation of each of the CAB Districts and is enforceable in accordance with its terms.

(d) The CAB Districts shall keep and perform all the covenants and agreements contained in this CABEA and shall take no action which could render this CABEA unenforceable in any manner.

## **ARTICLE XII : DEFAULTS, REMEDIES, AND ENFORCEMENT**

12.1 Events of Default. The occurrence of any one or more of the following events, and/or the existence of any one or more of the following conditions shall be considered an Event of Default under this CABEA:

(a) The failure of any CAB District to make any payment when the same shall become due and payable as provided in this CABEA and cure such failure within ten (10) business days of receipt of notice from one of the other CAB Districts or the CAB of such failure;

(b) The failure to perform or observe any other covenants, agreements, or conditions in this CABEA on the part of any CAB District and to cure such failure within thirty (30) days of receipt of notice from one of the other CAB Districts or the CAB of such failure unless such default cannot be cured within such thirty (30) day period, in which case the defaulting party shall have an extended period of time to complete the cure, provided that action to cure such default is commenced within said thirty (30) day period and the defaulting party is diligently pursuing the cure to completion.

12.2 Remedies on Occurrence of Events of Default. Upon the occurrence of an Event of Default, the CAB Districts and the CAB shall, individually and collectively, have the following rights and remedies:

(a) The non-defaulting CAB District(s) or the CAB may ask a court of competent jurisdiction to enter a writ of mandamus to compel the board of directors of the defaulting CAB District to perform its duties under this CABEA, and/or to issue temporary and/or permanent restraining orders, or orders of specific performance, to compel the defaulting CAB District to perform in accordance with this CABEA.

(b) The non-defaulting CAB District(s) or the CAB, or both, may protect and enforce its rights under this CABEA by such suits, actions, or special proceedings as it shall deem appropriate, including, without limitation, any proceedings for the specific performance of any covenant or agreement contained in this CABEA, for the enforcement of any other appropriate legal or equitable remedy, or for the recovery of damages, including attorneys' fees and all other costs and expenses incurred in enforcing this CABEA.

(c) The non-defaulting CAB District(s) shall have the right to impose a mill levy, budget and expend funds as necessary to enforce the terms of this CABEA.

(d) To foreclose any and all liens in the manner specified by law.

Notwithstanding anything to the contrary contained in this CABEA, prior to the time the CAB requires a CAB District to impose a mill levy for their obligations under this CABEA, any CAB

District may file for inactive status and filing for such inactive status shall not constitute an Event of Default.

12.3 General Delay or Omission No Waiver. No delay or omission of any CAB District to exercise any right or power accruing upon any Event of Default shall exhaust or impair any such right or power or be construed as a waiver of any such Event of Default.

(b) No Waiver of One Default to Affect Another: All Remedies Cumulative. No waiver of any Event of Default by any CAB District shall extend to or affect any subsequent or other Event of Default. All rights and remedies of the CAB Districts and CAB provided in this CABEA may be exercised with or without notice, shall be cumulative, may be exercised separately, concurrently, or repeatedly, and the exercise of any such right or remedy shall not affect or impair the exercise of any other right or remedy.

### **ARTICLE XIII : INSURANCE**

13.1 CAB Insurance. During the term of this CABEA, the CAB shall maintain appropriate insurance limits and coverages related to the provision of the services described in this CABEA and in other agreements of the CAB.

13.2 CAB District Insurance. The CAB Districts shall, to the extent each is active and the same are reasonably and commercially available and funds are available therefore, maintain the following insurance coverages with companies and in amounts acceptable to each CAB District's respective board of directors:

(a) General liability coverage protecting the CAB Districts and their officers, directors, and employees against any loss, liability, or expense whatsoever from personal injury, death, property damage, or otherwise, arising from or in any way connected with management, administration, or operations.

(b) Directors' and officers' liability coverage (errors and omissions) protecting the CAB Districts and their directors and officers against any loss, liability, or expense whatsoever arising from the actions and/or inactions of the CAB Districts and their directors and officers in the performance of their duties.

13.3 Workers' Compensation. To the extent they retain employees, the CAB Districts and the CAB shall make provisions for workers' compensation insurance, social security employment insurance, and unemployment compensation for their employees, if any, as required by any law of the State of Colorado or the federal government.

13.4 Certificates. Upon written request, each CAB District and the CAB shall furnish to the other certificates of insurance showing compliance with the foregoing requirements. Said certificates shall state that the policy or policies evidenced thereby will not be canceled or altered without at least thirty (30) days prior written notice to each CAB District and the CAB.

## ARTICLE XIV : EMPLOYMENT OF ILLEGAL ALIENS

14.1 Certification and Ratification of Addendum Regarding Employment of Illegal Aliens. By execution of this CABEA, the CAB Districts and the CAB confirm and ratify all of the certificates, statements, representations and warranties set forth in the Addendum attached to and made a part of this CABEA by this reference.

## ARTICLE XV : MISCELLANEOUS

15.1 Relationship of Parties. This CABEA does not and shall not be construed as creating a relationship of joint venturers, partners, or employer-employee between the CAB Districts.

15.2 Third-Party Beneficiaries. The CAB Districts agree that (i) until the processes set forth in Sections 10.3 and 10.4 of this CABEA have been completed, and (ii) all Developer Advances have been repaid, the Developer is a third-party beneficiary to this CABEA and the Developer agrees to and acknowledges such as evidenced by signature below. Other than the Developer, it is intended that there be no third-party beneficiaries of this CABEA, including, without limitation, the owners of any Bonds, notes, contracts, or other obligations incurred or executed by either the CAB Districts or the CAB. Nothing contained in this CABEA, expressed or implied, is intended to give any person other than the CAB Districts, the Developer, and the CAB any claim, remedy, or right under or pursuant to this CABEA, and any agreement, condition, covenant, or term contained in this CABEA required to be observed or performed by or on behalf of any party to this CABEA shall be for the sole and exclusive benefit of the other parties.

15.3 Assignment; Delegation. Except as set forth in this CABEA or as contemplated in the Service Plans, neither this CABEA, nor any of the CAB Districts' rights, obligations, duties or authority under this CABEA may be assigned or delegated in whole or in part by any CAB District without the prior written consent of the other CAB Districts, which consent shall not be unreasonably withheld. Any attempted assignment or delegation in violation of the foregoing shall be deemed void. Consent to one assignment or delegation shall not be deemed to be consent to any subsequent assignment or delegation, nor the waiver of any right to consent to such subsequent assignment or delegation.

15.4 Modification or Amendment. This CABEA may be modified or amended only as follows:

(a) The Other Districts may become parties to this CABEA, and therefore, CAB Districts, by executing an amendment in substantially the form attached hereto as **Exhibit A** upon their return to active status or upon their organization, as applicable. An amendment under this Section 15.4(a) shall not require the consent of the then-existing CAB Districts; or

(b) By written instrument executed by all then-existing CAB Districts.

15.5 Governing Law. This CABEA shall be construed and interpreted in accordance with the laws of the State of Colorado. Venue for all actions shall be exclusive in Arapahoe County, Colorado.

15.6 Headings for Convenience Only. The headings, captions, and titles contained in this CABEA are intended for convenience of reference only.

15.7 Enforceability. If any provision of this CABEA is declared void or unenforceable by a court of competent jurisdiction, the CAB District involved in such violation or the CAB, if appropriate, shall, to the extent possible, perform such tasks as may be necessary to cure such violation, including, but not limited to, obtaining any necessary voter approvals.

15.8 Time is of the Essence. Time is of the essence in this CABEA.

15.9 Notices. Unless otherwise provided below, all notices, demands, requests or other communications to be sent by one party to the other under this CABEA or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the addressee or by courier delivery via Federal Express or other nationally recognized overnight air courier service, by electronically-confirmed facsimile transmission, or by depositing same in the United State Mail, postage prepaid, addressed as follows:

District Nos. 1, 3, and 5: Sky Ranch Metropolitan District Nos. 1, 3, and 5  
c/o CliftonLarsonAllen LLP  
370 Interlocken Blvd., Suite 500  
Broomfield, CO 80021  
Attention: Lisa Johnson  
Phone: 303-466-8822  
Email: ljohnson@claconnect.com

With a copy to: McGeady Becher P.C.  
450 East 17th Avenue, Suite 400  
Denver, CO 80203-1254  
Attention: MaryAnn McGeady  
Phone: 303-592-4380  
Email: legalnotices@specialdistrictlaw.com

To the CAB: Sky Ranch Community Authority Board  
c/o CliftonLarsonAllen LLP  
370 Interlocken Blvd., Suite 500  
Broomfield, CO 80021  
Attention: Lisa Johnson  
Phone: 303-466-8822  
Email: ljohnson@claconnect.com

With a copy to: McGeady Becher P.C.  
450 East 17th Avenue, Suite 400  
Denver, CO 80203-1254

Attention: MaryAnn McGeady  
Phone: 303-592-4380  
Email: legalnotices@specialdistrictlaw.com

All notices, demands, requests or other communications shall be effective upon such personal delivery or one (1) business day after being deposited with Federal Express or other nationally recognized overnight air courier service, upon electronic confirmation of facsimile transmission, or three (3) business days after deposit in the United States mail. By giving the other party to this CABEA at least ten (10) days' written notice thereof in accordance with the provisions of this CABEA, each of the parties shall have the right from time to time to change its address.

15.10 CAB District Records. The CAB shall maintain the public records for all of the CAB Districts. Access to such records by the CAB Districts and the public shall be as set forth in the Rules and Regulations.

15.11 Further Assurances. The CAB Districts each covenant that they will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, such acts, instruments, and documents as may be reasonably required for the performance of their obligations under this CABEA.

15.12 Severability of Provisions. Any provision of this CABEA which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions of this CABEA or affecting the validity, enforceability or legality of such provisions in any other jurisdiction. Furthermore, in lieu of such illegal, invalid or unenforceable provision there shall be added automatically as a part of this CABEA, a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid, and enforceable.

15.13 Cooperation Between the CAB Districts. Subject to the terms of the Service Plans, the CAB Districts will cooperate with one another, and any other District organized within the Development, to finance the Actual Operations and Maintenance Costs and Actual Capital Costs. The CAB Districts acknowledge that the boundaries of the CAB Districts may change in the future and that each CAB District shall support the exclusion/inclusion of the subject property from and into the respective CAB District.


15.14 Entire Agreement. This CABEA and all attached addenda and exhibits forth the entire understanding and agreement of the CAB Districts and supersede and replace all prior agreements, memoranda, arrangements and understandings relating to the subject matter of this CABEA.

15.15 Non-liability of CAB Directors, Members, and Employees. No Board Member or director of the CAB Districts' individual boards of directors, official, employee, agent or attorney or consultant of the CAB Districts or the CAB shall be personally liable in the event of default or breach of this CABEA or for any amount that may become due under the terms of this CABEA.




IN WITNESS WHEREOF, the CAB Districts have executed this CABEA as of the day and year first above written.


**SKY RANCH METROPOLITAN  
DISTRICT NO. 1**

By:   
President

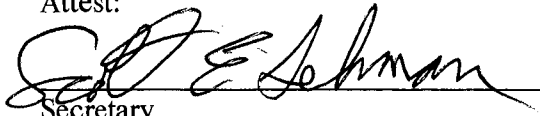
Attest:

  
Secretary

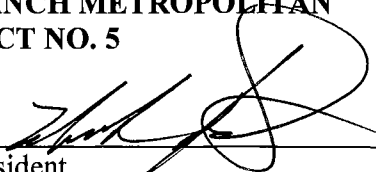
**SKY RANCH METROPOLITAN  
DISTRICT NO. 3**

By:   
President

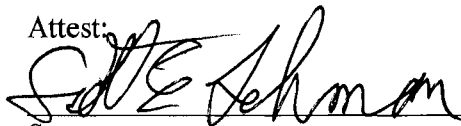
Attest:

  
Secretary

**SKY RANCH METROPOLITAN  
DISTRICT NO. 5**

By:   
President

Attest:

  
Secretary

### ACKNOWLEDGMENT AND ACCEPTANCE

By execution below, Pure Cycle Corporation, a Colorado corporation, hereby acknowledges and accepts that it is a third-party beneficiary of this Second Amended and Restated Sky Ranch Community Authority Board Establishment Agreement.

#### PURE CYCLE CORPORATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

## **ADDENDUM**

1. Pursuant to the requirements of Section 8-17.5–102(1), C.R.S., the CAB Districts and the CAB hereby certify to each other that they do not knowingly employ or contract with an illegal alien who will perform work under the Agreement and that they will participate in the E-Verify Program or Department Program (as defined in Sections 8-17.5-101(3.3) and (3.7), C.R.S.) in order to confirm the employment eligibility of all employees who are newly hired to perform work under the Agreement.

2. In accordance with Section 8-17.5-102(2)(a), C.R.S., the CAB Districts and the CAB shall not:

a. Knowingly employ or contract with an illegal alien to perform work under the Agreement; or

b. Enter into a contract with a subcontractor that fails to certify to the CAB Districts and the CAB that the subcontractor shall not knowingly employ or contract with an illegal alien to perform work under the Agreement.

3. The CAB Districts and the CAB represent and warrant they have confirmed the employment eligibility of all employees who are newly hired for employment to perform work under the Agreement through participation in either the E-Verify Program or the Department Program.

4. The CAB Districts and the CAB are prohibited from using either the E-Verify Program or the Department Program procedures to undertake pre-employment screening of job applicants while the Agreement is in effect.

5. If the CAB Districts or the CAB obtain actual knowledge that a subcontractor performing work under the Agreement knowingly employs or contracts with an illegal alien, the CAB Districts or the CAB shall:

a. Notify the subcontractor and the other parties within three days that the CAB Districts or the CAB have actual knowledge that the subcontractor is employing or contracting with an illegal alien; and

b. Terminate the subcontract with the subcontractor if within three days of receiving the notice the subcontractor does not stop employing or contracting with the illegal alien; except that the CAB Districts or the CAB shall not terminate the contract with the subcontractor if during such three days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

6. The CAB Districts and the CAB shall comply with any reasonable request by the Colorado Department of Labor and Employment (“Department”) made in the course of an investigation that the Department is undertaking, pursuant to the law.

7. If any of the CAB Districts or the CAB violate any provision of Section 8-17.5–102(1), C.R.S., the other parties may terminate the Agreement immediately and the violating CAB District or the CAB shall be liable to the other parties for actual and consequential damages to the other parties resulting from such termination, and the other parties shall report such violation by the violating CAB District or the CAB to the Colorado Secretary of State, as required by law.

## **EXHIBIT A**

Form of Amendment Pursuant to Section 15.4(a) of the CBEA

\_\_\_\_\_ **AMENDMENT TO THE**  
**SECOND AMENDED & RESTATED**

**SKY RANCH COMMUNITY AUTHORITY BOARD ESTABLISHMENT AGREEMENT**

A. Sky Ranch Metropolitan District No. 1 (“**District No. 1**”), Sky Ranch Metropolitan District No. 3 (“**District No. 3**”), and Sky Ranch Metropolitan District No. 5 (“**District No. 5**”), are parties to, and “**CAB Districts**” under, that certain Second Amended and Restated Community Authority Board Establishment Agreement, dated \_\_\_\_\_, 2021 (as so amended and restated the “**CABEA**”).

B. [Pursuant to that certain \_\_\_\_\_ Amendment to the CABEA (the “**Amendment**”), Sky Ranch Metropolitan District No. \_\_\_\_\_ (“**District No. \_\_\_\_\_**”) became a party to, and a “**CAB District**” under, the CABEA.]

C. Sky Ranch Metropolitan District No. \_\_\_\_\_ (“**District No. \_\_\_\_\_**”) [became active on \_\_\_\_\_ OR was organized on \_\_\_\_\_].

D. District No. \_\_\_\_\_ wishes to become a party to, and a “**CAB District**” under, the CABEA.

E. Section 15.4(a) of the CABEA provides that amendment of the CABEA pursuant to Section 15.4(a) does not require consent of the then-existing CAB Districts.

NOW, THEREFORE, in consideration of the foregoing and the respective agreements of the CAB Districts, the CAB Districts agree as follows:

**COVENANTS AND AGREEMENTS**

1. All terms which are not defined herein shall have the same meaning as set forth in the CABEA.

2. The CABEA is hereby amended to include District No. \_\_\_\_\_ as a CAB District.

3. Amendment of Section 15.9 of the CABEA. Section 15.9 of the CABEA is hereby amended to include the following:

To District No. \_\_\_\_\_: Sky Ranch Metropolitan District No. \_\_\_\_\_  
c/o

Attention:  
Phone:  
Email:

With a Copy To:

4. By executing this \_\_\_\_\_ Amendment, District No. \_\_\_\_ agrees to be bound by the CABEA.

5. Except as expressly set forth in this \_\_\_\_\_ Amendment, all provisions of the CABEA remain unchanged and in full force and effect, valid and binding on the CAB Districts.

IN WITNESS WHEREOF, this \_\_\_\_\_ Amendment is executed by District No. \_\_\_\_\_ as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**SKY RANCH METROPOLITAN  
DISTRICT NO. \_\_\_\_\_**

By: \_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

**COUNTY/ CAB/DEVELOPER FUNDING AGREEMENT ("Agreement")  
I-70/Watkins and I-70/Monaghan 1601 Interchange Study  
Arapahoe County Project Number: C17-007**

THIS FUNDING AGREEMENT ("Agreement"), is made and entered into this 23 day of June, 2020, by and between **ARAPAHOE COUNTY**, State of Colorado, a body corporate and politic ("**Arapahoe County**"), **SKY RANCH COMMUNITY AUTHORITY BOARD**, a political subdivision and public corporation of the State of Colorado, formed pursuant to Sections 29-1-203 and 29-1-203.5 of the Colorado Revised Statutes (the "**CAB**"), and **PURE CYCLE CORPORATION**, a Colorado corporation (the "**Sky Ranch Developer**," and together with Arapahoe County and the CAB, the "**Parties**").

WITNESSETH

WHEREAS, the Sky Ranch Developer is developing a residential and non-residential development along the I-70 Corridor (the "**Sky Ranch Development**"); and

WHEREAS, the Colorado Department of Transportation ("**CDOT**") adopted Policy Directive No. 1601.0, Interchange Approval Process, effective December 15, 2004, as may be amended from time to time ("**Policy Directive 1601**"); and

WHEREAS, under Policy Directive 1601, CDOT reviews and evaluates requests for new interchanges and major improvements to existing interchanges on the state highway system (the "**1601 Process**"); and

WHEREAS, under the Policy Directive 1601 the interchange approval process includes a System Level Study and following the System Level Study, the interchange modification proposal must be determined consistent with the applicable fiscally constrained regional transportation plan, receive approval of the applicable environmental documents consistent with the CDOT Environmental Stewardship Guide and receive NEPA approval and access approval by the Federal Highway Administration ("**FHWA**") for all Interstate related proposals; and

WHEREAS, the Sky Ranch Development will create significant traffic and road impacts in the area, and for access to and from Interstate I-70, primarily at the existing Monaghan/I-70 Interchange (the "**Monaghan Study Area**"); and

WHEREAS, Arapahoe County approved the initial Preliminary Development Plan (PDP) for the Sky Ranch Development subject to the following stated condition of approval, which was incorporated into the PDP and subsequent amendments thereto and is a condition of the complete Sky Ranch Development approval:

The applicant shall be permitted to design and construct 774 residential dwelling units of the Sky Ranch Development as detailed in the approved Traffic Impact Study for Sky Ranch Neighborhood B without filing a

1601 process with the Colorado Department of Transportation (CDOT). No further development beyond the 774 units will be permitted until the completion of the CDOT 1601 process for the Airpark Road and I-70 Interchange improvements; and

WHEREAS, the Sky Ranch Developer desires to proceed with further development of the Sky Ranch Development beyond 774 single-family residential equivalent units and towards that end desires to enter into a cost sharing agreement to provide for completion of the 1601 Studies required for the Monaghan Study Area; and

WHEREAS, the property within the Sky Ranch Development is located within the boundaries or service areas of Sky Ranch Metropolitan District Nos. 1, 3, 4 or 5 (each a "**District**," and collectively, the "**Districts**"); and

WHEREAS, Arapahoe County approved the Service Plans for each of the Districts on September 14, 2004 (each a "**Service Plan**," and collectively, the "**Service Plans**"); and

WHEREAS, the Service Plans disclose and establish the necessity for an intergovernmental agreement between the Districts concerning the financing, construction, operation and maintenance of certain public improvements, including without limitation, street improvements and transportation improvements, and the provision of essential services to the Sky Ranch Development communities to be served by the Districts;

WHEREAS, Sky Ranch Metropolitan District No. 1 and Sky Ranch Metropolitan District No. 5 are parties to that certain Amended & Restated Community Authority Board Establishment Agreement, dated September 18, 2018, effective November 13, 2017, as may be amended from time to time (the "**CABEA**"), which formed the CAB; and

WHEREAS, pursuant to the CABEA, the CAB will own, operate, maintain, finance and/or construct public improvements benefitting the Sky Ranch Development; and

WHEREAS, the CAB and the Sky Ranch Developer agreed that the Sky Ranch Developer would advance monies to the CAB for the acquisition or construction of public improvements; and

WHEREAS, independent of the Sky Ranch Development, another developer (the "**Prosper Developer**") is developing the "**Prosper Development**" (and together with the Sky Ranch Development, the "**Developments**"), which is in the service area or boundaries of the Prosper Coordinating Metropolitan District ("**PCMD**"); and

WHEREAS, the Prosper Development is also along the I-70 Corridor and will also create significant and similar traffic and road impacts in the area, and for access to and from Interstate I-70, primarily at the Watkins Road/I-70 Interchange (the "**Watkins Study Area**"), and together with the Monaghan Study Area, the "**Study Areas**"); and



WHEREAS, the Sky Ranch Developer and the CAB desire to construct interim improvements to allow for additional development, which interim improvements may or may not be a part of the ultimate improvements identified through the 1601 Process for the Monaghan Study Area; and

WHEREAS, the CAB, the Sky Ranch Developer, and Arapahoe County, along with the Prosper Developer and PCMD, all desire to coordinate the necessary studies to identify the necessary improvements to address the traffic impacts from the developments to the Study Areas under Policy Directive 1601 (the “**1601 Studies**”) and desire to retain a professional consultant to complete the studies for both interchanges; and

WHEREAS, for purposes of efficiency and cost savings, Arapahoe County is able and the Parties desire to retain the services of a single consultant to complete the 1601 process for the Study Areas. This effort and funding will complete the Initial 1601 Study requirement and determine interim improvements to serve the Developments as they progress, the “Initial 1601 Studies.” However, further studies (up to, and including, but not limited to NEPA, Interstate Access Request (IAR), Geotechnical/Pavement Studies, Drainage/Water Quality Studies, etc.), for the Ultimate Interchange Improvements, will be needed beyond this effort at the time of 1400 single-family residential equivalent units is exceeded and demands for the ultimate interchange improvements, these further studies are referred to herein as the “Subsequent 1601 Studies”; and

WHEREAS, the Parties desire to memorialize by this Agreement an agreed cost allocation to pay for the CAB’s share of the cost of the Initial 1601 Studies for the Monaghan Study Area, while taking advantage of the cost savings to the Parties hereto, as well as to PCMD or the Prosper Developer, and the other public entities, that can be realized by utilizing the Consultant to perform the Initial 1601 Studies for the Study Areas; and

WHEREAS, it is the intention of Arapahoe County to enter into similar proportionate share funding agreements with PCMD or the Prosper Developer to provide for coordination of the 1601 Studies for the Study Areas being performed by the same consultant under a single contract with Arapahoe County; and

WHEREAS, the Parties agree that the traffic generation impacts that will result from the Sky Ranch Development create a need for a study that makes recommendations for (1) immediate improvements; (2) Interim (anticipated within next five years) improvements; and (3) Ultimate (anticipated for 2035 to 2040) improvements within the Study Areas, as may be triggered by trip generation associated with the proposed Developments; and

WHEREAS, work for completing the 1601 Process for both the Monaghan and Watkins Road Interchanges will require both an initial process (“the Initial 1601 Studies”) and a subsequent process (“the Subsequent 1601 Studies”) as described herein and as required under applicable federal or state laws and regulations to fully evaluate the impacts of the Developments at full build-out and as well to accommodate the evaluation of interim

improvements to accommodate phased development for the Sky Ranch Development; and

WHEREAS, improvement priorities for both the Initial and Subsequent 1601 Studies will be based on safety, congestion and traffic demand requirements; and will include evaluating ways to improve the interchange in the Monaghan Study Area, based on predicted future travel demand, improved safety, capacity deficiencies, multimodal access and mobility within the Study Area, and to minimize operational impacts to the mainline of I-70 and intersection arterial roadway system which accesses I-70; and

WHEREAS, the Initial and Subsequent 1601 Studies for the Study Areas will generally follow the guidelines for and comply with the requirements for such a study as prescribed by CDOT and the Federal Highway Administration ("FHWA"), which will include evaluations of alternatives and screening the alternatives against project criteria and prepare an Interstate Access Request for submittal to FHWA at the appropriate time to document the operational analyses of the recommended alternative; and

WHEREAS, Arapahoe County has retained David Evans & Associates, Inc. (the "**Consultant**"), a professional engineering consultant with appropriate qualifications and experience, to conduct the 1601 Studies of the Study Areas; and

WHEREAS, the Consultant has quoted \$1,850,000 for the cost to perform the Initial 1601 Studies of the Study Areas, and in order to provide funding for contingencies, the Parties agree to fund an amount not to exceed their proportionate share under Section 3 of this Agreement, below, towards the Initial Project Cost project cost of \$2,000,000, with proportional reimbursement to the contributors of any funds remaining at the completion of the Initial 1601 Studies; and

WHEREAS, in compliance with the Policy Directive 1601 and applicable federal and state laws and regulations, the work for the Initial 1601 Studies is divided up into three phases, with Phase 1 including the steps necessary to complete operational and design analysis of interim improvements to accommodate the first phases of development of Sky Ranch and Prosper. Also, Phase 1 efforts included documenting existing traffic, roadway and environmental conditions, including a controlled aerial survey. Travel forecasts were also developed to analyze the future operational needs and to establish an estimate of the useful life of the interim improvements. The work was coordinated with CDOT and FHWA, and with the adjacent study of the future planned interchange at I-70 and Harvest Road. As part of the Phase 1 efforts, Technical and policy level coordination was initiated between Arapahoe County, Adams County, and the City of Aurora to discuss adjacent development and roadway improvement plans, and the need for a proactive and coordinated funding plan for the interchange improvements. The surrounding general public was engaged at an initial public meeting to describe the planning efforts and solicit input. These Phase 1 efforts formed the basis for the planned Phase 2 work to complete preliminary design of interim improvements while considering feasible options for ultimate interchange operations and design.; and

WHEREAS, In compliance with Policy Directive 1601 and applicable federal and state laws and regulations, the Phase 2 work will include:

- 30% design of interim improvements
- 30% plan set deliverable for the Airpark Road (Phase 1 work has determined that interim improvements will be located at Airpark Road) and Watkins Road Interchanges.
- Categorical Exclusion NEPA documentation will be completed concurrent with 30% design for CDOT approval.
- An Interstate Access Request (IAR) will document traffic operations of the roundabouts and at freeway weave/merge points for FHWA approval.
- The Phase 2 work will also include development of ultimate improvement alternatives at I-70/Watkins and I-70/Monaghan, evaluation and identification of feasible alternative design concepts. ROW preservation needs will be determined, including determining if any adjustments need to be made to the interim design to incorporate with or better facilitate ultimate construction of required interchange improvements and/or modifications. This will be based on approximated 10% concept design of the ultimate improvements.
- The ultimate conceptual design will also include provision for the frontage road and options to address the railroad and US 36/Smith Road proximity for the Monaghan Road Interchange. Improvement priorities will be based on safety, congestions, operational, and traffic demand requirements; and will include evaluating ways to improve multimodal access and mobility interchange improvements.
- Phase 2 efforts also include stakeholder and agency coordination throughout the design process, and a final public meeting to present draft recommendations.
- Funding options for the ultimate improvements will be evaluated and discussed with the Policy Advisory Committee; and

WHEREAS, the County has advanced and paid the amount of \$485,627.25 for the cost of the Phase 1 work and the cost of the Phase 2 work is estimated at \$999,982.00, which funding is to be supplied by the Developments through this and a similar agreement with the Prosper Developers; and

WHEREAS, the Phase 3 work effort, in compliance with Policy Directive 1601, will include identification of a preferred alternative for ultimate improvements through a NEPA process, and 30% design of ultimate improvements at the Monaghan and Watkins Interchanges. An Interstate Access Request, as appropriate, will document traffic operations of the interchange and at freeway weave/merge points for FHWA approval. Funding options for the ultimate improvements will be further refined and a funding agreement for the ultimate improvements will be established with the Policy Advisory

Committee. Phase 3 will be paid from the balance of the funds provided by the Parties hereto and, if necessary, by cost overrun funding shares as provided herein; and

WHEREAS, in accordance with this Agreement, the Parties hereto will contribute funds in the amounts and percentages as provided in this Agreement and, in fact, Arapahoe County has already advanced the funding for the cost Phase 1 of the Initial 1601 Studies as provided above, and anticipates, subject to appropriation of funding in accordance with Colorado law, to make the further contributions stated herein; and

WHEREAS, Arapahoe County has submitted funding requests to, and anticipates entering into a similar funding agreement as this with PCMD or the Prosper Developer, in the amount and percentage as set forth in this Agreement for the Initial 1601 Study and anticipates entering into a similar funding Agreement for the Subsequent 1601 Study; and

WHEREAS, Arapahoe County has requested, but the City of Aurora and Adams County have declined to participate in this funding agreement. In-lieu of City of Aurora and Adams County Funding, Arapahoe County agrees to the percentage funding share as stated herein and will make future funding requests to the City of Aurora and Adams County as appropriate; and

WHEREAS, Arapahoe County will assume the role of project manager and project administrator to cause the 1601 Studies to be completed by the Consultant, and affirms that it has the expertise to assume this role; and

WHEREAS, the CAB or Sky Ranch Developer will have representation and/or involvement on a Technical Advisory Committee and a Project Management Team as referenced in the Consultant's scope of work as defined in the Arapahoe County's professional service agreement with the Consultant performing the 1601 Studies.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, which the Parties agree are sufficient, it is hereby agreed that:

1. The above recitals are incorporated into this Agreement by this reference.
2. Purpose. The purpose of this Agreement is to memorialize the Parties' agreement to financially participate in the studies necessary to complete the Initial 1601 process for the Study Areas and to establish the process by which the Parties' participation will be accomplished. For the purpose of this Agreement and the funding agreed to hereunder, the costs for the Consultant services associated with the Initial 1601 Studies include the three phases of the Initial Study as described above, and include: project initiation and project management, project scoping with CDOT, purpose and need development, data collection, travel demand forecasting, alternative development analysis, develop evaluation matrix and select recommended alternative for each interchange, produce project data and standards environmental scoping, environmental scoping to determine appropriate NEPA actions, phasing plans for the recommended alternatives, and development of a

financial plan for implementation, and such other services as may be required to complete the Initial 1601 Study for the two interchanges. Also, required applicable CDOT costs are part of this Agreement.

This Agreement will also capture accomplishments achieved (as described above) in Phase 1 as funded by Arapahoe County, what is anticipated in Phase 2 funded equally by Sky Ranch Community Authority Board, Pure Cycle Corporation, Prosper Coordinating Metropolitan District, and Prosper Farms Investments, LLC. Phase 3, funded pursuant to this agreement is described and will further develop the preferred Ultimate Interchange alternative with respect to environmental concerns excluding NEPA clearance, engineering design, Right-of-Way, etc. to the extent of the funding obligations set-forth in this Agreement.

Additionally, the purpose of the 1601 Studies is to assess the transportation demands impact that could be generated by the Developments as proposed within the project interchange study areas in compliance with Policy Directive 1601 and make recommendations of improvements accordingly. The Consultant will assist Arapahoe County in finding acceptable alternatives to present to CDOT and FHWA for the Interchanges following applicable Policy Directive 1601 and Interstate Access Request (IAR) processes with regard to: (1) immediate improvements; (2) Interim (anticipated within next five years) improvements; and (3) Ultimate (anticipated 2035 to 2040 and beyond) improvements, including as required for full build-out of the developments. Improvement priorities will be based on safety, congestion/capacity, operational, and traffic demand requirements; and will include evaluating ways to improve multimodal access and mobility.

Elements of the 1601 Studies will be executed under direction issued by Arapahoe County. The Consultant's scope of services is included in the professional service agreement between Arapahoe County and the Consultant.

The scope and extent of the Subsequent 1601 Studies will be determined largely through the 1601 process for the Initial 1601 Studies. It is Arapahoe County's intent to retain a professional Consultant to complete the Subsequent 1601 Studies as necessary for the Ultimate Improvements or otherwise that will be required by the Sky Ranch and Prosper Developments at full build-out, and to obtain a commitment similar to this Agreement with the Parties hereto and with the Prosper Development and the PCMD to contribute funding to pay the cost for such Subsequent Study. These Subsequent 1601 Studies may include, but are not limited to, a System Level Study, Environmental/NEPA Study and clearance, and FHWA Access Approval.

3. Percentage Allocation of Shares for Total Costs of the Initial 1601 Study for the Study Areas.

The Parties' agreed contributions to fund the Initial 1601 Study for the Study Areas:

**1601 Funding Agreement  
Sky Ranch Development**

Applicable entity's Share of the Costs of the Initial 1601 Study	Contribution to Overall Cost of the Initial 1601 Study	% for Contract Cost Over-Runs	% for Contract Cost Under-Runs
Arapahoe County (may seek contribution from Adams County and City of Aurora)	\$1,000,000.00	50%	50%
CAB (for the Sky Ranch Development)	\$500,000.00	25%	25%
PCMD or Prosper Developer (for the Prosper Development)	\$500,000.00	25%	25%
<b>Total</b>	<b>\$2,000,000.00</b>	<b>100%</b>	<b>100%</b>

The Parties agree and acknowledge that the above allocations for the costs of the Initial 1601 Studies are appropriate, reasonable and fair allocations of the costs of the Initial 1601 Studies in accordance with development entitlements, approvals, and agreements for the Developments, and the Parties further agree and acknowledge that the above allocations appropriately, reasonably, and fairly allocate the respective shares of the public entities, including Arapahoe County, and the Sky Ranch Development based on the Sky Ranch Development's traffic impacts to the Study Areas. In the event PCMD or the Prosper Developer, fail to agree and make the above noted contributions, the CAB and Sky Ranch Developer shall not be responsible for any amount over that allocated to the Sky Ranch Development, above, and will not be responsible for payment of any amounts owed by PCMD or the Prosper Developer, including any cost over-runs that would otherwise be allocated to any non-paying party, for the Initial 1601 Study. Arapahoe County may elect to assume, subject to appropriation, such costs, but is not obligated to do so. Arapahoe County has appropriated funding to pay the cost of Phase 1 of the Initial Study and intends to submit budget appropriation requests for remaining Phases of the Initial Studies in accordance with its share of the percentages and amounts stated herein as necessary.

In accordance with CDOT rules or policy, significant progress in implementing the Interim Improvements must be demonstrated within 3 years of approval of the Transportation Commission's or Chief Engineer's approval of a Systems Level Feasibility Study. If significant progress has not been made, an extension of a year must be submitted to the Chief Engineer with only two one-year extensions being allowed.

Accordingly, if significant progress is not demonstrated after these extensions the System Level Feasibility Study will need updated and may require additional funding from the Sky Ranch Developer.

4. Subsequent 1601 Study Funding The CAB and Sky Ranch Developer acknowledge and agree that the Sky Ranch Development at full buildout will create further and additional traffic impacts to the Monaghan Road Interchange and that under its development approvals it has and will have responsibility for the costs of the Ultimate Interchange and other road improvements necessary to serve the Development at full build out and that those costs will include the Subsequent 1601 Study to determine what those improvements will need to be. The CAB and the Sky Ranch Developer agree to cooperate with the County in all matters necessary to complete the Subsequent Studies and in providing funding for its share of cost of the Subsequent 1601 Studies. The amount of funding for the Subsequent 1601 Studies is not known at this time and the cost of the studies will be shared with those who benefit from the design, engineering, and construction of the Ultimate Interchange. The Subsequent 1601 Studies for the Monaghan Road Interchange does not have to occur at the same time as the Watkins Road Interchanges. Arapahoe County, CAB and the Sky Ranch Developer hereby agree to negotiate in good faith and to enter into a similar funding agreement for the Subsequent Studies and hereby acknowledge that further development and development approvals necessary for final build-out may be conditioned on adequate provision for funding and completion of such Subsequent Studies and for construction of all required interchange improvements.
5. County Account – Developer. Arapahoe County shall cause to be established a non-interest-bearing account (the “**County Account**”), for the deposit of the CAB’s contributions to the 1601 Studies. Such County Account shall be established prior to any obligation to deposit funds.
6. Parties’ Deposits. Within 10 business days of the full execution of this Agreement by the Parties, the CAB shall deposit \$500,000 into the County Account. If the CAB fails to make the deposit, the Sky Ranch Developer will deposit the CAB’s share of the costs for the 1601 Studies into the County Account. Arapahoe County affirms that it previously deposited funds equal to its share of the costs for the 1601 Studies into the County Account, and that draws on the County Account for the costs of the 1601 Studies shall be made in accordance with the terms of this Agreement.
7. Contract Administration.  
  
As the contract administrator, Arapahoe County shall:
  - Establish and maintain a method of prompt and efficient communication concerning the Initial 1601 Studies to the representatives designated by the CAB. The contract administrator shall make all reasonable effort to apprise the Parties’ representatives of the progress of the Initial 1601

Studies, compliance and non-compliance with performance deadlines and shall immediately inform the Parties' representative in writing if it is anticipated or reasonably foreseeable that the Initial 1601 Studies will not be completed on time or on budget or in accordance with the underlying contract with the Consultant.

- Communicate with the CAB's designated individual staff contacts concerning the Initial 1601 Studies
- Cause all payments to the Consultant(s) to be subject to withholding for retainage in accordance with law.
- Manage the funds for the Initial 1601 Studies so that invoices from the Consultant(s) are paid from the County Account in a reasonably proportional manner, understanding that Arapahoe County has advanced the funding for Phase 1 of the Initial 1601 Studies.
- Supervise and review the work of the Consultant performing the Initial 1601 Studies to ensure compliance with the scope of work, applicable laws and regulations of CDOT, FHWA, and Arapahoe County.
- Provide all necessary or desirable expertise and experience (e.g. but not limited to legal, contract administration, engineering, financial, accounting) to complete the Initial 1601 Studies and manage the Consultant.
- Provide a full and complete copy in written and electronic format of the Initial 1601 Studies when completed to the Parties, to CDOT, to FHWA, to PCMD or the Prosper Developer, to the City of Aurora (as needed), and to Adams County(as needed).

8. Cost Under-runs and Over-runs.

- i. If the total actual costs to complete the Initial 1601 Study for the Study Areas are less than the project budgeted cost estimate of Two Million Dollars and no cents (\$2,000,000.00), then the amount each Party or entity who has contributed to the costs of the Initial 1601 Studies is ultimately responsible to contribute toward the 1601 Studies shall be decreased proportionately and refunded in accordance with the percentage allocations described in Section 3, above.
- ii. If the total actual costs to complete the Initial 1601 Study for the Study Areas exceed the preliminary budget of Two Million Dollars and no cents (\$2,000,000.00), the Parties agree to contribute the additional amount in accordance with the percentage allocations described in Section 3, above. Arapahoe County may elect, subject



to appropriation, but is not obligated to fund any cost over-runs otherwise allocated to a non-contributing entity. Arapahoe County as the contract administration agrees to notify the Parties of any expected cost overruns, and the Parties agree to cooperate with each other, to keep the Initial 1601 Studies within the estimated cost and also to consider changing the scope of work if that is an option under the Policy Directive or FHWA Regulation in order to avoid cost over-runs requiring any appropriation or provision of additional funds, as long as the proposed changes do not conflict with the requirements of the project and the approving agencies. Any such changes shall be effected only by a written and duly executed amendment to this Agreement.

- iii. If one of the Parties requires in writing specific additional work for their individual benefit which is not included in the scope of work with the Consultant, such Party shall pay the actual cost for the services being requested to Arapahoe County to cover said request within 30 days of the additional services being provided. The requesting Party and Arapahoe County will agree upon the scope of the additional services being requested and the associated fee in writing prior to Arapahoe County authorizing the additional services via addendum to the Consultant agreement with Arapahoe County.

9. This Agreement contains all of the terms agreed upon by the Parties. Any amendments or modifications to this Agreement must be in writing executed by the Parties in order to be valid and binding.

10. No Party to this Agreement shall assign or transfer any of its rights, duties or obligations hereunder without prior written consent of the other Parties, which consent may be withheld for any or no reason.

11. The provisions of this Agreement shall bind and inure to the benefit of the Parties and to their respective permitted assigns.

12. The Parties agree and acknowledge that this Agreement may be enforced in law or in equity, by decree of specific performance or damages, or such other legal or equitable relief as may be available subject to the provisions of the laws of the State of Colorado.

13. Except as otherwise stated herein, this Agreement is intended to describe the rights and responsibilities of and between the named Parties and is not intended to, and shall not be deemed to confer rights upon any persons or entities not named as parties, shall not be deemed to create any third party rights or third party beneficiaries, nor shall this Agreement limit in any way the powers and responsibilities of the Parties.

14. Each and every covenant, promise or term contained in this Agreement shall not merge in any deed or other document executed by either or both Parties to affect this Agreement, but shall survive such instrument.

15. This Agreement constitutes the entire agreement of the Parties hereto. The Parties agree that there have been no representations made other than those contained herein, that this Agreement constitutes their entire agreement, and further agree that the various promises and covenants contained herein are mutually agreed upon and are in consideration for one another.

16. Article X, Section 20/TABOR: The Parties understand and acknowledge that Arapahoe County and the CAB are subject to Article X, § 20 of the Colorado Constitution ("TABOR"). The Parties do not intend to violate the terms and requirements of TABOR by the execution of this Agreement. It is understood and agreed that this Agreement does not create a multi-fiscal year direct or indirect debt or obligation within the meaning of TABOR and, therefore, notwithstanding anything in this Agreement to the contrary, all payment obligations of the Parties are expressly dependent and conditioned upon the continuing availability of funds for such party beyond the term of the applicable governmental entity's current fiscal period ending upon the next succeeding December 31. Financial obligations of the Parties payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available in accordance with the rules, regulations, and resolutions of the individual paying party and other applicable law. Upon the failure to appropriate such funds, this Agreement shall be terminated.

17. Nothing in this Agreement is intended to or shall be interpreted to waive any governmental immunity available to the CAB or Arapahoe County and to any of their respective elected officials, officers, or employees under applicable State or federal law, including but not limited Sections 24-10-101, et seq. of the Colorado Revised Statutes.

18. Nothing in this Agreement is intended to or shall be interpreted as creating any partnership or joint venture among the Parties hereto.


IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

[SIGNATURE PAGE FOLLOWS]

**BOARD OF COUNTY COMMISSIONERS  
ARAPAHOE COUNTY, COLORADO**


ATTEST:

  
\_\_\_\_\_  
~~Clerk to the Board~~

  
\_\_\_\_\_  
By: Bryan Weimer, PWLF  
Director of Public Works & Development  
Resolution No. 200340

**PURE CYCLE CORPORATION:**

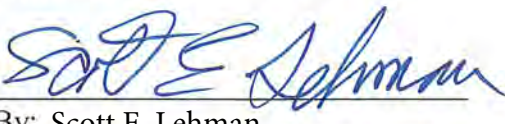
ATTEST:


  
\_\_\_\_\_  
By: Kevin McNeill  
Vice President, Chief Financial Officer

  
\_\_\_\_\_  
By: Mark Harding  
President

**SKY RANCH COMMUNITY  
AUTHORITY BOARD:**

ATTEST:

  
\_\_\_\_\_  
By: Scott E. Lehman  
Secretary

  
\_\_\_\_\_  
By: Mark Harding  
President

## **EXHIBIT C**

### **Phase I Initial Acceptance Letters**



## Public Works and Development

6924 South Lima Street  
Centennial, CO 80112-3853  
Phone: 720-874-6500  
Fax: 720-874-6611

[www.arapahoegov.com](http://www.arapahoegov.com)

**BRYAN D. WEIMER, PWLF**  
Director

October 1, 2020

Mark Harding  
PCY Holdings, LLC  
34501 E. Quincy Ave., Bldg 34  
Watkins, CO. 80137

**RE: ARAPAHOE COUNTY PROBATIONARY ACCEPTANCE RECOMMENDATION FOR  
SKY RANCH #01 / NEIGHBORHOOD B / PHASE 1  
CASE NO: P17-014  
SECTION: 1977-04**

Dear Mr. Harding:

On September 25, 2020, the public improvements associated with the above development SIA (Subdivision Improvement Agreement, Reception # D8070846 on 7/18/18), were inspected by the Arapahoe County, Department of Public Works and Development, Engineering Services Division, and found to be in compliance with county standards. Probationary acceptance will therefore be favorably recommended to the Board of County Commissioners, effective October 5, 2020, and is inclusive of the facilities listed in the attached. Acceptance if granted is based on the maintenance conditions listed on the documents "Possible County Actions At the Time of Final Acceptance" and "Maintenance Requirements, Conditions, and Liability During the Probationary Period", included herein.

The SIA mentioned above is a restriction agreement that prohibits release of building permits until probationary acceptance of the public improvements is granted and collateral is in place. The restriction can be lifted before acceptance by offering adequate collateral to assure completion. You provided collateral before acceptance in the amount of \$966,100.73, which represented 10% of the total public improvements as described in the engineers cost estimate of exhibit A of the SIA. The total public improvements for Phase 1 includes streets and associated improvements totaling \$4,766,692.71 and open space drainage improvements totaling \$4,894,314.60 for a combined total of \$9,661,007.31 for Phase 1. This acceptance is for the streets portion only. The drainage portion will be part of a separate acceptance process. However, since the collateral was provided with both portions included, the total amount must remain in place for the probationary period.

Nine months from the date that Probationary Acceptance is granted, you will be eligible to apply to this office for a final acceptance inspection. However, final acceptance cannot be granted until one year's warranty period has elapsed. All improvements must be clean and in good repair at the time of final inspection. Any requirements for repairs will be determined during the final inspection.

If you have any questions or comments, please feel free to contact me at 720-874-6500.

Sincerely,  
*Michelle Lengyel*  
*for Wayne Habenicht*  
Wayne Habenicht, Engineering Inspector



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**BRYAN D. WEIMER, PWLF**  
Director

### PROBATIONARY ACCEPTANCE FOR SKY RANCH #01 / NEIGHBORHOOD B / PHASE 1 P17-014

#### **The following streets, including all associated concrete work & other improvements:**

- 1 - N. Monaghan Road, from frontage road at I-70 overpass, southerly to E. 10<sup>th</sup> Drive, approximately 2701 LF along centerline.

Length = 2701 feet  
Width = 30 feet FL to outside of 4 ft. shoulder  
= 26 feet from east FL to west EOP  
Lane miles = 1.02

County ROW (72 ft.) sq. ft. = 194,472.00  
County Assets = \$ see item #2

- 2 - N. Monaghan Road, from E. 10<sup>th</sup> Drive, southerly to the Phase 1 / Phase 2 line at E. 8<sup>th</sup> Place, approximately 1304 LF along centerline.

Length = 1304 feet  
Width = 40 feet FL to FL  
Width = 36 feet EOP to EOP  
Lane miles = 0.49

County ROW (72 ft.) sq. ft. = 93,888  
County Assets = \$ 1,048,065.00

- 3- N. Undergrove Way, from the Phase 1 / Phase 2 line on the north side of drainage channel, southeasterly to the intersection of N. Waterloo Circle, approximately 600 LF along centerline.

Length = 600 feet  
Width = 34 feet FL to FL  
= 30 feet EOP to EOP  
Lane miles = 0.23

County ROW (50 ft.) sq. ft. = 30,000  
County Assets = \$ 136,945.56

- 4 - E 9<sup>th</sup> Drive, from the intersection N. Undergrove Way, easterly to the intersection of E. 8<sup>th</sup> Place, approximately 1,960 LF along centerline.

Length = 1,960 feet  
Width = 34 feet FL to FL  
= 30 feet EOP to EOP  
Lane miles = 0.74

County ROW (50 ft.) sq. ft. = 98,000  
County Assets = \$ 427,023.42



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**BRYAN D. WEIMER, PWLF**

Director

5 – E. Waterloo Street, from the intersection of E. 9<sup>th</sup> Drive, southerly to the intersection of E. 8<sup>th</sup> Ave. / N. Waterloo Circle, approximately 1,016 LF along centerline.

Length = 1,016 feet

Width = 34 feet FL to FL

= 30 feet EOP to EOP

Lane miles = 0.38

County ROW (50 ft.) sq. ft. = 50,800

County Assets = \$ 199,881.20

6 – N. Waterloo Court, from the intersection of E. 9<sup>th</sup> Drive, southerly to the intersection of E. 9<sup>th</sup> Lane, approximately 425 LF along centerline.

Length = 425 feet

Width = 34 feet FL to FL

= 30 feet EOP to EOP

Lane miles = 0.16

County ROW (50 ft.) sq. ft. = 21,250

County Assets = \$ 107,600.00

7 – N. Waterloo Court, from the intersection of E. 7<sup>th</sup> Place, southerly to the Phase 1 / Phase 2 line, 140 ft. south of 7<sup>th</sup> Place, approximately 140 LF along centerline.

Length = 140 feet

Width = 34 feet FL to FL

= 30 feet EOP to EOP

Lane miles = 0.05

County ROW (50 ft.) sq. ft. = 7,000

County Assets = \$ 33,288.22

8 – N. Vandriver Way, from the intersection of N. Undergrove Way, southerly to the Phase 1 / Phase 3 line 100 ft. south of E. 7<sup>th</sup> Place, approximately 1,467 LF along centerline.

Length = 1,467 feet

Width = 34 feet FL to FL

= 30 feet EOP to EOP

Lane miles = 0.56

County ROW (50 ft.) sq. ft. = 73,350

County Assets = \$ 323,827.64

9 – N. Waterloo Circle, from the intersection of N. Waterloo Street / E. 9<sup>th</sup> Lane, south westerly & easterly to the intersection of N. Waterloo Street / E. 8<sup>th</sup> Ave., approximately 1,200 LF along centerline.

Length = 1,200 feet

Width = 34 feet FL to FL

= 30 feet EOP to EOP

Lane miles = 0.45

County ROW (50 ft.) sq. ft. = 60,000

County Assets = \$ 207,663.61

10 – E. 9<sup>th</sup> Lane, from the intersection of N. Waterloo Street, easterly to the intersection of E. 8<sup>th</sup> Place, approximately 865 LF along centerline.



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**BRYAN D. WEIMER, PWLF**  
Director

Length = 865 feet  
Width = 34 feet FL to FL  
= 30 feet EOP to EOP  
Lane miles = 0.33

County ROW (50 ft.) sq. ft. = 43,250  
County Assets = \$ 187,074.00

- 11 – E. 8<sup>th</sup> Place, from the intersection of N. Waterloo Street, easterly to the intersection of Monaghan Road, approximately 1,200 LF along centerline.

Length = 1,200 feet  
Width = 34 feet FL to FL – for 500 feet east of N. Waterloo St.  
= 30 feet EOP to EOP  
= 50 feet FL to FL – next 700 feet east to Monaghan Rd.  
= 46 feet EOP to EOP  
Lane miles = 0.45

County ROW (76 ft.) sq. ft. = 91,200  
County Assets = \$ 278,332.19

- 12 – E. 8<sup>th</sup> Avenue, from the intersection of N. Waterloo Street, easterly to the intersection of N. White Crow Street, approximately 640 LF along centerline.

Length = 640 feet  
Width = 34 feet FL to FL  
= 30 feet EOP to EOP  
Lane miles = 0.24

County ROW (50 ft.) sq. ft. = 32,000  
County Assets = \$ 136,765.20

- 13 – N. White Crow Street, from the intersection of E. 8<sup>th</sup> Place, southerly to the intersection of E. 7<sup>th</sup> Place, approximately 555 LF along centerline.

Length = 555 feet  
Width = 34 feet FL to FL  
= 30 feet EOP to EOP  
Lane miles = 0.21

County ROW (50 ft.) sq. ft. = 27,750  
County Assets = \$ 110,002.20

- 14 – N. Yantley Street, from the intersection of E. 8<sup>th</sup> Place, southerly to the Phase 1 / Phase 2 line south of E. 7<sup>th</sup> Place, approximately 688 LF along centerline.

Length = 688 feet  
Width = 34 feet FL to FL  
= 30 feet EOP to EOP  
Lane miles = 0.26

County ROW (50 ft.) sq. ft. = 34,400  
County Assets = \$ 153,724.49

- 15 – E. 7<sup>th</sup> Drive, from the west PCR at the intersection of N. Vandriver Way, easterly to the intersection of N. Waterloo Circle, approximately 309 LF along centerline.

Length = 309 feet



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**BRYAN D. WEIMER, PWLF**  
Director

Width = 34 feet FL to FL  
= 30 feet EOP to EOP  
Lane miles = 0.12

County ROW (50 ft.) sq. ft. = 15,450  
County Assets = \$ 70,553.00

16 – E. 7<sup>th</sup> Place, from the intersection of N. Vandriver Way, easterly to the intersection of N. Yantly Street, approximately 1,190 LF along centerline.

Length = 1,190 feet  
Width = 34 feet FL to FL  
= 30 feet EOP to EOP  
Lane miles = 0.45

County ROW (50 ft.) sq. ft. = 59,500  
County Assets = \$ 270,694.14

**Total Street Assets = \$ 3,691,439.87**

**The following private streets, including all associated concrete work & other improvements are accepted for construction only, not for County maintenance:**

17 – E. 9<sup>th</sup> Place, from the intersection of E. 9<sup>th</sup> Drive, easterly to the intersection of N. Waterloo Street, approximately 297 LF along centerline.

Length = 297 feet  
Width = 30 feet FL to FL  
= 26 feet EOP to EOP  
Lane miles = 0

County ROW sq. ft. = 0  
Cost estimate not County Assets = \$ 59,925.07

18 - N. Vandriver Way Tract Y, half circle drive located between E. 7<sup>th</sup> Place and E. 7<sup>th</sup> Drive, approximately 200 LF.

Length = 200 feet  
Width = 30 feet FL to FL

County ROW sq. ft. = 0  
Cost estimate not County Assets = \$ 93,978.60

### The following storm water facilities:

#### Quantity

#### County Asset

N. Undergrove Way



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**BRYAN D. WEIMER, PWLF**  
Director

5 ft. Diameter Manhole	1	Ea	\$ 3000.00
6 ft. Diameter Manhole	1	Ea	\$ 3000.00
7 ft. Diameter Manhole	1	Ea	\$ 4,500.00
8 ft. Diameter Manhole	1	Ea	\$ 4,500.00
10 ft. Type R Inlet	3	Ea	\$14,031.00
24 inch RCP	74	LF	\$ 6,216.00
36 inch RCP	310	LF	\$39,060.00
48 inch RCP	199	LF	\$33,432.00

**N. Undergrove Way Total = \$ 107,739.00**

### E. 9<sup>th</sup> Drive

15 ft. Type R Inlet	3	Ea	\$15,045.00
10 ft. Type R Inlet	1	Ea	\$ 4,677.00
5 ft. Diameter Manhole	7	Ea	\$ 21,000.00
36 inch RCP	657	LF	\$ 82,782.00
30 inch RCP	313	LF	\$ 32,865.00
24 inch RCP	179	LF	\$ 15,036.00
18 inch RCP	9	LF	\$ 567.00

**E. 9<sup>th</sup> Drive = \$ 171,972.00**

### N. Waterloo Street

15 ft. Type R Inlet	3	Ea	\$15,048.00
5 ft. Diameter Manhole	3	Ea	\$ 9,000.00
30 inch RCP	281	LF	\$29,505.00
24 inch RCP	35	LF	\$ 2,940.00
18 inch RCP	69	LF	\$ 4,347.00

**N. Waterloo Street Total = \$ 60,840.00**

### N. Waterloo Court

15 ft. Type R Inlet	5	Ea	\$ 25,080.00
5 ft. Diameter Manhole	2	Ea	\$ 6,000.00
6 ft. Diameter Manhole	1	Ea	\$ 3,000.00
30 inch RCP	9	LF	\$ 945.00
24 inch RCP	303	LF	\$ 25,452.00

**N. Waterloo Court Total = \$ 60,477.00**

### N. Vandriver Way

10 ft. Type R Inlet	1	Ea	\$ 4,677.00
15 ft. Type R Inlet	2	Ea	\$10,032.00
5 ft. Diameter Manhole	14	Ea	\$42,000.00
6 ft. Diameter Manhole	1	Ea	\$ 3,000.00



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**BRYAN D. WEIMER, PWLF**  
Director

18 inch RCP	110 LF	\$ 6,930.00
24 inch RCP	947 LF	\$79,548.00
36 inch RCP	36 LF	\$ 4,536.00

**N. Vandriver Way Total = \$150,723.00**

### N. Waterloo Circle

15 ft. Type R Inlet	1 Ea	\$ 5,016.00
5 ft. Diameter Manhole	15 Ea	\$45,000.00
36 inch RCP	374 LF	\$ 47,100.00
30 inch RCP	109 LF	\$11,400.00
24 inch RCP	730 LF	\$ 61,300.00

**N. Waterloo Circle Total = \$169,816.00**

### E. 9<sup>th</sup> Lane

15 ft. Type R Inlet	1 Ea	\$ 5,016.00
10 ft. Type R Inlet	1 Ea	\$ 4,677.00
5 ft. Diameter Manhole	3 Ea	\$ 9,000.00
24 inch RCP	273 LF	\$22,932.00
18 inch RCP	7 LF	\$ 441.00

**E. 9<sup>th</sup> Lane Total = \$ 42,066.00**

### E. 8<sup>th</sup> Place

15 ft. Type R Inlet	2 Ea	\$ 10,032.00
5 ft. Diameter Manhole	5 Ea	\$ 15,000.00
30 inch RCP	50 LF	\$ 5,250.00
24 inch RCP	639 LF	\$ 53,676.00
18 inch RCP	9 LF	\$ 567.00

**E. 8<sup>th</sup> Place Total = \$ 84,525.00**

### E. 7<sup>th</sup> Drive

15 ft. Type R Inlet	1 Ea	\$ 5,016.00
5 ft. Diameter Manhole	1 Ea	\$ 3,000.00
24 inch RCP	71 LF	\$ 6,000.00
18 inch RCP	25 LF	\$ 1,600.00

**E. 7<sup>th</sup> Drive Total = \$ 15,616.00**

### E. 7<sup>th</sup> Place

15 ft. Type R Inlet	1 Ea	\$ 5,016.00
5 ft. Diameter Manhole	2 Ea	\$ 6,000.00
24 inch RCP	290 LF	\$24,360.00

**E. 7<sup>th</sup> Place Total = \$ 35,376.00**



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**BRYAN D. WEIMER, PWLF**  
Director

**Storm Water Facilities Total Assets = \$899,150.00**

**TOTAL COUNTY ROW = 932,310 sq.ft.**

**TOTAL COUNTY ASSETS, STREETS & DRAINAGE FACILITIES = \$ 4,590,589.87**

cc: Chuck Haskins, Engineering Services Division Manager  
Rhonda Robinson, Budget Analyst  
Allen Peterson, Road & Bridge Division Manager  
Michelle Lengyel, Business Associate III  
Candida Velasquez, Mapping  
Alex Shoemaker, GIS Technician  
Engineering Inspection File  
Project File **P17-014**

cvh  
11-19-20



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Pure Cycle Water Corporation  
34501 East Quincy Ave., Build. 34  
Watkins CO 80137

February 10, 2020

Re: Sky Ranch - Filing 1 - Phase 1 - Water and Sewer Improvements Initial Acceptance

To Whom It May Concern:

Rangeview Metropolitan District is the provider of water and sanitary sewer service for the Sky Ranch Subdivision. The infrastructure necessary to serve the subdivision was constructed per CVL Consultants construction drawings File No. 8.13.0107307 and pursuant to Rangeview's standards, rules and regulations.

This letter presents the initial acceptance by Rangeview for Sky Ranch Filing 1 Phase 1 and commences the one-year warranty period.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Jankovic", is written over the typed name and title.

Milan Jankovic, M.S., P.E.  
Civil Engineer



Premier Earthworks & Infrastructure, Inc  
Tonya Deter  
3112 County Road 27,  
Fort Lupton, CO 80621  
Tel: (303) 993-6349

July 7, 2020

Re: **Letter of Acceptance for Sanitary Sewer Clean-Outs at Sky Ranch – Filing 1: Phase 1, Phase 2, and Phase 3**

To Whom It May Concern:

Rangeview Metropolitan District (Rangeview) performed video inspection for 40 (forty) installed cleanouts on the sanitary sewer (SS) pipelines. Twenty (20) of them founded with damage.

Premier Earthworks & Infrastructure, Inc (PEI) performed repair for the damaged Sanitary Sewer Clean-Outs.

After re-inspections of the repaired clean-outs, Rangeview confirmed the repair was completed correctly.

This letter presents the acceptance of clean-outs repair by Rangeview for Sky Ranch - Filing 1 – Phase 1, Phase 2, and Phase 3.

Sincerely,

A handwritten signature in blue ink that reads "Jankovic".

Milan Jankovic, M.S., P.E.  
Civil Engineer





Pure Cycle Water Corporation  
34501 East Quincy Ave., Build. 34  
Watkins CO 80137

July 17, 2020

Re: Sky Ranch - Filing 1 - Phase 2 - Water and Sewer Improvements Initial Acceptance

To Whom It May Concern:

Rangeview Metropolitan District is the provider of water and sanitary sewer service for the Sky Ranch Subdivision. The infrastructure necessary to serve the subdivision was constructed per CVL Consultants construction drawings File No. 8.13.0107307 and pursuant to Rangeview's standards, rules, and regulations, except for the SSMH25-SSMH26 main pipeline at the service tap connection location for address 27461 E 10th Drive (Lot 28, Block 18) on 90 ft from the upstream manhole SSMH25. This location has a low spot in the pipeline and that the minimum slope of 0.3 percent in 12" pipeline is not respected. The issue is well explained and documented in the report "Review of Submitted Sanitary Sewer As-Builts Videos, Inspection Documents, and Test Results", dated January 27, 2020.

The temporary solution to the problem was constructed. Rangeview is going to observe and maintain if necessary, this location during the warranty period. During this period Rangeview will make decisions regarding a potential request from Premier Earthworks & Infrastructure, Inc to perform proper reconstruction of the above-mentioned SS pipeline.

This letter presents the initial acceptance by Rangeview for Sky Ranch Filing 1 Phase 2 and commences the one-year warranty period.

Sincerely,

Milan Jankovic, M.S., P.E.  
Civil Engineer



Pure Cycle Water Corporation  
34501 East Quincy Ave., Build. 34  
Watkins CO 80137

July 17, 2020

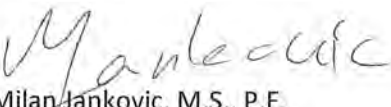
Re: Sky Ranch - Filing 1 - Phase 3 - Water and Sewer Improvements Initial Acceptance

To Whom It May Concern:

Rangeview Metropolitan District is the provider of water and sanitary sewer service for the Sky Ranch Subdivision. The infrastructure necessary to serve the subdivision was constructed per CVL Consultants construction drawings File No. 8.13.0107307 and pursuant to Rangeview's standards, rules and regulations.

This letter presents the initial acceptance by Rangeview for Sky Ranch Filing 1 Phase 3 and commences the one-year warranty period.

Sincerely,

  
Milan Jankovic, M.S., P.E.  
Civil Engineer





# ARAPAHOE COUNTY

## PUBLIC WORKS AND DEVELOPMENT

BRYAN D. WEIMER, PWLF  
Director

March 29, 2021

Mark Harding  
PCY Holdings, LLC  
34501 E. Quincy Ave., Bldg 34  
Watkins, CO. 80137

Lima Plaza  
6924 South Lima Street  
Centennial, Colorado 80112-3853  
720-874-6500  
arapahoegov.com



**RE: ARAPAHOE COUNTY PROBATIONARY ACCEPTANCE RECOMMENDATION FOR  
SKY RANCH #1, NEIGHBORHOOD B / PHASE 2  
CASE NO: P17-014  
SECTION: 1977-04**

Dear Mr. Harding:

On November 23, 2020, the public improvements associated with the above development SIA (Subdivision Improvement Agreement, Reception # D8070846 on 7/18/18), were inspected by the Arapahoe County, Department of Public Works and Development, Engineering Services Division, and found to be in compliance with county standards. Probationary acceptance will therefore be favorably recommended to the Board of County Commissioners, effective December 01, 2020, and is inclusive of the facilities listed in the attached. Acceptance if granted is based on the maintenance conditions listed on the documents "Possible County Actions at the Time of Final Acceptance" and "Maintenance Requirements, Conditions, and Liability during the Probationary Period", included herein.

The SIA mentioned above is a restriction agreement that prohibits release of building permits until probationary acceptance of the public improvements is granted and collateral is in place. The restriction can be lifted before acceptance by offering adequate collateral to assure completion. You provided collateral before acceptance in the amount of \$201,633.04, which represented 10% of the total public improvements for Phase 2, as described in the engineers cost estimate in exhibit A of the SIA. That amount must stay in place during the Probationary period.

Nine months from the date that Probationary Acceptance is granted, you will be eligible to apply to this office for a final acceptance inspection. However, final acceptance cannot be granted until one year's warranty period has elapsed. All improvements must be clean and in good repair at the time of final inspection. Any requirements for repairs will be determined during the final inspection.

If you have any questions or comments, please feel free to contact me at 720-874-6500.

Sincerely,

*Wayne Habenicht*

Wayne Habenicht, Engineering Inspector

cvh 4-15-2021

cc: Chuck Haskins, Engineering Services Division Manager  
Rhonda Robinson, Budget Analyst  
Allen Peterson, Road & Bridge Division Manager  
Doug Stern, Road & Bridge Infrastructure Manager  
David Beard, Road & Bridge Pavement Management  
Michelle Lengyel, Business Associate III  
Candida Velasquez, Mapping  
Alex Shoemaker, GIS Technician  
Engineering Inspection File  
Project File **P17-014**

**PROBATIONARY ACCEPTANCE FOR  
SKY RANCH #01 / NEIGHBORHOOD B / PHASE 2  
P17-014**

**The following streets, including all associated concrete work & other improvements:**

- 1 - E. 10<sup>th</sup> Drive (local street), from the back of cul-de-sac, easterly to the intersection of N. Yantly Ct., approximately 2,425 LF along centerline.

Length = 2,425 feet  
Width = 34 feet FL to FL  
30 feet EOP to EOP  
Lane miles = 0.92

County ROW (50 ft.) sq. ft. = 121,250  
County Assets = \$ see # 2

- 2 - E. 10<sup>th</sup> Drive (collector street), from the intersection of N. Yantly Court, easterly to the intersection of Monaghan Rd., approximately 462 LF along centerline.

Length = 462 feet  
Width = 36 feet FL to FL  
32 feet EOP to EOP  
Lane miles = 0.18

County ROW (68 ft.) sq. ft. = 31,416  
County Assets = \$632,840.04

- 3 - N. Undergrove Way, from the intersection of E. 10<sup>th</sup> Drive, southerly to the Phase 1/2 Line on the south side of drainage way channel, approximately 724 LF along centerline.

Length = 724 feet  
Width = 34 feet FL to FL  
30 feet EOP to EOP  
Lane miles = 0.27

County ROW (50 ft.) sq. ft. = 36,200  
County Assets = \$ 118,550.59

- 4 - N. Yantly Court, from the intersection of E. 10<sup>th</sup> Drive, southerly to the back of cul-de-sac, approximately 300 LF along centerline.

Length = 300 feet  
Width = 34 feet FL to FL  
30 feet EOP to EOP  
Lane miles = 0.11

County ROW (50 ft.) sq. ft. = 15,000  
County Assets = \$ 59,914.60

5 – E. 7<sup>th</sup> Avenue, from the intersection of N. Waterloo Court, easterly to the intersection of N. Yantly Street, approximately 585 LF along centerline.

Length = 585 feet  
Width = 34 feet FL to FL  
30 feet EOP to EOP  
Lane miles = 0.22

County ROW (50 ft.) sq. ft. = 29,250  
County Assets = \$ 223,243.51

6 – N. Waterloo Court, from the Phase 1/2 Line at sta. 14+10 / Lot 43, southerly to the Phase 2/3 Line at sta. 12+70 / Lot 41, approximately 140 LF along centerline.

Length = 140 feet  
Width = 34 feet FL to FL  
30 feet EOP to EOP  
Lane miles = 0.05

County ROW (50 ft.) sq. ft. = 7,000  
County Assets = \$ 84,464.40

7 – N. Yantly Street, from the Phase 1/2 Line at sta. 13+45 / Lot 13, southerly to the Phase 2/3 Line at sta. 11+75, approximately 170 LF along centerline.

Length = 170 feet  
Width = 34 feet FL to FL  
30 feet EOP to EOP  
Lane miles = 0.06

County ROW (50 ft.) sq. ft. = 8,500  
County Assets = \$ 40,642.09

**The following private streets, including all associated concrete work & other improvements are accepted for construction only, not for County maintenance:**

8 – Private half circle drive on E. 10<sup>th</sup> Drive, east of N. Undergrove Way, approximately 200 LF along centerline.

Length = 200 feet  
Width = 30 feet FL to FL  
26 feet EOP to EOP  
Lane miles = 0

County ROW sq. ft. = 0  
Cost estimate not County Assets = \$ 54,799.07

**Total County ROW = 248,616 sq. ft.**

**Total County Street Assets \$ 1,159,655.23**

**The following storm water facilities:**

	<b><u>Quantity</u></b>	<b><u>County Asset</u></b>
<b><u>E. 10<sup>th</sup> Drive</u></b>		
10 ft. Type R Inlet	2 Ea	\$ 9,354.00
15 ft. Type R Inlet	3 Ea	\$ 15,048.00
5 ft. Diameter Manhole	10 Ea	\$ 30,000.00
24 inch RCP	797 LF	\$ 66,948.00
18 inch RCP	68 LF	\$ 4,284.00
		E. 10th Drive Total = \$ 125,634.00
<b><u>E. 10<sup>th</sup> Drive - Storm Drain 1</u></b>		
15 ft. Type R Inlet	1 Ea	\$ 5,016.00
24 inch RCP	125 LF	\$ 10,500.00
24 inch FES	1 Ea	\$ 850.00
		Storm Drain 1 Total = \$ 16,366.00
<b><u>E. 10<sup>th</sup> Drive Box Culvert</u></b>		
4 ft. X 10 ft. RCBC	177 LF	\$ 88,500.00
Type M Soil Rip Rap	65 CY	\$ 3,911.00
Concrete Headwall & Wingwalls	2 Ea	\$100,000.00
		Box Culvert Total = \$192,411.11
<b><u>E. 10<sup>th</sup> Drive Open Space Utility Easement Storm Lines</u></b>		
<b><u>Storm Drain 2</u></b>		
Type C Inlet	1 Ea	
6 ft. Diameter Manhole	2 Ea	
36 inch RCP	615 LF	
36 inch FES	1 Ea	
		Non County Asset
<b><u>Storm Drain 17</u></b>		
10 ft. Type R Inlet	1 Ea	
36 inch RCP	188 LF	
36 inch FES	1 Ea	
		Non County Asset

**N. Waterloo Court**

15 ft. Type R Inlet	2 Ea	\$ 10,032.00
5 ft. Diameter Manhole	2 Ea	\$ 6,000.00
30 inch RCP	9 LF	\$ 945.00
24 inch RCP	322 LF	\$ 27,068.16

N. Waterloo Court Total = \$ 44,045.16

**Storm Water Facilities Total Assets = \$ 378,456.27**

**TOTAL COUNTY ROW = 248,616 sq.ft.**

**TOTAL COUNTY ASSETS - STREETS & DRAINAGE FACILITIES = \$ 1,538,111.50**

**EXHIBIT D**  
District's 2022 Budget

## LETTER OF BUDGET TRANSMITTAL

Date: January 26, 2022

To: Division of Local Government  
1313 Sherman Street, Room 521  
Denver, Colorado 80203

Attached are the 2022 budget and budget message for Sky Ranch Metropolitan District No. 5 in Arapahoe County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 12, 2021. If there are any questions on the budget, please contact:

Lisa Johnson, District Manager  
CliftonLarsonAllen LLP  
8390 E. Crescent Parkway, Suite 300  
Greenwood Village, CO 80111  
Telephone number: 303-779-5710  
[Lisa.Johnson@claconnect.com](mailto:Lisa.Johnson@claconnect.com)

I, Lisa Johnson, District Manager of the Sky Ranch Metropolitan District No. 5 hereby certify that the attached is a true and correct copy of the 2022 budget.

By:

DocuSigned by:  
*Lisa Johnson*  
816F8176E93A48A...

Lisa Johnson, District Manager

**RESOLUTION NO. 2021-11-04**

**RESOLUTION TO ADOPT BUDGET AND APPROPRIATE SUMS OF MONEY  
RESOLUTION OF THE BOARD OF DIRECTORS OF SKY RANCH METROPOLITAN  
DISTRICT NO. 5, 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 2022**

A. The Board of Directors of Sky Ranch Metropolitan District No. 5 (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 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 12, 2021, 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. 5, 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 FOLLOWS]**

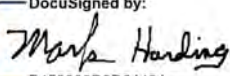
**[SIGNATURE PAGE TO RESOLUTION TO ADOPT  
BUDGET AND APPROPRIATE SUMS OF MONEY]**

RESOLUTION APPROVED AND ADOPTED on November 12, 2021.

**SKY RANCH METROPOLITAN  
DISTRICT NO. 5**

By: \_\_\_\_\_

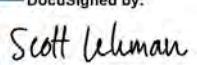
President

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Attest:

By: \_\_\_\_\_

Secretary

DocuSigned by:  
  
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## **EXHIBIT A**

### Budget

**SKY RANCH METROPOLITAN DISTRICT NO. 5**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDING DECEMBER 31, 2022**

**SKY RANCH METROPOLITAN DISTRICT NO. 5**  
**SUMMARY**  
**2022 BUDGET**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
**For the Years Ended and Ending December 31,**

11/30/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	164,828	126,890	82,051
Specific ownership taxes	11,681	8,750	5,744
Interest income	4	-	-
Other revenue	-	2,000	10,000
Total revenues	176,513	137,640	97,795
Total funds available	176,513	137,640	97,795
EXPENDITURES			
General Fund	176,513	74,553	51,419
Regional Improvements Fund	-	63,087	46,376
Total expenditures	176,513	137,640	97,795
Total expenditures and transfers out requiring appropriation	176,513	137,640	97,795
ENDING FUND BALANCES	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

**SKY RANCH METROPOLITAN DISTRICT NO. 5**  
**PROPERTY TAX SUMMARY INFORMATION**  
**2022 BUDGET**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
**For the Years Ended and Ending December 31,**

11/30/21

ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
----------------	-------------------	----------------

**ASSESSED VALUATION**

Agricultural	\$ 33,450	\$ 33,450	\$ 19,707
Vacant land	145	145	145
Personal property	-	122,139	101,838
Oil and Gas	1,830,980	874,306	527,778
Certified Assessed Value	<u>\$ 1,864,575</u>	<u>\$ 1,030,040</u>	<u>\$ 649,468</u>

**MILL LEVY**

General	88.400	66.796	66.796
Regional Improvements	-	56.393	59.540
Total mill levy	<u>88.400</u>	<u>123.189</u>	<u>126.336</u>

**PROPERTY TAXES**

General	\$ 164,828	\$ 68,803	\$ 43,382
Regional Improvements	-	58,087	38,669
Budgeted property taxes	<u>\$ 164,828</u>	<u>\$ 126,890</u>	<u>\$ 82,051</u>

**BUDGETED PROPERTY TAXES**

General	\$ 164,828	\$ 68,803	\$ 43,382
Regional Improvements	-	58,087	38,669
	<u>\$ 164,828</u>	<u>\$ 126,890</u>	<u>\$ 82,051</u>

**SKY RANCH METROPOLITAN DISTRICT NO. 5**  
**GENERAL FUND**  
**2022 BUDGET**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
**For the Years Ended and Ending December 31,**

11/30/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property taxes	164,828	68,803	43,382
Specific ownership taxes	11,681	4,750	3,037
Interest income	4	-	-
Other revenue	-	1,000	5,000
Total revenues	<u>176,513</u>	<u>74,553</u>	<u>51,419</u>
Total funds available	<u>176,513</u>	<u>74,553</u>	<u>51,419</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	2,472	1,032	651
Contingency	-	1,000	5,000
Transfers to CAB	<u>174,041</u>	<u>72,521</u>	<u>45,768</u>
Total expenditures	<u>176,513</u>	<u>74,553</u>	<u>51,419</u>
Total expenditures and transfers out requiring appropriation	<u>176,513</u>	<u>74,553</u>	<u>51,419</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SKY RANCH METROPOLITAN DISTRICT NO. 5**  
**REGIONAL IMPROVEMENTS FUND**  
**2022 BUDGET**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
**For the Years Ended and Ending December 31,**

11/30/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	58,087	38,669
Specific ownership taxes	-	4,000	2,707
Other revenue	-	1,000	5,000
Total revenues	-	63,087	46,376
Total funds available	-	63,087	46,376
EXPENDITURES			
General and Administrative			
County Treasurer's fee	-	871	580
Contingency	-	1,000	5,000
Transfers to CAB	-	61,216	40,796
Total expenditures	-	63,087	46,376
Total expenditures and transfers out requiring appropriation	-	63,087	46,376
ENDING FUND BALANCE	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.



**SKY RANCH METROPOLITAN DISTRICT NO. 5  
2022 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, financing, installation, and maintenance of public improvements and services, including streets, park and recreation, water, sanitary, storm drainage, transportation, mosquito control, safety protection, and television relay and translation. Under its Amended and Restated Service Plan, the District was organized in conjunction with three other related Districts: Sky Ranch Metropolitan District Nos. 1, 3 and 4. The District entered into a Community Authority Board Establishment Agreement with District No. 1 on November 13, 2017, First Amended and Restated Sky Ranch Community Authority Establishment agreement on September 18, 2018 (effective November 13, 2017), and Second Amended and Restated Sky Ranch Community Authority Establishment Agreement on August 13, 2021 (the "CABEA"), 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 – 5 limit the aggregate amount of debt that they may issue together with any debt issued by the CAB to \$312,000,000. In the future, the Districts 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 Districts' 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. 5  
2022 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.

**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 7% of the property taxes collected by both the General Fund and Regional Improvements Fund.

**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.

**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.

**SKY RANCH METROPOLITAN DISTRICT NO. 5  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**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.**

I, Scott Lehman, hereby certify that I am the duly appointed Secretary of the Sky Ranch Metropolitan District No. 5, and that the foregoing is a true and correct copy of the budget for the budget year 2022, duly adopted at a meeting of the Board of Directors of the Sky Ranch Metropolitan District No. 5 held on November 12, 2021.

Secretary

DocuSigned by:  
*Scott Lehman*  
D6443E14650C499...

**RESOLUTION NO. 2021-11-05**

**RESOLUTION TO SET MILL LEVIES**

**RESOLUTION OF THE SKY RANCH METROPOLITAN DISTRICT NO. 5 LEVYING  
GENERAL PROPERTY TAXES, PURSUANT TO SECTION 39-1-111, C.R.S., FOR THE  
YEAR 2021, TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE 2022  
BUDGET YEAR**

A. The Board of Directors of the Sky Ranch Metropolitan District No. 5 (the “**District**”) has adopted an annual budget in accordance with the Local Government Budget Law, on November 12, 2021.

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. 5, Arapahoe County, Colorado, that:

1. For the purpose of meeting all general operating expenses of the District during the 2022 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 2022 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 2022 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 FOLLOWS]**

**[SIGNATURE PAGE OF RESOLUTION TO SET MILL LEVIES]**

RESOLUTION APPROVED AND ADOPTED on November 12, 2021.

**SKY RANCH METROPOLITAN  
DISTRICT NO. 5**

By: \_\_\_\_\_

President

DocuSigned by:  
*Mark Harding*  
B453909D8D64434...

Attest:

By: \_\_\_\_\_

Secretary

DocuSigned by:  
*Scott Lehman*  
D6443E14850C499...

## **EXHIBIT 1**

### Certification of Tax Levies



## CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners<sup>1</sup> of Arapahoe County, Colorado.

On behalf of the Sky Ranch Metropolitan District No. 5,  
(taxing entity)<sup>A</sup>

the Board of Directors

(governing body)<sup>B</sup>

of the Sky Ranch Metropolitan District No. 5

(local government)<sup>C</sup>

**Hereby** officially certifies the following mills

to be levied against the taxing entity's GROSS \$ 649,468

assessed valuation of:

(GROSS<sup>D</sup> assessed valuation, Line 2 of the Certification of Valuation Form DLG 57<sup>E</sup>)

**Note:** If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area<sup>F</sup> the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of:

\$ 649,468

(NET<sup>G</sup> assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

**USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10**

**Submitted:** 11/30/2021 for budget/fiscal year 2022.  
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY <sup>2</sup>	REVENUE <sup>2</sup>
1. General Operating Expenses <sup>H</sup>	<u>66.796</u> mills	\$ <u>43,382</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction <sup>I</sup>	< > mills	\$ < >
<b>SUBTOTAL FOR GENERAL OPERATING:</b>	<b><u>66.796</u> mills</b>	<b><u>\$ 43,382</u></b>
3. General Obligation Bonds and Interest <sup>J</sup>	_____ mills	\$ _____
4. Contractual Obligations <sup>K</sup>	<u>59.540</u> mills	\$ <u>38,669</u>
5. Capital Expenditures <sup>L</sup>	_____ mills	\$ _____
6. Refunds/Abatements <sup>M</sup>	_____ mills	\$ _____
7. Other <sup>N</sup> (specify): _____	_____ mills	\$ _____
	_____ mills	\$ _____
<b>TOTAL:</b> [ Sum of General Operating Subtotal and Lines 3 to 7 ]	<b><u>126.336</u> mills</b>	<b><u>\$ 82,051</u></b>

Contact person:  
(print)

Gigi Pangindian

Daytime

phone: (303) 779-5710

Signed:

Gigi Pangindian

Title:

Accountant for the District

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

<sup>1</sup> If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.

<sup>2</sup> Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

**CERTIFICATION OF TAX LEVIES, continued****THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.).**

Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

**CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:****BONDS<sup>J</sup>:**

1. Purpose of Issue: \_\_\_\_\_  
 Series: \_\_\_\_\_  
 Date of Issue: \_\_\_\_\_  
 Coupon Rate: \_\_\_\_\_  
 Maturity Date: \_\_\_\_\_  
 Levy: \_\_\_\_\_  
 Revenue: \_\_\_\_\_
  
2. Purpose of Issue: \_\_\_\_\_  
 Series: \_\_\_\_\_  
 Date of Issue: \_\_\_\_\_  
 Coupon Rate: \_\_\_\_\_  
 Maturity Date: \_\_\_\_\_  
 Levy: \_\_\_\_\_  
 Revenue: \_\_\_\_\_

**CONTRACTS<sup>K</sup>:**

3. Purpose of Contract: Regional Improvements  
 Title: Amended and Restated Service Plan for Sky Ranch Metropolitan District No. 5  
 Date: December 8, 2020  
 Principal Amount: N/A  
 Maturity Date: N/A  
 Levy: 59.540  
 Revenue: \$38,669
  
4. Purpose of Contract: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Principal Amount: \_\_\_\_\_  
 Maturity Date: \_\_\_\_\_  
 Levy: \_\_\_\_\_  
 Revenue: \_\_\_\_\_

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

I, Scott Lehman, hereby certify that I am the duly appointed Secretary of the Sky Ranch Metropolitan District No. 5, and that the foregoing is a true and correct copy of the Certification of Mill Levies for the budget year 2021, duly adopted at a meeting of the Board of Directors of the Sky Ranch Metropolitan District No. 5 held on November 12, 2021.

DocuSigned by:

Scott Lehman

D6443E14650C499...

Secretary

SENTINEL  
PROOF OF PUBLICATION

STATE OF COLORADO  
COUNTY OF ARAPAHOE }ss.

I DAVID PERRY, do solemnly swear that I am the PUBLISHER of the SENTINEL; that the same is a weekly newspaper published in the Counties of Arapahoe, Adams, and Denver, State of Colorado and has a general circulation therein; that said newspaper has been published continuously and uninterruptedly in said Counties of Arapahoe, Adams and Denver for a period of more than fifty-two consecutive weeks prior to the first publication of the annexed legal notice or advertisement; that said newspaper has been admitted to the United States mails as second-class matter under the provisions of the Act of March 30, 1923, entitled "Legal Notices and Advertisements," or any amendments thereof, and that said newspaper is a weekly newspaper duly qualified for publishing legal notices and advertisements within the meaning of the laws of the State of Colorado.

That the annexed legal notice or advertisement was published in the regular and entire issue of every number of said weekly newspaper for the period of 1 consecutive insertions; and that the first publication of said notice was in the issue of said newspaper dated October 28 A.D. 2021 and that the last publication of said notice was in the issue of said newspaper dated October 28 A.D. 2021.

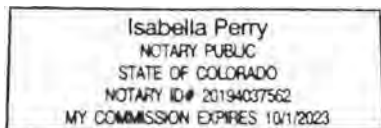
I witness whereof I have hereunto set my hand this 25th day of January A.D. 2022.



Subscribed and sworn to before me, a notary public in the County of Arapahoe, State of Colorado, this 25th day of January A.D. 2022.



Notary Public



NOTICE AS TO PROPOSED 2022  
BUDGET  
AND AMENDMENT OF 2021 BUDGET  
SKY RANCH METROPOLITAN DISTRICT  
NO. 1  
SKY RANCH METROPOLITAN DISTRICT  
NO. 3  
SKY RANCH METROPOLITAN DISTRICT  
NO. 5  
ARAPAHOE COUNTY, COLORADO

NOTICE IS HEREBY GIVEN, pursuant to Sections 29-1-108 and 109, C.R.S., that a proposed budget has been submitted to the Board of Directors of each of Sky Ranch Metropolitan District No. 1, Sky Ranch Metropolitan District No. 3, and Sky Ranch Metropolitan District No. 5 (each, a "District," and collectively, the "Districts") for the ensuing year of 2022. The necessity may also arise for the amendment of the 2021 budget of the Districts. Copies of the proposed 2022 budget and 2021 amended budget (if appropriate) are on file in the office of the Districts' Accountant, CliftonLarsonAllen LLP, 8390 E. Crescent Parkway, Suite 300, Greenwood Village, CO 80111, where same are available for public inspection. Such proposed 2022 budgets and 2021 amended budgets will be considered at a special meeting to be held at 8:30 a.m. on Friday, November 12, 2021 at the offices of Pure Cycle Corporation, 34501 E. Quincy Ave., Bldg. 34, Watkins, CO 80137. Any interested elector within the Districts may, at any time prior to the final adoption of the 2022 budget or the 2021 amended budget, inspect the 2022 budget and the 2021 amended budget and file or register any objections thereto.

Due to concerns regarding the spread of the Coronavirus (COVID-19) and the benefits to the control of the spread of the virus by limiting in-person contact, the Districts' Board meetings will be accessible to the public by video conference or by conference call.

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

To attend via video conference, the link to the video conference may be obtained from the Agenda posted on the website: sky-ranch.colorado.gov or by emailing Cindy Jenkins at cindy.jenkins@claconnect.com

To attend via telephone, dial 1-720-547-5281 and enter the following information:  
Conference ID: 793 082 516#

SKY RANCH METROPOLITAN  
DISTRICT NOS. 1, 3, AND 5  
/s/ Lisa Johnson  
District Manager

Publication: October 28, 2021  
Sentinel

**EXHIBIT E**  
CAB's 2022 Budget

## LETTER OF BUDGET TRANSMITTAL

Date: January 28, 2022

To: Division of Local Government  
1313 Sherman Street, Room 521  
Denver, Colorado 80203

Attached are the 2022 budget and budget message for Sky Ranch Community Authority Board in Arapahoe County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 12, 2021. If there are any questions on the budget, please contact:

Lisa Johnson, District Manager  
CliftonLarsonAllen LLP  
8390 E. Crescent Parkway, Suite 300  
Greenwood Village, CO 80111  
Telephone number: 303-779-5710  
[Lisa.Johnson@claconnect.com](mailto:Lisa.Johnson@claconnect.com)

I, Lisa Johnson, District Manager of the Sky Ranch Community Authority Board hereby certify that the attached is a true and correct copy of the 2022 budget.

By:

DocuSigned by:  
*Lisa Johnson*

816F8176E93A48A...

Lisa Johnson, District Manager

**RESOLUTION NO. 2021-11-04**

**RESOLUTION TO ADOPT BUDGET AND APPROPRIATE SUMS OF MONEY  
RESOLUTION OF THE BOARD OF DIRECTORS OF SKY COMMUNITY  
AUTHORITY BOARD, 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 2022**

- A. The Board of Directors of Sky Ranch Community Authority (the “**CAB**”) 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 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 12, 2021, 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 CAB.
- 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 CAB.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SKY RANCH COMMUNITY AUTHORITY BOARD, ARAPAHOE COUNTY, COLORADO:

1. The budget, as submitted, amended, and summarized by fund, is hereby approved and adopted as the budget of the CAB for the year stated above.
2. The budget is hereby approved and adopted, shall be certified by the Secretary of the CAB to all appropriate agencies and is made a part of the public records of the CAB.
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 FOLLOWS]**



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

RESOLUTION APPROVED AND ADOPTED on November 12, 2021.

**SKY RANCH COMMUNITY  
AUTHORITY BOARD**

By: \_\_\_\_\_  
President

Attest:

By: \_\_\_\_\_  
Secretary

## **EXHIBIT A**

### Budget

**SKY RANCH COMMUNITY AUTHORITY BOARD**

**ANNUAL BUDGET**

**FOR THE YEAR ENDING DECEMBER 31, 2022**

**SKY RANCH COMMUNITY AUTHORITY BOARD  
SUMMARY  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

1/20/2022

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 1,029,241	\$ 2,062,477	\$ 1,900,883
REVENUES			
Interest income	10,199	101	1,500
Design review fees	675	1,000	1,000
Public improvement fees	191,815	150,000	150,000
O&M fees	268,773	300,000	300,000
Administrative fees	19,400	17,000	20,000
Alley Assessment fees	-	-	47,254
Developer advance	5,019,820	10,330,837	9,275,000
Developer advance - Project Management	193,044	450,000	450,000
Transfer from Sky Ranch MD No. 1	272,625	403,962	914,636
Transfer from Sky Ranch MD No. 3	-	-	1,393
Transfer from Sky Ranch MD No. 5	174,041	133,737	86,564
Other revenue	16,847	2,000	5,000
Total revenues	6,167,239	11,788,637	11,252,347
TRANSFERS IN	26,550	400,000	-
Total funds available	7,223,030	14,251,114	13,153,230
EXPENDITURES			
General Fund	230,017	400,000	294,000
Operations and Maintenance Fee Fund	194,233	296,900	450,000
Alley Assessment Fee Fund	-	-	47,254
Debt Service Fund	598,308	674,631	1,066,513
Capital Projects Fund	4,111,445	10,575,700	9,725,000
Regional Improvements Fund	-	3,000	99,669
Total expenditures	5,134,003	11,950,231	11,682,436
TRANSFERS OUT	26,550	400,000	-
Total expenditures and transfers out requiring appropriation	5,160,553	12,350,231	11,682,436
ENDING FUND BALANCES	\$ 2,062,477	\$ 1,900,883	\$ 1,470,794
EMERGENCY RESERVE	\$ 12,400	\$ 8,700	\$ 10,500
DEBT SERVICE RESERVE	915,000	915,000	915,000
CAPITALIZED INTEREST	857,625	285,875	-
SURPLUS FUND	217,571	450,000	450,000
RESERVE FOR FUTURE DEBT SERVICE	15,503	16,932	-
TOTAL RESERVE	\$ 2,018,099	\$ 1,676,507	\$ 1,375,500

No assurance provided. See summary of significant assumptions.

**SKY RANCH COMMUNITY AUTHORITY BOARD**  
**GENERAL FUND**  
**2022 BUDGET**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/20/2022

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 384,895	\$ 539,654	\$ 29,498
REVENUES			
Public improvement fees	191,815	150,000	150,000
Transfer from Sky Ranch MD No. 1	45,435	67,323	152,430
Transfer from Sky Ranch MD No. 3	-	-	736
Transfer from Sky Ranch MD No. 5	174,041	72,521	45,768
Total revenues	411,326	289,844	348,934
Total funds available	796,221	829,498	378,432
EXPENDITURES			
General and administrative			
Accounting	68,926	52,500	58,000
Audit	4,900	5,150	6,000
Dues	966	1,930	2,500
Insurance	13,892	28,059	31,000
CAB management	29,792	70,000	67,500
Legal	101,650	135,000	90,000
Election expense	9,131	-	20,000
Contingency	614	107,361	19,000
Office supplies	146	-	-
Total expenditures	230,017	400,000	294,000
TRANSFERS OUT			
Transfers to other fund	26,550	400,000	-
Total expenditures and transfers out requiring appropriation	256,567	800,000	294,000
ENDING FUND BALANCE	\$ 539,654	\$ 29,498	\$ 84,432
EMERGENCY RESERVE	\$ 12,400	\$ 8,700	\$ 10,500
TOTAL RESERVE	\$ 12,400	\$ 8,700	\$ 10,500

No assurance provided. See summary of significant assumptions.

**SKY RANCH COMMUNITY AUTHORITY BOARD  
OPERATIONS AND MAINTENANCE FEE FUND  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

1/20/2022

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ 122,262	\$ 145,362
REVENUES			
Design review fees	675	1,000	1,000
O&M fees	268,773	300,000	300,000
Administrative fees	19,400	17,000	20,000
Other revenue	1,097	2,000	5,000
Total revenues	289,945	320,000	326,000
TRANSFERS IN			
Transfers from other funds	26,550	-	-
Total funds available	316,495	442,262	471,362
EXPENDITURES			
Operations and maintenance			
Legal services	-	2,000	15,000
District management	-	-	7,000
Fee billing and collection	16,468	17,000	36,000
Status letter processing	9,629	11,500	15,000
Landscaping	37,080	100,000	125,000
Community management	6,336	8,005	24,000
Community event	-	-	12,000
Design review services	7,817	18,000	20,000
Detention ponds	-	-	3,000
Fencing	2,794	-	6,000
Parks and trails	-	-	20,000
Mailboxes	-	-	6,000
Repairs and maintenance	3,150	-	-
Operations and maintenance reserve	-	30,395	31,000
Utilities	110,959	110,000	130,000
Total expenditures	194,233	296,900	450,000
Total expenditures and transfers out requiring appropriation	194,233	296,900	450,000
ENDING FUND BALANCE	\$ 122,262	\$ 145,362	\$ 21,362

No assurance provided. See summary of significant assumptions.

**SKY RANCH COMMUNITY AUTHORITY BOARD  
ALLEY ASSESSMENT FEE FUND  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

1/20/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUNDS AVAILABLE	\$ -	\$ -	\$ -
REVENUES			
Alley assessment fees	-	-	47,254
Total revenues	-	-	47,254
Total funds available	-	-	47,254
EXPENDITURES			
General and administrative			
Repairs and maintenance	-	-	2,250
Snow removal	-	-	21,000
Contingency	-	-	24,004
Total expenditures	-	-	47,254
Total expenditures and transfers out requiring appropriation	-	-	47,254
ENDING FUNDS AVAILABLE	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

**SKY RANCH COMMUNITY AUTHORITY BOARD  
DEBT SERVICE FUND  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

1/20/2022

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 2,366,734	\$ 2,005,699	\$ 1,667,807
REVENUES			
Interest income	10,083	100	1,500
Transfer from Sky Ranch MD No. 1	227,190	336,639	762,206
Total revenues	<u>237,273</u>	<u>336,739</u>	<u>763,706</u>
Total funds available	<u>2,604,007</u>	<u>2,342,438</u>	<u>2,431,513</u>
EXPENDITURES			
General and administrative			
Paying agent fees	7,500	7,500	7,500
Contingency	-	-	4,983
Debt Service			
Bond interest - 2019A	590,808	571,750	571,750
Bond interest - 2019B	-	95,381	332,280
Bond principal - 2019B	-	-	150,000
Total expenditures	<u>598,308</u>	<u>674,631</u>	<u>1,066,513</u>
Total expenditures and transfers out requiring appropriation	<u>598,308</u>	<u>674,631</u>	<u>1,066,513</u>
ENDING FUND BALANCE	<u>\$ 2,005,699</u>	<u>\$ 1,667,807</u>	<u>\$ 1,365,000</u>
DEBT SERVICE RESERVE	\$ 915,000	\$ 915,000	\$ 915,000
CAPITALIZED INTEREST	857,625	285,875	-
SURPLUS FUND	217,571	450,000	450,000
RESERVE FOR FUTURE DEBT SERVICE	15,503	16,932	-
TOTAL RESERVE	<u>\$ 2,005,699</u>	<u>\$ 1,667,807</u>	<u>\$ 1,365,000</u>

No assurance provided. See summary of significant assumptions.



**SKY RANCH COMMUNITY AUTHORITY BOARD**  
**CAPITAL PROJECTS FUND**  
**2022 BUDGET**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/20/2022

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ (1,722,388)	\$ (605,138)	\$ -
REVENUES			
Interest income	81	1	-
Developer advance	5,019,820	10,330,837	9,275,000
Developer advance - Project Management	193,044	450,000	450,000
Other revenue	15,750	-	-
Total revenues	5,228,695	10,780,838	9,725,000
TRANSFERS IN			
Transfers from other funds	-	400,000	-
Total funds available	3,506,307	10,575,700	9,725,000
EXPENDITURES			
General and Administrative			
CAB management	33,663	-	-
Legal	36,828	145,000	150,000
Miscellaneous/Contingency	-	-	1,650,000
Fees, permits and administration	38,280	-	45,000
Bond issue costs	2,141	-	-
Promotional activities	-	-	105,000
Capital Projects			
Repay Developer advance	-	400,000	-
Engineering and management	822,864	-	200,000
Landscaping	1,735,531	500,000	200,000
Streets - grading/erosion control	45,996	-	25,000
Survey	73,265	-	-
Geotech	74,028	-	-
Dry utilities	2,738	-	-
Warranty and turnover	-	350,000	150,000
Project management fee	193,044	450,000	450,000
Streets	796,984	5,000,000	5,000,000
Utility construction	-	-	1,750,000
Storm sewer	228,909	1,958,900	-
Sanitary sewer	14,681	1,000,000	-
Water	12,493	771,800	-
Total expenditures	4,111,445	10,575,700	9,725,000
Total expenditures and transfers out requiring appropriation	4,111,445	10,575,700	9,725,000
ENDING FUND BALANCE	\$ (605,138)	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

**SKY RANCH COMMUNITY AUTHORITY BOARD  
REGIONAL IMPROVEMENTS FUND  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

1/20/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUNDS AVAILABLE	\$ -	\$ -	\$ 58,216
REVENUES			
Transfer from Sky Ranch MD No. 3	-	-	657
Transfer from Sky Ranch MD No. 5	-	61,216	40,796
Total revenues	-	61,216	41,453
Total funds available	-	61,216	99,669
EXPENDITURES			
General and administrative			
Legal	-	3,000	5,000
Contingency	-	-	94,669
Total expenditures	-	3,000	99,669
Total expenditures and transfers out requiring appropriation	-	3,000	99,669
ENDING FUNDS AVAILABLE	\$ -	\$ 58,216	\$ -

No assurance provided. See summary of significant assumptions.

**SKY RANCH COMMUNITY AUTHORITY BOARD  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Sky Ranch Community Authority Board (the CAB) is a political subdivision and public corporation of the State of Colorado, formed pursuant to the Second Amended and Restated Sky Ranch Community Authority Board Establishment Agreement, dated August 13, 2021, (as restated and amended, the CABEA), as may be further amended from time to time, between Sky Ranch Metropolitan District No. 1 (District No. 1), Sky Ranch Metropolitan District No. 3 (District No. 3) and Sky Ranch Metropolitan District No. 5 (District No. 5, and together with District No. 1 and District No. 3, the CAB Districts), under authority granted by Sections 18(2)(a) and (b) of Article XIV of the Colorado Constitution and Sections 29-1-203 and 29-1-203.5 of the Colorado Revised Statutes, as amended.

The CAB Districts and Sky Ranch Metropolitan District No. 4 (District No. 4) exist for the purpose of financing, constructing, installing, acquiring and operating and maintaining certain public improvements as described in the their respective Service Plans (collectively, the Public Improvements) to serve and benefit a planned, mixed-use development consisting of residential, commercial, and retail properties within the boundaries of the project area known as Sky Ranch (the Development or the Service Area). The CAB Districts and District No. 4 are collectively referred to as the Districts.

The Districts' respective Service Plans contemplated that the Districts, with the approval of their electors, would enter into one or more intergovernmental agreements to coordinate the financing, installation, construction and operations and maintenance of Public Improvements that benefit the users of, and residents within, the Service Area, and the CAB Districts entered into the CABEA and formed the CAB for those purposes. District No. 4 is currently in inactive status, but the boards of District No. 4 may decide to become parties to the CABEA in the future, at which time it would also become CAB Districts.

Under the CABEA, each CAB District shall transfer certain revenues received by it to fund the operation and maintenance costs and capital costs of the Public Improvements. Each CAB District has agreed, and the CABEA provides, that the CAB will own, operate maintain, finance and construct Public Improvements benefiting the CAB Districts, and that the CAB Districts will contribute to the costs of construction, operation and maintenance of such Public Improvements. It is the intent of the CAB Districts that the CAB may, from time to time, issue debt and use proceeds to finance the Public Improvements and that the CAB will enter into contracts to construct the Public Improvements.

The CAB prepares its budget on the modified accrual basis of accounting in accordance with the requirements of 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 COMMUNITY AUTHORITY BOARD  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues**

**Transfers from Metro Districts Nos. 1, 3 and 5**

Pursuant to a Capital Pledge Agreement, dated November 1, 2019, District No. 1 agrees to impose ad valorem property taxes upon all taxable property of District No. 1, and to transfer the revenues generated from such mill levy imposition, along with revenues generated from the imposition of specific ownership taxes, to the CAB for payment of principal and interest on bonds the CAB has issued or will issue, including without limitation, the CAB's Series 2019 Bonds (see Debt and Leases), as well as future bond issuances by the CAB.

Pursuant to the CABEA, District Nos. 1, 3 and 5 will impose an operations mill levy and will transfer tax revenues, net of collection fees, to the CAB to fund the operations and maintenance costs.

District Nos. 3 and 5 are 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. District Nos. 3 and 5 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.

**O&M Fees and Administrative Fees**

On March 8, 2019, the CAB's Board of Directors adopted Resolution No. 2019-03-01, Resolution of the Board of Directors of Sky Ranch Community Authority Board Regarding the Imposition of Operations and Maintenance Fees (the Original O&M Fee Resolution), which imposed certain operations and maintenance fees on real property within the boundaries of District No. 1, effective April 1, 2019. On November 8, 2019, the CAB's Board of Directors adopted Resolution No. 2019-11-03, Amended and Restated Resolution of the Board of Directors of Sky Ranch Community Authority Board Regarding the Imposition of Operations and Maintenance Fees (the Amended and Restated Resolution), which amended and restated the Original O&M Fee Resolution in its entirety. On February 12, 2021, the CAB's Board of Directors adopted Resolution No. 2021-02-01, Second Amended and Restated Resolution of the Board of Directors of Sky Ranch Community Authority Board Regarding the Imposition of Operations and Maintenance Fees, which amended and restated the Amended and Restated Resolution in its entirety subject to additional lots developed wince the adoption of the Original O&M Fee Resolution.

Pursuant to the O&M Fee Resolution, the CAB imposes certain operations and maintenance fees (O&M Fees) on real property within the boundaries of District No. 1 as follows: (1) for platted lots, there are no O&M Fees imposed on homebuilders; (2) upon transfer of a finished lot to a homebuilder, (i) for the time period between April 1, 2019 and December 31, 2019, the CAB imposed O&M Fees upon homebuilders at the rate of \$25 per month, or \$75 per quarter, billed quarterly, and (ii) commencing January 1, 2020, the CAB imposes O&M Fees upon homebuilders at the rate of \$50 per month, or \$150 per quarter, billed quarterly; (3) upon transfer of a residential unit from a homebuilder to an owner, or from one owner to another owner, the CAB imposes O&M Fees upon the owners at the rate of \$50 per month, or \$150 per quarter, billed quarterly. Under the O&M Fee Resolution, the CAB also imposes an Administrative Fee of \$100 per conveyance or refinance.

**SKY RANCH COMMUNITY AUTHORITY BOARD  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues (continued)**

**Alley Assessment Fees**

The CAB anticipated to impose Alley Assessment Fee of \$30 per month per lot in 2022 upon the owners whose property has alleyway access which may incur additional operational and maintenance.

**Public Improvement Fees**

Pursuant to the PIF Covenant, the CAB imposes a Retail Public Improvement Fee (Retail PIF) and a one-time Material Sales and Use Public Improvement Fee (Material Sales and Use PIF). The Retail PIF is applied to the sale of goods at a rate of 2.75%, in addition to all sales and use taxes that may be imposed and is collected by the retailers in the Districts and remitted to the Districts within 20 days after month end. The Material Sales and Use PIF is imposed on construction activities for the materials incorporated into the construction of any newly constructed building, dwelling or structure within property. The Material Sales and Use PIF is payable by homebuilders and is equal to 2.75% of an amount equal to 50% of the Construction Valuation Amount.

**Interest Income**

Interest earned on the CAB's available funds has been estimated based on an average interest rate of approximately 0.1%.

**Developer Advances**

The CAB is in the development stage. As such, the CAB's capital projects will be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the CAB is financially able to reimburse the Developer from bond proceeds (if applicable) and other legally available revenues.

**Developer Advances – Project Management**

In 2017, and as amended and restated in 2020, the CAB and Developer entered into two service agreements for project management services, under which the Developer provides project management services for the CAB's construction of on and offsite CAB eligible improvements. The cost of the project management services are five percent (5%) of the actual construction costs of public improvements that are eligible for reimbursement by the CAB. In the event the CAB does not have sufficient revenue to pay invoices when due, the amounts owed by the CAB to the Developer under the project management services agreements accrue as developer advances.

**Expenditures**

**General, Administrative, Operations and Maintenance**

The CAB's 2022 budget includes fees for outsourced services (legal, accounting, management, others), insurance, dues, and other administrative expenditures. The budgets for Operations and Maintenance Fees Fund and Alley Assessment Fee Fund also include budgeted expenditures for the operations and maintenance of the grounds within the Districts (e.g. utilities, covenant control, snow removal, landscaping, etc.).

**SKY RANCH COMMUNITY AUTHORITY BOARD  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Expenditures (continued)**

**Debt Service**

Principal and interest payments are provided based on the debt amortization schedule from the Series 2019A Bonds. Debt service schedule is not provided for the Series 2019B Bonds because its repayment schedule is based on available cash flow.

**Capital Outlay**

The CAB anticipates infrastructure improvements during 2022 as displayed on Capital Projects Fund page of the budget.

**Regional Improvements**

The CAB anticipates no activity related to Regional Improvements in 2022.

**Debt and Leases**

**Series 2019 Bonds**

On November 19, 2019, the CAB issued \$11,435,000 in Limited Tax Supported District No. 1 Senior Bonds, Series 2019A (Senior Bonds) and \$1,760,000 in Limited Tax Supported District No. 1 Subordinate Bonds, Series 2019B (Subordinate Bonds) (collectively, Series 2019 Bonds), for the purposes of (i) finance public improvements related to the Development, (ii) pay capitalized interest on the 2019A Senior Bonds, (iii) fund a deposit to the Senior Bonds Reserve Fund, and (iv) pay other costs in connection with the issuance of the 2019 Bonds.

The Senior Bonds are term bonds which bear interest at 5.00%, payable semi-annually on June 1 and December 1, beginning on June 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2023. The Senior Bonds mature on December 1, 2049 and are subject to optional redemption as described in the Senior Indenture.

The Senior Bonds are secured by and payable solely from Senior Pledged Revenues, which includes property taxes generated by the imposition of the District No. 1 Senior Required Mill Levy (in accordance with the Pledge Agreement) net of the cost of collection, all other Required Mill Levy Revenue (pursuant to the Pledge Agreement), Specific Ownership Taxes attributable to the District No. 1 Senior Required Mill Levy, and any other legally available amounts that the CAB may designate by resolution of the Board to be deposited with the Trustee for deposit into the Senior Revenue Fund. The Senior Bonds are also secured by amounts held in the Senior Reserve Fund, in the amount of the Required Reserve equal to \$915,000, and amounts accumulated in the Surplus Fund, if any.

The Subordinate Bonds bear interest at 7.625% per annum and are payable annually from available Subordinate Pledged Revenue on December 15, beginning on December 15, 2020. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. The Subordinate Bonds are subject to optional and mandatory redemption prior to maturity as described in the Subordinate Indenture.

**SKY RANCH COMMUNITY AUTHORITY BOARD**  
**2022 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (continued)**

The Subordinate Bonds are secured by and payable from Subordinate Pledged Revenues derived by the CAB from the following sources, net of any cost of collection: a) the District No. 1 Subordinate Required Mill Levy Revenues; b) Specific Ownership Tax Revenues, attributable to the Subordinate Required Mill Levy; and c) any other legally available moneys which the CAB determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue. The Subordinate Bonds are structured as cash flow bonds, meaning that no regularly scheduled principal payments are due prior to maturity date and interest payments not paid when due will accrue and compound until Subordinate Pledged Revenues are available.

The following is an analysis of anticipated changes in the CAB's long-term obligations, subordinate to the Senior Bonds, for the years ending December 31, 2021 and 2022.

	Balance at December 31, 2020	Additions	Reductions	Anticipated Balance at December 31, 2021
Limited Tax Supported Revenue Bonds -				
Subordinate - Series 2019B	\$ 1,760,000	\$ -	\$ -	\$ 1,760,000
Accrued Interest on				
Subordinate - Series 2019B	141,361	144,598	95,381	190,578
Developer Advances	18,915,945	10,330,837	-	29,246,782
Accrued Interest on				
Developer Advances	1,115,138	1,286,468	400,000	2,001,606
Developer Advances - Project Management	1,369,322	450,000	-	1,819,322
Accrued Interest on				
Developer Advances - Project Management	136,087	95,760	-	231,847
Total	<u>\$ 23,437,853</u>	<u>\$ 12,307,663</u>	<u>\$ 495,381</u>	<u>\$ 35,250,135</u>
	Anticipated Balance at December 31, 2021	Additions	Reductions	Anticipated Balance at December 31, 2022
Limited Tax Supported Revenue Bonds -				
Subordinate - Series 2019B	\$ 1,760,000	\$ -	\$ 150,000	\$ 1,610,000
Accrued Interest on				
Subordinate - Series 2019B	190,578	147,158	332,280	5,456
Developer Advances	29,246,782	9,275,000	-	38,521,782
Accrued Interest on				
Developer Advances	2,001,606	2,035,169	-	4,036,775
Developer Advances - Project Management	1,819,322	450,000	-	2,269,322
Accrued Interest on				
Developer Advances - Project Management	231,847	122,803	-	354,650
Total	<u>\$ 35,250,135</u>	<u>\$ 12,030,130</u>	<u>\$ 482,280</u>	<u>\$ 46,797,985</u>

The CAB currently has no operating or capital leases.

**SKY RANCH COMMUNITY AUTHORITY BOARD  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Reserve Funds**

**Emergency Reserve**

The CAB has provided for an emergency reserve in 2022 equal to at least 3% of fiscal year spending, excluding advances and debt issuances, as defined under TABOR.

**Debt Service Reserve Fund**

The CAB is required to maintain a debt service reserve in accordance with the 2019 bonds issuance. This reserve has been established.

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



**SKY RANCH COMMUNITY AUTHORITY BOARD**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

	<b>\$11,435,000</b>		
	<b>Limited Tax Supported District No. 1 Senior Bonds</b>		
	<b>Dated November 19, 2019</b>		
	<b>Series 2019A</b>		
	<b>Interest Rate of 5.00%</b>		
	<b>Payable June 1 and December 1</b>		
	<b>Principal Due December 1</b>		
<b>Bonds and Interest Maturing in the Year Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ -	\$ 571,750	\$ 571,750
2023	55,000	571,750	626,750
2024	150,000	569,000	719,000
2025	160,000	561,500	721,500
2026	180,000	553,500	733,500
2027	190,000	544,500	734,500
2028	215,000	535,000	750,000
2029	225,000	524,250	749,250
2030	250,000	513,000	763,000
2031	265,000	500,500	765,500
2032	290,000	487,250	777,250
2033	305,000	472,750	777,750
2034	335,000	457,500	792,500
2035	355,000	440,750	795,750
2036	390,000	423,000	813,000
2037	405,000	403,500	808,500
2038	445,000	383,250	828,250
2039	465,000	361,000	826,000
2040	505,000	337,750	842,750
2041	530,000	312,500	842,500
2042	575,000	286,000	861,000
2043	605,000	257,250	862,250
2044	650,000	227,000	877,000
2045	685,000	194,500	879,500
2046	735,000	160,250	895,250
2047	770,000	123,500	893,500
2048	830,000	85,000	915,000
2049	870,000	43,500	913,500
	<b>\$ 11,435,000</b>	<b>\$ 10,901,000</b>	<b>\$ 22,336,000</b>

No assurance provided. See summary of significant assumptions.

I, Scott Lehman, hereby certify that I am the duly appointed Secretary of the Sky Ranch Community Authority Board, and that the foregoing is a true and correct copy of the budget for the budget year 2022, duly adopted at a meeting of the Board of Directors of the Sky Ranch Community Authority Board held on November 12, 2022.

DocuSigned by:  
*Scott Lehman*  
D6443E14650C499...

Secretary

SENTINEL  
PROOF OF PUBLICATION

STATE OF COLORADO  
COUNTY OF ARAPAHOE }ss.

I DAVID PERRY, do solemnly swear that I am the PUBLISHER of the SENTINEL; that the same is a weekly newspaper published in the Counties of Arapahoe, Adams, and Denver, State of Colorado and has a general circulation therein; that said newspaper has been published continuously and uninterruptedly in said Counties of Arapahoe, Adams and Denver for a period of more than fifty-two consecutive weeks prior to the first publication of the annexed legal notice or advertisement; that said newspaper has been admitted to the United States mails as second-class matter under the provisions of the Act of March 30, 1923, entitled "Legal Notices and Advertisements," or any amendments thereof, and that said newspaper is a weekly newspaper duly qualified for publishing legal notices and advertisements within the meaning of the laws of the State of Colorado.

That the annexed legal notice or advertisement was published in the regular and entire issue of every number of said weekly newspaper for the period of 1 consecutive insertions; and that the first publication of said notice was in the issue of said newspaper dated September 30 A.D. 2021 and that the last publication of said notice was in the issue of said newspaper dated September 30 A.D. 2021.

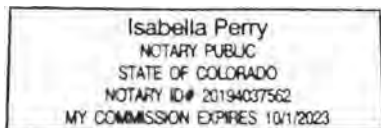
I witness whereof I have hereunto set my hand this 26th day of January A.D. 2022.



Subscribed and sworn to before me, a notary public in the County of Arapahoe, State of Colorado, this 26th day of January A.D. 2022.



Notary Public



NOTICE AS TO PROPOSED 2022  
BUDGET  
AND AMENDMENT OF 2021 BUDGET  
SKY RANCH COMMUNITY AUTHORITY  
BOARD  
ARAPAHOE COUNTY, COLORADO

NOTICE IS HEREBY GIVEN, pursuant to Sections 29-1-108 and 109, C.R.S., that a proposed budget has been submitted to the Board of Directors of the Sky Ranch Community Authority Board (the "CAB") for the ensuing year of 2022. The necessity may also arise for the amendment of the 2021 budget of the CAB. Copies of the proposed 2022 budget and 2021 amended budget (if appropriate) are on file in the office of the District's Accountant, CliftonLarsonAllen LLP, 8390 E. Crescent Parkway, Suite 300, Greenwood Village, CO 80111, where same are available for public inspection. Such proposed 2022 budget and 2021 amended budget will be considered at a special meeting to be held on a First Reading at 8:30 a.m. on Friday, October 8, 2021 at the offices of Pure Cycle Corporation, 34501 E. Quincy Ave., Bldg. 34, Watkins, CO 80137 and at a special meeting of the CAB for a Second and Final Reading and public hearing at 8:30 a.m. on November 12, 2021 at the offices of Pure Cycle Corporation, 34501 E. Quincy Ave., Bldg. 34, Watkins, CO 80137. Any interested elector within the CAB may, at any time prior to the final adoption of the 2022 budget or the 2021 amended budget, inspect the 2022 budget and the 2021 amended budget and file or register any objections thereto.

Due to concerns regarding the spread of the Coronavirus (COVID-19) and the benefits to the control of the spread of the virus by limiting in-person contact, this CAB Board meeting will be accessible to the public by video conference or by conference call.

You can attend the meetings in any of the following ways:

- To attend via video conference, the links to the video conferences may be obtained from the Agendas posted on the website: [skyranch.colorado.gov](http://skyranch.colorado.gov)
- To attend via telephone conference, the call-in information to each of the meetings may be obtained from the Agendas posted on the website: [skyranch.colorado.gov](http://skyranch.colorado.gov)

You may also email Cindy Jenkins at [cindy.jenkins@claconnect.com](mailto:cindy.jenkins@claconnect.com) to obtain the link and call-in information.

SKY RANCH COMMUNITY  
AUTHORITY BOARD  
/s/ Lisa Johnson  
CAB Manager

Publication: September 30, 2021  
Sentinel

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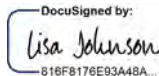
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District Manager

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If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

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Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

#### **How to contact CliftonLarsonAllen LLP:**

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: [BusinessTechnology@CLAconnect.com](mailto:BusinessTechnology@CLAconnect.com)

#### **To advise CliftonLarsonAllen LLP of your new email address**

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at [BusinessTechnology@CLAconnect.com](mailto:BusinessTechnology@CLAconnect.com) and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

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## **EXHIBIT F**

### **District's Application for Exemption from 2021 Audit**



APPLICATION FOR EXEMPTION FROM AUDIT

LONG FORM

NAME OF GOVERNMENT	Sky Ranch Metropolitan District No. 5
ADDRESS	8390 E Crescent Parkway
	Suite 300
	Greenwood Village, CO 80111
CONTACT PERSON	Gigi Pangindian
PHONE	303-779-5710
EMAIL	Gigi.Pangindian@claconnect.com
FAX	303-779-0348

For the Year Ended  
12/31/2021  
or fiscal year ended:

CERTIFICATION OF PREPARER

I certify that I am an independent accountant with knowledge of governmental accounting and that the information in the Application is complete and accurate to the best of my knowledge. I am aware that the Audit Law requires that a person independent of the entity complete the application if revenues or expenditure are at least \$100,000 but not more than \$750,000, and that independent means someone who is separate from the entity.

NAME:	Gigi Pangindian
TITLE	Accountant for the District
FIRM NAME (if applicable)	CliftonLarsonAllen LLP
ADDRESS	8390 E Crescent Parkway, Suite 300, Greenwood Village, CO 80111
PHONE	303-779-5710
DATE PREPARED	3/25/2022
RELATIONSHIP TO ENTITY	CPA Firm providing accounting services to the District

PREPARER (SIGNATURE REQUIRED)

SEE ATTACHED ACCOUNTANT'S COMPILATION REPORT

Has the entity filed for, or has the district filed, a Title 32, Article 1 Special District Notice of Inactive Status during the year? [Applicable to Title 32 special districts only, pursuant to Sections 32-1-103 (9.3) and 32-1-104 (3), C.R.S.]

YES	NO	If Yes, date filed:
<input type="checkbox"/>	<input checked="" type="checkbox"/>	

PART 1 - FINANCIAL STATEMENTS - BALANCE SHEET

\* Indicate Name of Fund

NOTE: Attach additional sheets as necessary.

		Governmental Funds		Proprietary/Fiduciary Funds		Please use this space to provide explanation of any items on this page	
Line #	Description	General Fund*	Regional Improvements Fund*	Description	Fund*		Fund*
Assets				Assets			
1-1	Cash & Cash Equivalents	\$ -	\$ -	Cash & Cash Equivalents	\$ -	\$ -	
1-2	Investments	\$ -	\$ -	Investments	\$ -	\$ -	
1-3	Receivables	\$ -	\$ -	Receivables	\$ -	\$ -	
1-4	Due from Other Entities or Funds	\$ -	\$ -	Due from Other Entities or Funds	\$ -	\$ -	
1-5	Property Tax Receivable	\$ 43,382	\$ 38,669	Other Current Assets [specify...]			
	All Other Assets [specify...]				\$ -	\$ -	
1-6	Receivable - County Treasurer	\$ 387	\$ 327	Total Current Assets	\$ -	\$ -	
1-7		\$ -	\$ -	Capital Assets, net (from Part 6-4)	\$ -	\$ -	
1-8		\$ -	\$ -	Other Long Term Assets [specify...]	\$ -	\$ -	
1-9		\$ -	\$ -		\$ -	\$ -	
1-10		\$ -	\$ -		\$ -	\$ -	
1-11	(add lines 1-1 through 1-10) TOTAL ASSETS	\$ 43,769	\$ 38,996	(add lines 1-1 through 1-10) TOTAL ASSETS	\$ -	\$ -	
Deferred Outflows of Resources				Deferred Outflows of Resources			
1-12	[specify...]	\$ -	\$ -	[specify...]	\$ -	\$ -	
1-13	[specify...]	\$ -	\$ -	[specify...]	\$ -	\$ -	
1-14	(add lines 1-12 through 1-13) TOTAL DEFERRED OUTFLOWS	\$ -	\$ -	(add lines 1-12 through 1-13) TOTAL DEFERRED OUTFLOWS	\$ -	\$ -	
1-15	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 43,769	\$ 38,996	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ -	\$ -	
Liabilities				Liabilities			
1-16	Accounts Payable	\$ -	\$ -	Accounts Payable	\$ -	\$ -	
1-17	Accrued Payroll and Related Liabilities	\$ -	\$ -	Accrued Payroll and Related Liabilities	\$ -	\$ -	
1-18	Unearned Property Tax Revenue	\$ -	\$ -	Accrued Interest Payable	\$ -	\$ -	
1-19	Due to Other Entities or Funds	\$ 387	\$ 327	Due to Other Entities or Funds	\$ -	\$ -	
1-20	All Other Current Liabilities	\$ -	\$ -	All Other Current Liabilities	\$ -	\$ -	
1-21	(add lines 1-16 through 1-20) TOTAL CURRENT LIABILITIES	\$ 387	\$ 327	(add lines 1-16 through 1-20) TOTAL CURRENT LIABILITIES	\$ -	\$ -	
1-22	All Other Liabilities [specify...]	\$ -	\$ -	Proprietary Debt Outstanding (from Part 4-4)	\$ -	\$ -	
1-23		\$ -	\$ -	Other Liabilities [specify...]:	\$ -	\$ -	
1-24		\$ -	\$ -		\$ -	\$ -	
1-25		\$ -	\$ -		\$ -	\$ -	
1-26		\$ -	\$ -		\$ -	\$ -	
1-27	(add lines 1-21 through 1-26) TOTAL LIABILITIES	\$ 387	\$ 327	(add lines 1-21 through 1-26) TOTAL LIABILITIES	\$ -	\$ -	
Deferred Inflows of Resources				Deferred Inflows of Resources			
1-28	Deferred Property Taxes	\$ 43,382	\$ 38,669	Pension Related	\$ -	\$ -	
1-29	Other [specify...]	\$ -	\$ -	Other [specify...]	\$ -	\$ -	
1-30	(add lines 1-28 through 1-29) TOTAL DEFERRED INFLOWS	\$ 43,382	\$ 38,669	(add lines 1-28 through 1-29) TOTAL DEFERRED INFLOWS	\$ -	\$ -	
Fund Balance				Net Position			
1-31	Nonspendable Prepaid	\$ -	\$ -	Net Investment in Capital Assets	\$ -	\$ -	
1-32	Nonspendable Inventory	\$ -	\$ -				
1-33	Restricted [specify...]	\$ -	\$ -	Emergency Reserves	\$ -	\$ -	
1-34	Committed [specify...]	\$ -	\$ -	Other Designations/Reserves	\$ -	\$ -	
1-35	Assigned [specify...]	\$ -	\$ -	Restricted	\$ -	\$ -	
1-36	Unassigned:	\$ -	\$ -	Undesignated/Unreserved/Unrestricted	\$ -	\$ -	
1-37	Add lines 1-31 through 1-36 This total should be the same as line 3-33 TOTAL FUND BALANCE	\$ -	\$ -	Add lines 1-31 through 1-36 This total should be the same as line 3-33 TOTAL NET POSITION	\$ -	\$ -	
1-38	Add lines 1-27, 1-30 and 1-37 This total should be the same as line 1-15 TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 43,769	\$ 38,996	Add lines 1-27, 1-30 and 1-37 This total should be the same as line 1-15 TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ -	\$ -	

## PART 2 - FINANCIAL STATEMENTS - OPERATING STATEMENT - REVENUES

		Governmental Funds				Proprietary/Fiduciary Funds		Please use this space to provide explanation of any items on this page
Line #	Description	General Fund*	Regional Improvements Fund*	Description	Fund*	Fund*		
<b>Tax Revenue</b>				<b>Tax Revenue</b>				
2-1	<b>Property</b> [include mills levied in Question 10-6]	\$ 68,803	\$ 58,087	<b>Property</b> [include mills levied in Question 10-6]	\$ -	\$ -		
2-2	<b>Specific Ownership</b>	\$ 4,742	\$ 4,003	<b>Specific Ownership</b>	\$ -	\$ -		
2-3	<b>Sales and Use Tax</b>	\$ -	\$ -	<b>Sales and Use Tax</b>	\$ -	\$ -		
2-4	<b>Other Tax Revenue</b> [specify...]:	\$ -	\$ -	<b>Other Tax Revenue</b> [specify...]:	\$ -	\$ -		
2-5		\$ -	\$ -		\$ -	\$ -		
2-6		\$ -	\$ -		\$ -	\$ -		
2-7		\$ -	\$ -		\$ -	\$ -		
2-8	Add lines 2-1 through 2-7 TOTAL TAX REVENUE	\$ 73,545	\$ 62,090	Add lines 2-1 through 2-7 TOTAL TAX REVENUE	\$ -	\$ -		
2-9	<b>Licenses and Permits</b>	\$ -	\$ -	<b>Licenses and Permits</b>	\$ -	\$ -		
2-10	<b>Highway Users Tax Funds (HUTF)</b>	\$ -	\$ -	<b>Highway Users Tax Funds (HUTF)</b>	\$ -	\$ -		
2-11	<b>Conservation Trust Funds (Lottery)</b>	\$ -	\$ -	<b>Conservation Trust Funds (Lottery)</b>	\$ -	\$ -		
2-12	<b>Community Development Block Grant</b>	\$ -	\$ -	<b>Community Development Block Grant</b>	\$ -	\$ -		
2-13	<b>Fire &amp; Police Pension</b>	\$ -	\$ -	<b>Fire &amp; Police Pension</b>	\$ -	\$ -		
2-14	<b>Grants</b>	\$ -	\$ -	<b>Grants</b>	\$ -	\$ -		
2-15	<b>Donations</b>	\$ -	\$ -	<b>Donations</b>	\$ -	\$ -		
2-16	<b>Charges for Sales and Services</b>	\$ -	\$ -	<b>Charges for Sales and Services</b>	\$ -	\$ -		
2-17	<b>Rental Income</b>	\$ -	\$ -	<b>Rental Income</b>	\$ -	\$ -		
2-18	<b>Fines and Forfeits</b>	\$ -	\$ -	<b>Fines and Forfeits</b>	\$ -	\$ -		
2-19	<b>Interest/Investment Income</b>	\$ -	\$ -	<b>Interest/Investment Income</b>	\$ -	\$ -		
2-20	<b>Tap Fees</b>	\$ -	\$ -	<b>Tap Fees</b>	\$ -	\$ -		
2-21	<b>Proceeds from Sale of Capital Assets</b>	\$ -	\$ -	<b>Proceeds from Sale of Capital Assets</b>	\$ -	\$ -		
2-22	<b>All Other</b> [specify...]:	\$ -	\$ -	<b>All Other</b> [specify...]:	\$ -	\$ -		
2-23		\$ -	\$ -		\$ -	\$ -		
2-24	Add lines 2-8 through 2-23 TOTAL REVENUES	\$ 73,545	\$ 62,090	Add lines 2-8 through 2-23 TOTAL REVENUES	\$ -	\$ -		
<b>Other Financing Sources</b>				<b>Other Financing Sources</b>				
2-25	<b>Debt Proceeds</b>	\$ -	\$ -	<b>Debt Proceeds</b>	\$ -	\$ -		
2-26	<b>Developer Advances</b>	\$ -	\$ -	<b>Developer Advances</b>	\$ -	\$ -		
2-27	<b>Other</b> [specify...]:	\$ -	\$ -	<b>Other</b> [specify...]:	\$ -	\$ -		
2-28	Add lines 2-25 through 2-27 TOTAL OTHER FINANCING SOURCES	\$ -	\$ -	Add lines 2-25 through 2-27 TOTAL OTHER FINANCING SOURCES	\$ -	\$ -		
2-29	Add lines 2-24 and 2-28 TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 73,545	\$ 62,090	Add lines 2-24 and 2-28 TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ -	\$ -	GRAND TOTALS	
								135,635

IF GRAND TOTAL REVENUES AND OTHER FINANCING SOURCES for all funds (Line 2-29) are GREATER than \$750,000 STOP. You may not use this form. An audit may be required. See Section 29-1-604, C.R.S., or contact the OSA Local Government Division at (303) 869-3000 for assistance.

## PART 3 - FINANCIAL STATEMENTS - OPERATING STATEMENT - EXPENDITURES/EXPENSES

		Governmental Funds		Proprietary/Fiduciary Funds		Please use this space to provide explanation of any items on this page	
Line #	Description	General Fund*	Regional Improvements Fund*	Description	Fund*		Fund*
	<b>Expenditures</b>						
3-1	General Government	\$ 1,032	\$ 871	General Operating & Administrative	\$ -	\$ -	
3-2	Judicial	\$ -	\$ -	Salaries	\$ -	\$ -	
3-3	Law Enforcement	\$ -	\$ -	Payroll Taxes	\$ -	\$ -	
3-4	Fire	\$ -	\$ -	Contract Services	\$ -	\$ -	
3-5	Highways & Streets	\$ -	\$ -	Employee Benefits	\$ -	\$ -	
3-6	Solid Waste	\$ -	\$ -	Insurance	\$ -	\$ -	
3-7	Contributions to Fire & Police Pension Assoc.	\$ -	\$ -	Accounting and Legal Fees	\$ -	\$ -	
3-8	Health	\$ -	\$ -	Repair and Maintenance	\$ -	\$ -	
3-9	Culture and Recreation	\$ -	\$ -	Supplies	\$ -	\$ -	
3-10	Transfers to other districts	\$ -	\$ -	Utilities	\$ -	\$ -	
3-11	Other [specify...]:	\$ -	\$ -	Contributions to Fire & Police Pension Assoc.	\$ -	\$ -	
3-12	Transfers to Sky Ranch CAB	\$ 72,513	\$ 61,219	Other [specify...]	\$ -	\$ -	
3-13		\$ -	\$ -		\$ -	\$ -	
3-14	Capital Outlay	\$ -	\$ -	Capital Outlay	\$ -	\$ -	
	Debt Service			Debt Service			
3-15	Principal (should match amount in 4-4)	\$ -	\$ -	Principal (should match amount in 4-4)	\$ -	\$ -	
3-16	Interest	\$ -	\$ -	Interest	\$ -	\$ -	
3-17	Bond Issuance Costs	\$ -	\$ -	Bond Issuance Costs	\$ -	\$ -	
3-18	Developer Principal Repayments	\$ -	\$ -	Developer Principal Repayments	\$ -	\$ -	
3-19	Developer Interest Repayments	\$ -	\$ -	Developer Interest Repayments	\$ -	\$ -	
3-20	All Other [specify...]:	\$ -	\$ -	All Other [specify...]:	\$ -	\$ -	
3-21		\$ -	\$ -		\$ -	\$ -	
3-22	<b>Add lines 3-1 through 3-21 TOTAL EXPENDITURES</b>	\$ 73,545	\$ 62,090	<b>Add lines 3-1 through 3-21 TOTAL EXPENSES</b>	\$ -	\$ -	<b>GRAND TOTAL</b> \$ 135,635
3-23	Interfund Transfers (In)	\$ -	\$ -	Net Interfund Transfers (In) Out	\$ -	\$ -	
3-24	Interfund Transfers Out	\$ -	\$ -	Other [specify...][enter negative for expense]	\$ -	\$ -	
3-25	Other Expenditures (Revenues):	\$ -	\$ -	Depreciation	\$ -	\$ -	
3-26		\$ -	\$ -	Other Financing Sources (Uses) (from line 2-28)	\$ -	\$ -	
3-27		\$ -	\$ -	Capital Outlay (from line 3-14)	\$ -	\$ -	
3-28		\$ -	\$ -	Debt Principal (from line 3-15, 3-18)	\$ -	\$ -	
3-29	<b>(Add lines 3-23 through 3-28) TOTAL TRANSFERS AND OTHER EXPENDITURES</b>	\$ -	\$ -	<b>(Line 3-27, plus line 3-28, less line 3-26, less line 3-25, plus line 3-24) TOTAL GAAP RECONCILING ITEMS</b>	\$ -	\$ -	
3-30	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures Line 2-29, less line 3-22, less line 3-29	\$ -	\$ -	Net Increase (Decrease) in Net Position Line 2-29, less line 3-22, plus line 3-29, less line 3-23	\$ -	\$ -	
3-31	Fund Balance, January 1 from December 31 prior year report	\$ -	\$ -	Net Position, January 1 from December 31 prior year report	\$ -	\$ -	
3-32	Prior Period Adjustment (MUST explain)	\$ -	\$ -	Prior Period Adjustment (MUST explain)	\$ -	\$ -	
3-33	Fund Balance, December 31 Sum of Lines 3-30, 3-31, and 3-32 This total should be the same as line 1-37.	\$ -	\$ -	Net Position, December 31 Sum of Lines 3-30, 3-31, and 3-32 This total should be the same as line 1-37.	\$ -	\$ -	

IF GRAND TOTAL EXPENDITURES for all funds (Line 3-22) are GREATER than \$750,000 - STOP. You may not use this form. An audit may be required. See Section 29-1-604, C.R.S., or contact the OSA Local Government Division at (303) 869-3000 for assistance.

## PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

YES

NO

Please use this space to provide any explanations or comments:

4-1 Does the entity have outstanding debt?

☐☒

4-2 Is the debt repayment schedule attached? If no, MUST explain:

☐☒

The District has no outstanding debt.

4-3 Is the entity current in its debt service payments? If no, MUST explain:

☐☒

The District has no outstanding debt.

4-4 Please complete the following debt schedule, if applicable: (please only include principal amounts)

	Outstanding at beginning of year*	Issued during year	Retired during year	Outstanding at year-end
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Revenue bonds	\$ -	\$ -	\$ -	\$ -
Notes/Loans	\$ -	\$ -	\$ -	\$ -
Leases	\$ -	\$ -	\$ -	\$ -
Developer Advances	\$ -	\$ -	\$ -	\$ -
Other (specify):	\$ -	\$ -	\$ -	\$ -
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

\*must agree to prior year ending balance

Please answer the following questions by marking the appropriate boxes.

YES

NO

4-5 Does the entity have any authorized, but unissued, debt [Section 29-1-605(2) C.R.S.]?

☒☐

If yes: How much?

\$ 6,948,000,000

Date the debt was authorized:

11/6/2018 &amp; 11/3/2020

4-6 Does the entity intend to issue debt within the next calendar year?

☐☒

If yes: How much?

\$ -

4-7 Does the entity have debt that has been refinanced that it is still responsible for?

☐☒

If yes: What is the amount outstanding?

\$ -

4-8 Does the entity have any lease agreements?

☐☒

If yes: What is being leased?

What is the original date of the lease?

Number of years of lease?

Is the lease subject to annual appropriation?

☐☐

What are the annual lease payments?

\$ -

## PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

AMOUNT

TOTAL

Please use this space to provide any explanations or comments:

5-1 YEAR-END Total of ALL Checking and Savings accounts

\$ -

5-2 Certificates of deposit

\$ -

TOTAL CASH DEPOSITS

\$ -

Investments (if investment is a mutual fund, please list underlying investments):

5-3

\$ -

\$ -

\$ -

\$ -

TOTAL INVESTMENTS

\$ -

TOTAL CASH AND INVESTMENTS

\$ -

Please answer the following question by marking in the appropriate box

YES

NO

N/A

5-4 Are the entity's Investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?

☐☐☒

5-5 Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)? If no, MUST explain:

☐☐☒

PART 6 - CAPITAL ASSETS							
Please answer the following question by marking in the appropriate box				YES	NO	Please use this space to provide any explanations or comments:	
6-1	Does the entity have capitalized assets?			<input checked="" type="checkbox"/>	<input type="checkbox"/>		
6-2	Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.? If no, MUST explain:			<input checked="" type="checkbox"/>	<input type="checkbox"/>		
6-3							
Complete the following Capital Assets table for GOVERNMENTAL FUNDS:		Balance - beginning of the year <sup>1</sup>	Additions <sup>2</sup>	Deletions	Year-End Balance		
Land		\$ -	\$ -	\$ -	\$ -		
Buildings		\$ -	\$ -	\$ -	\$ -		
Machinery and equipment		\$ -	\$ -	\$ -	\$ -		
Furniture and fixtures		\$ -	\$ -	\$ -	\$ -		
Infrastructure		\$ -	\$ -	\$ -	\$ -		
Construction In Progress (CIP)		\$ 90,005	\$ -	\$ -	\$ 90,005		
Other (explain):		\$ -	\$ -	\$ -	\$ -		
Accumulated Depreciation (Enter a negative, or credit, balance)		\$ -	\$ -	\$ -	\$ -		
TOTAL		\$ 90,005	\$ -	\$ -	\$ 90,005		
6-4	Complete the following Capital Assets table for PROPRIETARY FUNDS:		Balance - beginning of the year*	Additions	Deletions		Year-End Balance
Land		\$ -	\$ -	\$ -	\$ -		
Buildings		\$ -	\$ -	\$ -	\$ -		
Machinery and equipment		\$ -	\$ -	\$ -	\$ -		
Furniture and fixtures		\$ -	\$ -	\$ -	\$ -		
Infrastructure		\$ -	\$ -	\$ -	\$ -		
Construction In Progress (CIP)		\$ -	\$ -	\$ -	\$ -		
Other (explain):		\$ -	\$ -	\$ -	\$ -		
Accumulated Depreciation (Enter a negative, or credit, balance)		\$ -	\$ -	\$ -	\$ -		
TOTAL		\$ -	\$ -	\$ -	\$ -		
* Must agree to prior year-end balance - Generally capital asset additions should be reported at capital outlay on line 3-14 and capitalized in accordance with the government's capitalization policy. Please explain any discrepancy							

PART 7 - PENSION INFORMATION						
*				YES	NO	Please use this space to provide any explanations or comments:
7-1	Does the entity have an "old hire" firefighters' pension plan?			<input type="checkbox"/>	<input checked="" type="checkbox"/>	
7-2	Does the entity have a volunteer firefighters' pension plan?			<input type="checkbox"/>	<input checked="" type="checkbox"/>	
If yes:	Who administers the plan?			<input type="checkbox"/>	<input type="checkbox"/>	
Indicate the contributions from:						
Tax (property, SO, sales, etc.):				\$	-	
State contribution amount:				\$	-	
Other (gifts, donations, etc.):				\$	-	
TOTAL				\$	-	
What is the monthly benefit paid for 20 years of service per retiree as of Jan 1?				\$	-	

PART 8 - BUDGET INFORMATION							
Please answer the following question by marking in the appropriate box			YES	NO	N/A	Please use this space to provide any explanations or comments:	
8-1	Did the entity file a current year budget with the Department of Local Affairs, in accordance with Section 29-1-113 C.R.S.? If no, MUST explain:			<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
8-2	Did the entity pass an appropriations resolution in accordance with Section 29-1-108 C.R.S.? If no, MUST explain:			<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
If yes: Please indicate the amount appropriated for each fund separately for the year reported							
Governmental/Proprietary Fund Name			Total Appropriations By Fund				
General Fund (Amended)			\$	75,000			
Regional Improvements Fund (Amended)			\$	63,500			
			\$	-			
			\$	-			

PART 9 - TAX PAYER'S BILL OF RIGHTS (TABOR)					
Please answer the following question by marking in the appropriate box			YES	NO	Please use this space to provide any explanations or comments:
9-1	Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]?			<input checked="" type="checkbox"/>	
Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.					

PART 10 - GENERAL INFORMATION					
Please answer the following question by marking in the appropriate box			YES	NO	Please use this space to provide any explanations or comments:  10-4: The District was established to provide financing for the design, planning, acquisition, construction, relocation, installation, completion, operation, maintenance, and repair or replacement of public improvements, including streets, park and recreation, water, sanitary and storm sewer, public transportation, mosquito control, traffic and safety controls, television relay and translation, security and fire protection.  10-5: The District operates in conjunction with Sky Ranch Metropolitan District No. 1, Sky Ranch Metropolitan District No. 3 and Sky Ranch Community Authority Board (CAB). District Nos. 1, 3 and 5 are the Taxing Districts and CAB is the Operating Authority.
10-1	Is this application for a newly formed governmental entity?		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
If yes: Date of formation:					
10-2	Has the entity changed its name in the past or current year?		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
If Yes: NEW name					
PRIOR name					
10-3	Is the entity a metropolitan district?		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
10-4	Please indicate what services the entity provides:				
See Comments					
10-5	Does the entity have an agreement with another government to provide services?		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
If yes: List the name of the other governmental entity and the services provided:					
See Comments					
10-6	Does the entity have a certified mill levy?		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
If yes: Please provide the number of <u>mills</u> levied for the year reported (do not enter \$ amounts):					
Bond Redemption mills			0.000		
General/Other mills			123.189		
Total mills			123.189		
Please use this space to provide any additional explanations or comments not previously included:					

8



**PART 12 - GOVERNING BODY APPROVAL**

Please answer the following question by marking in the appropriate box

YES

NO

12-1 If you plan to submit this form electronically, have you read the new Electronic Signature Policy?

**Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedures**Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as Docusign or Echosign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
  - a. Include a copy of an adopted resolution that documents formal approval by the Board, or
  - b. Include electronic signatures obtained through a software program such as Docusign or Echosign in accordance with the requirements noted above.

Below is the certification and approval of the governing body. By signing, each individual member is certifying they are a duly elected or appointed officer of the local government. Governing members may be verified. Also by signing, the individual member certifies that this Application for Exemption from Audit has been prepared consistent with Section 29-1-604, C.R.S., which states that a governmental agency with revenue and expenditures of \$750,000 or less must have an application prepared by an independent accountant with knowledge of governmental accounting; completed to the best of their knowledge and is accurate and true. Use additional pages if needed.

Print the names of ALL members of the governing body below.

A MAJORITY of the members of the governing body must complete and sign in the column below.

	Full Name	
1	Mark Harding	I, Mark Harding, attest that I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Mark Harding</u> Date: <u>3/30/2022</u> My term Expires: <u>May 2023</u>
2	Kevin McNeill	I, Kevin McNeill, attest that I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Kevin McNeill</u> Date: <u>3/30/2022</u> My term Expires: <u>May 2023</u>
3	Scott Lehman	I, Scott Lehman, attest that I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Scott Lehman</u> Date: <u>3/30/2022</u> My term Expires: <u>May 2023</u>
4	Paul Joseph Knopinski	I, Paul Joseph Knopinski, attest that I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Paul Joseph Knopinski</u> Date: <u>3/30/2022</u> My term Expires: <u>May 2022</u>
5	Dirk Lashnits	I, Dirk Lashnits, attest that I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: <u>May 2022</u>
6		I, _____, attest that I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
7		I, _____, attest that I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____



CliftonLarsonAllen LLP  
8390 East Crescent Pkwy., Suite 300  
Greenwood Village, CO 80111  
Phone 303-779-5710 Fax 303-779-0348  
CLAconnect.com

## Accountant's Compilation Report

Board of Directors  
Sky Ranch Metropolitan District No. 5  
Arapahoe County, Colorado

Management is responsible for the accompanying Application for Exemption from Audit of Sky Ranch Metropolitan District No. 5 as of and for the year ended December 31, 2021, included in the accompanying prescribed form. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements included in the accompanying prescribed form nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the financial statements included in the accompanying prescribed form.

The Application for Exemption from Audit is presented in accordance with the requirements of the Colorado Office of the State Auditor, which differ from accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Colorado Office of the State Auditor and is not intended to be and should not be used by anyone other than this specified party.

We are not independent with respect to Sky Ranch Metropolitan District No. 5.

*CliftonLarsonAllen LLP*

Greenwood Village, Colorado  
March 25, 2022

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Kevin McNeill

kmcneill@purecycwater.com

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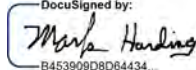
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Mark Harding

mharding@purecycwater.com

President

Sky Ranch CAB

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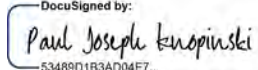
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Paul Joseph Knopinski

joe@actualip.com

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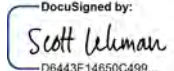
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Scott Lehman

slehman@purecycwater.com

Secretary

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Intermediary Delivery Events	Status	Timestamp
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Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
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**EXHIBIT G**  
CAB's 2021 Audit



**SKY RANCH COMMUNITY AUTHORITY BOARD  
ARAPAHOE COUNTY, COLORADO**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2021**

**SKY RANCH COMMUNITY AUTHORITY BOARD  
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## Independent Auditor's Report

Members of the Board of Directors  
Sky Ranch Community Authority Board

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sky Ranch Community Authority Board (the CAB) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the CAB's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sky Ranch Community Authority Board, as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sky Ranch Community Authority Board and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sky Ranch Community Authority Board's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 generally accepted auditing standards will always detect a material misstatement when it exists. 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, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Sky Ranch Community Authority Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sky Ranch Community Authority Board's ability to continue as a going concern for a reasonable period of time.
- Are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Other-Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that 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. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Sky Ranch Community Authority Board's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Other Information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Haynie & Company*  
Littleton, Colorado  
June 30, 2022

**SKY RANCH COMMUNITY AUTHORITY BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2021**

The following is management's discussion and analysis (MD&A) of the financial activities of the Sky Ranch Community Authority Board (the CAB) for the year ended December 31, 2021. This information should be read in conjunction with the basic financial statements which follow.

**BACKGROUND INFORMATION**

Pursuant to a Community Authority Board Establishment Agreement, as the same may be amended from time to time, Sky Ranch Metropolitan District No. 1, Sky Ranch Metropolitan District No. 3 and Sky Ranch Metropolitan District No. 5 (collectively, the CAB Districts) formed the CAB to, among other things, design, construct, finance, operate and maintain certain public improvements for the benefit of the property within the boundaries and/or service area of the CAB Districts. In order for the public improvements to be constructed and/or acquired, it is necessary for each of the CAB Districts, directly or through the CAB, to be able to fund the improvements and pay its ongoing operations and maintenance expenses related to the provision of services that benefit the property. The CAB entered into agreements with Pure Cycle Corporation (the Developer) in November 2017, June 2018 and August 2021, requiring the Developer to fund expenses related to the construction of an agreed upon list of improvements for the Sky Ranch property.

**FINANCIAL HIGHLIGHTS**

- Total assets of \$36.6 million, an increase of \$3.8 million or 11.6% from 2020
- Total liabilities of \$46.9 million, an increase of \$11.5 million or 32.3% from 2020
- Total revenues of approximately \$1.0 million, consistent with 2020
- Developer advances were \$8.2 million, an increase of \$3.0 million or 57.7% from 2020
- The outstanding Developer advances as of December 31, 2021 were \$27.9 million, an increase of 41.9% from 2020
- Capital asset additions were \$10.4 million in 2021
- The above changes were largely due to the development of Sky Ranch which began in 2018

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This MD&A is intended to serve as an introduction to the CAB's basic financial statements, which are comprised of three parts: i) the MD&A, ii) the basic financial statements, including the notes thereto; and iii) the supplementary and other information. The basic financial statements include two kinds of statements that present information relating to the CAB:

- The first two are government-wide financial statements that provide both long-term and short-term information about the CAB's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the CAB, reporting the CAB's operations in more detail than the government-wide financial statements.

**SKY RANCH COMMUNITY AUTHORITY BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2021**

The government-wide financial statements are designed to provide readers a broad overview of the CAB's finances, in a manner similar to a private-sector business. The statement of net position includes all of the CAB's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. These statements provide both short-term and long-term information about the CAB's overall financial status.

The statement of net position presents information on the CAB's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as Net Position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the CAB is improving or deteriorating.

The statement of activities shows how the CAB's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This is known as the accrual basis of accounting. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future (e.g., unpaid developer advances) or that may have occurred in the past (e.g., amortization of debt premiums or discount and prepaid contributed capital). This statement measures the financial outcomes of the CAB's activities and can be used to determine whether the CAB has successfully recovered all its economic costs through its fees, capital contributions, and other charges.

The fund financial statements provide more detailed information about the CAB's funds. Funds are accounting devices the CAB uses to keep track of specific sources of funding and spending on particular programs. All of the CAB's basic services are included in governmental funds, which generally focus on: 1) inflows and outflows of cash and other financial assets, and 2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the CAB's programs. Because this information does not encompass the long-term focus of the government-wide statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements, such as the CAB's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Supplementary and other information provide details on budget to actual changes, a reconciliation of revenues and expenditures on a budgetary basis, and a schedule of debt service requirements to maturity.

**SKY RANCH COMMUNITY AUTHORITY BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2021**

**FINANCIAL ANALYSIS**

***Net Position***

As discussed above, net position may serve over time as a useful indicator of the CAB's financial position. The table below presents a summary of the CAB's net position:

**Table 1 – Condensed Statements of Net Position**

	<b>As of December 31,</b>		<b>Year-to-year Changes</b>	
	<b>2021</b>	<b>2020 (as restated)</b>	<b>\$</b>	<b>%</b>
Cash and Other Assets	\$ 2,276,286	\$ 2,981,439	\$ (705,153)	(23.7)%
Capital Assets	34,282,878	29,765,374	4,517,504	15.2%
Total Assets	<u>\$ 36,559,164</u>	<u>\$ 32,746,813</u>	<u>\$ 3,812,351</u>	<u>11.6%</u>
Accounts Payable	\$ 2,859,757	\$ 761,513	\$ 2,098,244	275.5%
Other Liabilities	44,027,383	34,669,007	9,358,376	27.0%
Total Liabilities	<u>46,887,140</u>	<u>35,430,520</u>	<u>11,456,620</u>	<u>32.3%</u>
Net Position				
Net Investment in Capital Assets	(15,254,353)	-	(15,254,353)	--%
Restricted	246,940	65,167	181,773	278.9%
Unrestricted	4,679,437	(2,748,874)	7,428,311	(270.2)%
Total Net Position	<u>\$ (10,327,976)</u>	<u>\$ (2,683,707)</u>	<u>\$ (7,644,269)</u>	<u>284.8%</u>

The CAB's most significant assets are related to the infrastructure being constructed at Sky Ranch related to the public improvements (roads, sidewalks, parks, etc.). The largest liabilities are the amounts owed to the Developer and the bondholders for the cost of the infrastructure noted above.

The CAB's net position represents amounts restricted for a specific purpose. The restricted amount represents Emergency Reserves that have been provided as required by the Constitution of the State of Colorado.

The remaining balance of the CAB's net position represents unrestricted net position and may be used to meet the CAB's ongoing obligations to creditors.

**SKY RANCH COMMUNITY AUTHORITY BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2021**

***Change in Net Position***

While the statement of net position displays the CAB's assets, liabilities and net position at year-end, the statement of activity and the statement of revenues, expenses, and changes in net position provide information on the source of the change in net position during the year. The majority of the changes in net position are a result of debt-related expenses and construction of public improvements. The table below presents the CAB's summarized operating activities.

**Table 2 – Condensed Statement of Revenue, Expenses and Changes  
in Net Position  
Year Ended December 31, 2021**

Program Revenues	\$ 997,616
Nonoperating Revenues	2,926
Total Revenues	<u>1,000,542</u>
Operating Expenses	902,256
Interest and Debt-Related Expenses	2,032,398
Conveyance of Capital Assets	5,710,157
Total Expenses	<u>8,644,811</u>
Change in Net Position	(7,644,269)
Beginning Net Position	<u>(2,683,707)</u>
Ending Net Position	<u><u>\$ (10,327,976)</u></u>

Interest and debt-related expenses are related to the Series 2019 Bonds and Developer Advances as described in the notes to the basic financial statements.

***Capital Asset Activity***

The CAB's capital assets at December 31, 2021, totaled \$34.3 million, consisting of construction in progress and Capital Assets, Being Depreciated. Capital asset additions in 2021 were \$10.4 million, the majority of which related to public improvements at Sky Ranch. Capital assets of \$5.7 million constructed by the District were conveyed to other governmental entities. The costs of all capital assets transferred to other governmental entities were removed from the District's financial records.

***Long-Term Obligations***

As of December 31, 2021, the CAB had outstanding debts in the form of bonds and advances totaling \$43.5 million. Detailed information on the CAB's long-term obligations is presented in Note 5 of the financial statements.



**SKY RANCH COMMUNITY AUTHORITY BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2021**

**REQUESTS FOR INFORMATION**

These financial statements are designed to provide a general overview of the CAB's finances. Questions concerning any of the information provide in this report or requests for additional information should be addressed to:

Sky Ranch Community Authority Board  
8390 E Crescent Pkwy, Ste. 300  
Greenwood Village, CO 80111  
Cathee.Sutton@claconnect.com

## **BASIC FINANCIAL STATEMENTS**

**SKY RANCH COMMUNITY AUTHORITY BOARD**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 299,440
Cash and Investments - Restricted	1,766,371
Prepaid Expenses	7,660
Accounts Receivable	24,098
Due from Sky Ranch Metropolitan Districts Nos. 1 and 5	2,869
Deposits - SEMSWA	175,848
Capital Assets, Not Being Depreciated	28,500,507
Capital Assets, Net of Accumulated Depreciation	5,782,371
Total Assets	<u>36,559,164</u>
<b>LIABILITIES</b>	
Accounts Payable	2,859,757
Retainage Payable	325,888
Accrued Interest Payable - Bonds	238,281
Long-Term Liabilities:	
Due in More Than One Year	43,463,214
Total Liabilities	<u>46,887,140</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	(15,254,353)
Restricted For:	
Emergency Reserves	18,200
Debt Service	228,740
Unrestricted	<u>4,679,437</u>
Total Net Position	<u><u>\$ (10,327,976)</u></u>

See accompanying Notes to Basic Financial Statements.

**SKY RANCH COMMUNITY AUTHORITY BOARD  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental Activities:					
General Government	\$ 902,256	\$ 324,097	\$ 275,653	\$ 61,219	\$ (241,287)
Interest and Related Costs on Long-Term Debt	2,032,398	-	336,647	-	(1,695,751)
Conveyance of Capital Assets to Other Governments	5,710,157	-	-	-	(5,710,157)
Total Governmental Activities	<u>\$ 8,644,811</u>	<u>\$ 324,097</u>	<u>\$ 612,300</u>	<u>\$ 61,219</u>	(7,647,195)
<b>GENERAL REVENUES</b>					
Net Investment Income					181
Other Revenue					<u>2,745</u>
Total General Revenues					<u>2,926</u>
<b>CHANGE IN NET POSITION</b>					(7,644,269)
Net Position - Beginning of Year, as Restated					<u>(2,683,707)</u>
<b>NET POSITION - END OF YEAR</b>					<u><u>\$ (10,327,976)</u></u>

See accompanying Notes to Basic Financial Statements.

**SKY RANCH COMMUNITY AUTHORITY BOARD  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

	General	Operations and Maintenance	Debt Service	Capital Projects	Regional Improvements	Total Governmental Funds
<b>ASSETS</b>						
Cash and Investments	\$ 124,650	\$ 174,790	\$ -	\$ -	\$ -	\$ 299,440
Cash and Investments - Restricted	8,300	9,900	1,666,100	23,357	58,714	1,766,371
Prepaid Expenses	7,660	-	-	-	-	7,660
Accounts Receivable	3,774	20,324	-	-	-	24,098
Due from Sky Ranch Metropolitan Districts Nos. 1 and 5	746	-	1,796	-	327	2,869
Deposits - SEMSWA	-	-	-	175,848	-	175,848
Total Assets	<u>\$ 145,130</u>	<u>\$ 205,014</u>	<u>\$ 1,667,896</u>	<u>\$ 199,205</u>	<u>\$ 59,041</u>	<u>\$ 2,276,286</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 37,666	\$ 54,913	\$ -	\$ 2,767,178	\$ -	\$ 2,859,757
Retainage Payable	-	-	-	325,888	-	325,888
Total Liabilities	<u>37,666</u>	<u>54,913</u>	<u>-</u>	<u>3,093,066</u>	<u>-</u>	<u>3,185,645</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid Expenses	7,660	-	-	-	-	7,660
Restricted For:						
Emergency Reserve	8,300	9,900	-	-	-	18,200
Debt Service	-	-	1,667,896	-	-	1,667,896
Regional Improvements	-	-	-	-	59,041	59,041
Assigned:						
Subsequent Year's Expenditures	-	124,000	-	-	-	124,000
Operations and Maintenance Funded in Subsequent Year	-	16,201	-	-	-	16,201
Unassigned:						
General Government	91,504	-	-	-	-	91,504
Capital Projects	-	-	-	(2,893,861)	-	(2,893,861)
Total Fund Balances	<u>107,464</u>	<u>150,101</u>	<u>1,667,896</u>	<u>(2,893,861)</u>	<u>59,041</u>	<u>(909,359)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 145,130</u>	<u>\$ 205,014</u>	<u>\$ 1,667,896</u>	<u>\$ 199,205</u>	<u>\$ 59,041</u>	
Amounts reported for governmental activities in the statement of net position are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						
Capital Assets, Not Being Depreciated						34,282,878
Long-term liabilities are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds.						
Bonds Payable						(13,195,000)
Bonds Premium Payable						(276,924)
Accrued Interest Payable - Bonds						(238,281)
Developer Advance Payable						(25,920,007)
Developer Advance Payable - Project Management						(1,942,111)
Accrued Interest Payable - Developer Advances						(2,129,172)
Net Position of Governmental Activities						<u>\$ (10,327,976)</u>

See accompanying Notes to Basic Financial Statements.

**SKY RANCH COMMUNITY AUTHORITY BOARD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2021**

	General	Operations and Maintenance	Debt Service	Capital Projects	Regional Improvements	Total Governmental Funds
<b>REVENUES</b>						
Public Improvement Fees	\$ 135,815	\$ -	\$ -	\$ -	\$ -	\$ 135,815
Transfer from Sky Ranch District No. 1	67,325	-	336,647	-	61,219	465,191
Transfer from Sky Ranch District No. 5	72,513	-	-	-	-	72,513
O&M Fees	-	304,997	-	-	-	304,997
Administrative Fees	-	19,100	-	-	-	19,100
Other Revenue	-	2,745	-	-	-	2,745
Net Investment Income	-	-	181	-	-	181
Total Revenues	275,653	326,842	336,828	-	61,219	1,000,542
<b>EXPENDITURES</b>						
General	307,843	-	-	144,966	2,178	454,987
Operations and Maintenance	-	299,003	-	-	-	299,003
Debt Service	-	-	674,631	-	-	674,631
Capital Projects	-	-	-	10,375,927	-	10,375,927
Total Expenditures	307,843	299,003	674,631	10,520,893	2,178	11,804,548
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(32,190)	27,839	(337,803)	(10,520,893)	59,041	(10,804,006)
<b>OTHER FINANCING SOURCES (USES)</b>						
Developer Advances	-	-	-	7,659,381	-	7,659,381
Developer Advances - Project Management	-	-	-	572,789	-	572,789
Repay Developer Advances	-	-	-	(400,000)	-	(400,000)
Transfers from Other Funds	-	-	-	400,000	-	400,000
Transfers to Other Funds	(400,000)	-	-	-	-	(400,000)
Total Other Financing Sources (Uses)	(400,000)	-	-	8,232,170	-	7,832,170
<b>NET CHANGE IN FUND BALANCES</b>	(432,190)	27,839	(337,803)	(2,288,723)	59,041	(2,971,836)
Fund Balances (Deficits) - Beginning of Year	539,654	122,262	2,005,699	(605,138)	-	2,062,477
<b>FUND BALANCES (DEFICITS) - END OF YEAR</b>	<u>\$ 107,464</u>	<u>\$ 150,101</u>	<u>\$ 1,667,896</u>	<u>\$ (2,893,861)</u>	<u>\$ 59,041</u>	<u>\$ (909,359)</u>

See accompanying Notes to Basic Financial Statements.

**SKY RANCH COMMUNITY AUTHORITY BOARD**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Governmental Funds \$ (2,971,836)

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay	10,375,927
Current Year Depreciation	(148,266)
Conveyance of Capital Assets to Other Governments	(5,710,157)

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

Developer Advances	(7,659,381)
Developer Advances - Project Management	(572,789)

Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

Bond Premium Amortization	14,525
Accrued Interest on Developer Advances - Change in Liability	(923,018)
Accrued Interest on Bonds - Change in Liability	(49,274)

Change in Net Position of Governmental Activities	\$ (7,644,269)
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**SKY RANCH COMMUNITY AUTHORITY BOARD  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
DECEMBER 31, 2021**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES</b>				
Public Improvement Fees	\$ 104,046	\$ 135,000	\$ 135,815	\$ 815
Transfer from Sky Ranch District No. 1	67,379	67,323	67,325	2
Transfer from Sky Ranch District No. 5	72,587	72,521	72,513	(8)
Total Revenues	244,012	274,844	275,653	809
<b>EXPENDITURES</b>				
Accounting	52,500	52,500	48,613	3,887
Audit	7,000	5,150	5,150	-
Dues and Memberships	1,500	1,930	1,930	-
Insurance	20,000	28,059	28,059	-
CAB Management	40,000	70,000	67,931	2,069
Legal	78,000	135,000	132,274	2,726
Office Supplies	200	-	-	-
Miscellaneous/Contingency	20,800	107,361	23,886	83,475
Total Expenditures	220,000	400,000	307,843	92,157
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	24,012	(125,156)	(32,190)	92,966
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds	(60,000)	(400,000)	(400,000)	-
Total Other Financing Sources (Uses)	(60,000)	(400,000)	(400,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	(35,988)	(525,156)	(432,190)	92,966
Fund Balance - Beginning of Year	512,591	539,654	539,654	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 476,603</u>	<u>\$ 14,498</u>	<u>\$ 107,464</u>	<u>\$ 92,966</u>

See accompanying Notes to Basic Financial Statements.



**SKY RANCH COMMUNITY AUTHORITY BOARD  
OPERATIONS AND MAINTENANCE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Administrative Fees	\$ 25,000	\$ 19,100	\$ (5,900)
Design Review Fees	1,000	-	(1,000)
O&M Fees	302,600	304,997	2,397
Other Revenue	-	2,745	2,745
Total Revenues	328,600	326,842	(1,758)
<b>EXPENDITURES</b>			
Community Management	14,800	7,290	7,510
Covenant Control	55,300	14,590	40,710
Detention Ponds	3,000	-	3,000
Fee Billing and Collection	16,800	22,939	(6,139)
Fencing	6,000	-	6,000
Holiday Lights	-	7,436	(7,436)
Landscaping	105,500	96,927	8,573
Legal	-	3,341	(3,341)
Mailboxes	6,000	18,821	(12,821)
Monuments	3,000	-	3,000
Operations and Maintenance Reserve	36,268	-	36,268
Parks and Trails	34,150	-	34,150
Pet Stations	-	4,552	(4,552)
Snow Removal	-	1,660	(1,660)
Status Letter Processing	15,000	10,877	4,123
Utilities	117,000	106,770	10,230
Contingency	15,130	3,800	11,330
Total Expenditures	427,948	299,003	128,945
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(99,348)	27,839	127,187
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Other Funds	60,000	-	(60,000)
Total Other Financing Sources (Uses)	60,000	-	(60,000)
<b>NET CHANGE IN FUND BALANCE</b>	(39,348)	27,839	67,187
Fund Balance - Beginning of Year	46,456	122,262	75,806
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 7,108</u>	<u>\$ 150,101</u>	<u>\$ 142,993</u>

See accompanying Notes to Basic Financial Statements.

**SKY RANCH COMMUNITY AUTHORITY BOARD  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1    DEFINITION OF REPORTING ENTITY**

The Sky Ranch Community Authority Board (the CAB) is a political subdivision and public corporation of the State of Colorado, formed pursuant to that certain Second Amended and Restated Sky Ranch Community Authority Board Establishment Agreement, dated August 13, 2021 (as restated and amended, the CABEA), as may be further amended from time to time, between Sky Ranch Metropolitan District No. 1 (District No. 1), Sky Ranch Metropolitan District No. 3 (District No. 3) and Sky Ranch Metropolitan District No. 5 (District No. 5, and together with District No. 1 and District No. 3, the CAB Districts), under authority granted by Sections 18(2)(a) and (b) of Article XIV of the Colorado Constitution and Sections 29-1-203 and 29-1-203.5 of the Colorado Revised Statutes, as amended.

The CAB Districts and Sky Ranch Metropolitan District No. 4 (District No. 4) exist for the purpose of financing, constructing, installing, acquiring and operating and maintaining certain public improvements as described in their respective Service Plans (collectively, the Public Improvements) to serve and benefit a planned, mixed-use development consisting of residential, commercial, and retail properties within the boundaries of the project area known as Sky Ranch (the Development or the Service Area). The CAB Districts and District No. 4 are collectively referred to as the Districts.

The CAB Districts' respective Service Plans contemplated that the Districts, with the approval of their electors, would enter into one or more intergovernmental agreements to coordinate the financing, installation, construction and operations and maintenance of Public Improvements that benefit the users of, and residents within, the Service Area, and the CAB Districts entered into the CABEA and formed the CAB for those purposes. District No. 4 is currently in inactive status, but the boards of District No. 4 may decide to become parties to the CABEA in the future, at which time it would also become CAB Districts.

Under the CABEA, each CAB District shall transfer certain revenues received by it to fund the operation and maintenance costs and capital costs of the Public Improvements. Each CAB District has agreed, and the CABEA provides, that the CAB will own, operate, maintain, finance and construct Public Improvements benefiting the CAB Districts, and that the CAB Districts will contribute to the costs of construction, operation and maintenance of such Public Improvements. It is the intent of the CAB Districts that the CAB may, from time to time, issue debt and use proceeds to finance the Public Improvements and that the CAB will enter into contracts to construct the Public Improvements. See Note 7 – Agreements for additional information on the CABEA.

**SKY RANCH COMMUNITY AUTHORITY BOARD**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The more significant accounting policies of the CAB 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 CAB. The effect of interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

**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.

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 CAB considers revenues to be measurable and available (hence recognized at year-end) if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are service fees and intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the CAB. The CAB has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

**SKY RANCH COMMUNITY AUTHORITY BOARD  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)**

The CAB reports the following major governmental funds:

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

The Operations and Maintenance Fund is used to account for fees collected and expenditures incurred in connection with operations and maintenance.

The Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on bonds issued by the CAB.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of public improvements related to all filings within the CAB Districts.

The Regional Improvements Fund is used to account for financial resources to be used for the acquisition and construction of Regional improvements related to all filings within the CAB Districts.

**Budgets**

In accordance with the State Budget Law, the CAB's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and financing uses level and lapses at year-end. The CAB's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The CAB has amended its annual budget for the year ended December 31, 2021.

**Pooled Cash and Investments**

The CAB follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in total cash.

**SKY RANCH COMMUNITY AUTHORITY BOARD  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Amortization**

**Original Issue Discount/Premium**

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

**Capital Assets**

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the CAB as assets with an initial, individual cost of more than \$5,000 with an economic life greater than one year. Such assets are recorded at cost if purchased or estimated cost if constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities, as well as capital assets being constructed which the CAB may operate and maintain, are recorded as construction in progress. Construction in progress is not being depreciated and is not included in the calculation of Net Investment in Capital Assets component of the CAB's net position. Depreciation begins at the time assets are placed in service.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements that will be dedicated to the other governmental entities are not depreciated. Improvements to be owned by the District are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Landscaping	20 Years
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**O&M Fees and Administrative Fees**

On March 8, 2019, the CAB's Board of Directors adopted Resolution No. 2019-03-01, Resolution of the Board of Directors of Sky Ranch Community Authority Board Regarding the Imposition of Operations and Maintenance Fees (the Original O&M Fee Resolution), which imposed certain operations and maintenance fees on real property within the boundaries of District No. 1, effective April 1, 2019. On November 8, 2019, the CAB's Board of Directors adopted Resolution No. 2019-11-03, Amended and Restated Resolution of the Board of Directors of Sky Ranch Community Authority Board Regarding the Imposition of Operations and Maintenance Fees (the Amended and Restated Resolution), which amended and restated the Original O&M Fee Resolution in its entirety. On February 12, 2021, the CAB's Board of Directors adopted Resolution No. 2021-02-01, Second Amended and Restated Resolution of the Board of Directors of Sky Ranch Community Authority Board Regarding the Imposition of Operations and Maintenance Fees (the O&M Fee Resolution), which amended and restated the Original O&M Fee Resolution and the Amended and Restated Resolution in its entirety.

**SKY RANCH COMMUNITY AUTHORITY BOARD  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O&M Fees and Administrative Fees (Continued)**

Pursuant to the O&M Fee Resolution, the CAB imposes certain operations and maintenance fees (O&M Fees) on real property within the boundaries of District No. 1 as follows: (1) for unplatted lots, there are no O&M Fees imposed on homebuilders; (2) upon transfer of a finished lot to a homebuilder, at the rate of \$50 per month, or \$150 per quarter, billed quarterly; (3) upon transfer of a residential unit from a homebuilder to an owner, or from one owner to another owner, the CAB imposes O&M Fees upon the owners at the rate of \$50 per month, or \$150 per quarter, billed quarterly. Under the O&M Fee Resolution, the CAB also imposes an Administrative Fee of \$100 per conveyance or refinance.

**Public Improvement Fee**

PCY Holdings, LLC, the landowner of the property within the Development (the Declarant or Property Owner) caused to be recorded a Declaration of Covenants Imposing and Implementing the Sky Ranch Public Improvement Fee (the PIF Covenant), which assigned the Declarant's rights under the PIF Covenant to receive certain revenue imposed by the PIF Covenant District No. 5 or another governmental entity, such as the CAB. Under the CABEA, District No. 5 agreed to transfer its revenues, including the revenue collected under the PIF Covenant, to the CAB for the purpose of the financing, installation, construction and operations and maintenance of Public Improvements that benefit the users of, and residents within, the Service Area. Pursuant to the PIF Covenant, the CAB imposes a Retail Public Improvement Fee (Retail PIF) and a one-time Material Sales and Use Public Improvement Fee (Material Sales and Use PIF). The Retail PIF is applied to the sale of goods at a rate of 2.75%, in addition to all sales and use taxes that may be imposed and is collected by the retailers in the Districts and remitted to the Districts within 20 days after month-end. The Material Sales and Use PIF is imposed on construction activities for the materials incorporated into the construction of any newly constructed building, dwelling or structure within property. The Material Sales and Use PIF is payable by homebuilders and is equal to 2.75% of an amount equal to 50% of the Construction Valuation Amount.

**Equity**

**Net Position**

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the CAB's practice to use restricted resources first, then unrestricted resources as they are needed.

In the government-wide financial statements, net position may be classified into three components: net investment in capital assets, restricted and unrestricted (see Note 6).

**SKY RANCH COMMUNITY AUTHORITY BOARD**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance**

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 CAB's practice to use the most restrictive classification first.

**SKY RANCH COMMUNITY AUTHORITY BOARD**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Restatement of Beginning Net Position**

The CAB had restated the beginning balance of net position (government-wide) as explained below:

	Net Position - Government - Wide (Accrual)
December 31, 2020 - as Originally Stated	\$ (2,738,615)
Impact of:	
1. Decreasing Developer Advances Payable for adjustment in certified costs	645,482
1a. Decreasing Capital Assets for adjustment in certified costs	(645,482)
2. Decreasing Developer Advances Payable to adjust payment of interest applied against principal	9,837
3. Decreasing Developer Advances Payable for interest expense during 2018 to 2020	45,071
December 31, 2020 - as Restated	<u><u>\$ (2,683,707)</u></u>

**Deficits**

The Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2021. Pursuant to a funding agreement effective November 13, 2017, the deficit will be eliminated with Developer advances in 2022.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 299,440
Cash and Investments - Restricted	1,766,371
Total Cash and Investments	<u><u>\$ 2,065,811</u></u>

Cash and investments as of December 31, 2021, consist of the following:

Deposits with Financial Institutions	\$ 394,338
Investments	1,671,473
Total Cash and Investments	<u><u>\$ 2,065,811</u></u>



**SKY RANCH COMMUNITY AUTHORITY BOARD  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

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

At December 31, 2021, the CAB's cash deposits had a bank balance of \$501,144 and a carrying balance of \$394,338.

**Investments**

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

The CAB 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 CAB is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

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 securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- \* Local government investment pools

**SKY RANCH COMMUNITY AUTHORITY BOARD  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

As of December 31, 2021, the CAB had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	<u>\$ 1,671,473</u>

**COLOTRUST**

The CAB invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (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 any security allowed under CRS 24-75-601. 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 investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the CAB records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**SKY RANCH COMMUNITY AUTHORITY BOARD**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 4 CAPITAL ASSETS**

The following is an analysis of the changes in the CAB's capital assets for the year ended December 31, 2021:

	Balance - December 31, 2020 (as Restated)	Increases	Decreases	Balance - December 31, 2021
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Construction in Progress:	\$ 29,765,374	\$ 10,375,927	\$ 11,640,794	\$ 28,500,507
Total Capital Assets, Not Being Depreciated	29,765,374	10,375,927	11,640,794	28,500,507
Capital Assets, Being Depreciated:				
Landscaping	-	5,930,637	-	5,930,637
Less Accumulated Depreciation For:				
Landscaping	-	(148,266)	-	(148,266)
Total Capital Assets, Being Depreciated, Net	-	5,782,371	-	5,782,371
Governmental Activities Capital Assets, Net	<u>\$ 29,765,374</u>	<u>\$ 16,158,298</u>	<u>\$ 11,640,794</u>	<u>\$ 34,282,878</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	<u>\$ (148,266)</u>
Total Depreciation Expense - Governmental Activities	<u>\$ (148,266)</u>

During 2021, a significant portion of the capital assets constructed by the District were conveyed to other governmental entities. The costs of all capital assets transferred to other governmental entities were removed from the District's financial records.

**SKY RANCH COMMUNITY AUTHORITY BOARD**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the CAB's long-term obligations for the year ended December 31, 2021:

	Balance - December 31, 2020 (as Restated)	Additions	Reductions	Balance - December 31, 2021	Due Within One Year
Limited Tax Supported					
Revenue Bonds:					
Senior - Series 2019A	\$ 11,435,000	\$ -	\$ -	\$ 11,435,000	\$ -
Senior - Bond Premium	291,449	-	14,525	276,924	-
Subordinate - Series 2019B	1,760,000	-	-	1,760,000	-
Total Bonds Payable	13,486,449	-	14,525	13,471,924	-
Other Debts:					
Developer Advances	18,260,626	7,659,381	-	25,920,007	-
Developer Advances - Project Management	1,369,322	572,789	-	1,942,111	-
Accrued Interest on					
Developer Advances	1,070,067	1,229,378	400,000	1,899,445	-
Accrued Interest on					
Developer Advances - Project Management	136,087	93,640	-	229,727	-
Total Other Debts	20,836,102	9,555,188	400,000	29,991,290	-
Total	\$ 34,322,551	\$ 9,555,188	\$ 414,525	\$ 43,463,214	\$ -

**Limited Tax Supported District No. 1 Bonds, Series 2019**

On November 19, 2019, the CAB issued \$11,435,000 in Limited Tax Supported District No. 1 Senior Bonds, Series 2019A (Senior Bonds) and \$1,760,000 in Limited Tax Supported District No. 1 Subordinate Bonds, Series 2019B (Subordinate Bonds) (collectively, Series 2019 Bonds), for the purposes of (i) financing public improvements related to the Development, (ii) paying capitalized interest on the 2019A Senior Bonds, (iii) funding a deposit to the Senior Bonds Reserve Fund, and (iv) paying other costs in connection with the issuance of the 2019 Bonds.

The Senior Bonds are term bonds which bear interest at 5.00%, payable semi-annually on June 1 and December 1, beginning on June 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2023. The Senior Bonds mature on December 1, 2049, and are subject to optional redemption as described in the Senior Indenture.

The Senior Bonds are secured by and payable solely from Senior Pledged Revenues, which includes property taxes generated by the imposition of the District No. 1 Senior Required Mill Levy (in accordance with the Pledge Agreement) net of the cost of collection, all other Required Mill Levy Revenue (pursuant to the Pledge Agreement), Specific Ownership Taxes attributable to the District No. 1 Senior Required Mill Levy, and any other legally available amounts that the CAB may designate by resolution of the Board to be deposited with the Trustee for deposit into the Senior Revenue Fund. The Senior Bonds are also secured by amounts held in the Senior Reserve Fund, in the amount of the Required Reserve equal to \$915,000, and amounts accumulated in the Surplus Fund, if any.

**SKY RANCH COMMUNITY AUTHORITY BOARD**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Limited Tax Supported District No. 1 Bonds, Series 2019 (Continued)**

The CAB's long-term 2019A Senior Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 571,750	\$ 571,750
2023	55,000	571,750	626,750
2024	150,000	569,000	719,000
2025	160,000	561,500	721,500
2026	180,000	553,500	733,500
2027-2031	1,145,000	2,617,250	3,762,250
2032-2036	1,675,000	2,281,250	3,956,250
2037-2041	2,350,000	1,798,000	4,148,000
2042-2046	3,250,000	1,125,000	4,375,000
2047-2049	2,470,000	252,000	2,722,000
Total	<u>\$ 11,435,000</u>	<u>\$ 10,901,000</u>	<u>\$ 22,336,000</u>

The Subordinate Bonds bear interest at 7.625% per annum and interest is payable annually from available Subordinate Pledged Revenue on December 15, beginning on December 15, 2020. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. The Subordinate Bonds are structured as cash flow bonds, meaning that interest payments not paid when due will accrue and compound until Subordinate Pledged Revenues are available and no regularly scheduled principal payments are due prior to maturity date. The Subordinate Bonds are subject to optional and mandatory redemption prior to maturity as described in the Subordinate Indenture.

The Subordinate Bonds are secured by and payable from Subordinate Pledged Revenues derived by the CAB from the following sources, net of any cost of collection: a) the District No. 1 Subordinate Required Mill Levy Revenues; b) Specific Ownership Tax Revenues, attributable to the Subordinate Required Mill Levy; and c) any other legally available moneys which the CAB determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue. The Subordinate Bonds are structured as cash flow bonds, meaning that no regularly scheduled principal and interest payments are due prior to maturity date and interest payments not paid when due will accrue and compound until Subordinate Pledged Revenues are available.

The occurrence of any of the following shall constitute an Event of Default: (a) the CAB fails or refuses to apply the Pledged Revenue as required by the Series 2019 Bonds Indentures; (b) the CAB defaults in the performance or observance of any of the covenants or agreements on the part under the Indentures; (c) the CAB or District No. 1 files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust Series 2019 Bonds obligation; (d) the CAB fails to cause District No. 1 to impose Required Mill Levy; or (e) any Event of Non-Compliance has occurred under the District No. 1 Pledge Agreement. The failure to pay principal of or interest on the Subordinate Bonds when due as the limited nature of the Subordinate Pledged Revenue shall not constitute an Event of Default.

**SKY RANCH COMMUNITY AUTHORITY BOARD  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt**

At an election held on November 6, 2018, District No. 1's eligible electors authorized District No. 1 to impose ad valorem property taxes on an annual basis not to exceed \$162,000,000, and to enter into intergovernmental agreements to share such revenue to fund public improvements.

Pursuant to this electoral authority, on November 1, 2019, District No. 1 entered into a Capital Pledge Agreement with the CAB, pursuant to which District No. 1 agreed to pledge certain revenues to the CAB pursuant to the intergovernmental agreement provisions of Sections 29-1-203 and -203.5, C.R.S., as described in the Capital Pledge Agreement, and committed to impose a mill levy annually that does not exceed the Service Plan limits for a debt mill levy, to repay Bonds to be issued by the CAB in a principal amount that does not exceed \$162,000,000 (the Pledge Obligation).

District No. 1's voters also authorized the issuance of up to \$1,782,000,000 in general obligation debt for public improvements, however the District No. 1 Service Plan debt limit of \$162,000,000 constrains the total amount of debt that District No. 1 can issue.

The Pledge Obligation may be used by the CAB to repay bonds the CAB has issued or will issue, including without limitation, the CAB's \$11,435,000 Limited Tax Supported District No. 1 Senior Bonds (Tax-Exempt Fixed Rate), Series 2019A (the CAB Series 2019A Bonds) and its \$1,760,000 Limited Tax Supported District No. 1 Subordinate Bonds (Tax-Exempt Fixed Rate), Series 2019B (the CAB Series 2019B Bonds and together with the CAB Series 2019A bonds, the CAB Series 2019 Bonds), and future bond issuances by the CAB.

At an election held on November 3, 2020, the eligible electors of District Nos. 3, 4, and 5, respectively, authorized District Nos. 3, 4, and 5, respectively, to impose ad valorem property taxes on an annual basis not to exceed \$312,000,000, and to enter into intergovernmental agreements to share such revenue to fund public improvements. The eligible electors of District Nos. 3, 4, and 5, respectively, also authorized the issuance of up to \$3,432,000,000 in general obligation debt for public improvements, however the Amended and Restated Service Plans for District Nos. 3, 4, and 5, contain an aggregate debt limit of \$312,000,000, which constrains the total amount of debt those Districts can issue.

The CAB cannot issue Bonds which to exceed the Districts' Service Plan debt limits. Following the issuance of the CAB's Series 2019 Bonds, District No. 1 does not have any remaining capacity to pledge because it has pledged to the CAB its full authorization in the form of the Pledge Obligation, which is the same amount as the debt limit in the District No. 1 Service Plan. The remaining authorized pledge limitation under the Service Plans for District Nos. 3, 4, and 5 is \$312,000,000. The CAB's remaining debt authorization is \$298,805,000.

**SKY RANCH COMMUNITY AUTHORITY BOARD**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Developer Advances**

The CAB entered the Phase 1 FFAA (defined and discussed in Note 7) with Pure Cycle Corporation (the Developer), effective 2017, for the purpose of funding certain operation and maintenance expenses and construction and acquisition of public improvements in Phase 1 (see Note 7); and the Phase 2 FFAA (defined and discussed in Note 7) with Pure Cycle Corporation (the Developer), effective 2020, for the purpose of funding certain operation and maintenance expenses and construction and acquisition of public improvements in Phase 2 (see Note 7). Under the Phase 1 FFAA and the Phase 2 FFAA, interest on funds advanced or to pay for improvements accrue at 6.00% per annum. The Phase 1 FFAA and the Phase 2 FFAA do not constitute debt, but are annual appropriations agreements intended to be repaid through future bond issuances or other available revenue.

As of December 31, 2021, the outstanding balance of developer advances advanced by the Developer to the CAB under the Phase 1 FFAA and the Phase 2 FFAA is \$25,920,007, and accrued interest is \$1,899,445.

In 2017, and as amended and restated in 2020, the CAB entered into two service agreements for project management services, one with the Developer, and one with the Property Owner (see Note 7), under which the Developer or Property Owner, as applicable, provides project management services for the CAB's construction of on- and offsite CAB eligible improvements (see Note 7). The amounts owed by the CAB to the Developer or Property Owner, as applicable, under the project management services agreements accrue as developer advances under the Phase 1 FFAA or Phase 2 FFAA, as applicable (see Note 7).

As of December 31, 2021, the outstanding balance of developer advances under the project management services agreements is \$1,942,111, and accrued interest is \$229,727.

**NOTE 6 NET POSITION**

As of December 31, 2021, the CAB had net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2021, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:

Capital Assets, Net	\$ 5,782,371
Noncurrent Portion of Long-Term Obligations	(20,895,639)
Bond Premium, Net	(141,085)
Net Investment in Capital Assets	<u>\$ (15,254,353)</u>

**SKY RANCH COMMUNITY AUTHORITY BOARD  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 6 NET POSITION (CONTINUED)**

The restricted component of net position consists of assets that are restricted for use as imposed either by external parties (i.e., creditors, grantors, or contributors) or laws and regulations of other governments or laws through constitutional provisions or enabling legislation. The CAB had restricted net position as of December 31, 2021, as follows:

Restricted Net Position:	
Emergencies	\$ 18,200
Debt Service	228,740
Total Restricted Net Position	<u>\$ 246,940</u>

**NOTE 7 AGREEMENTS**

**Sky Ranch Community Authority Board Establishment Agreement (CABEA)**

The CAB Districts exist for the purpose of designing, acquiring, constructing, installing, financing, and operating and maintaining certain street, traffic and safety controls, water, sanitation, stormwater, parks and recreation, television relay and translation, transportation, and mosquito control, all in accordance with their respective Service Plans.

Their Service Plans contemplated that the CAB Districts, with the approval of their electors would enter into the CABEA. On November 6, 2012 (for District No. 1, District No. 3, and District No. 4), and on May 6, 2012 (for District No. 5), the CAB Districts' respective qualified electors, as applicable, voted in favor of the Districts entering into the CABEA pursuant to which the CAB Districts established the CAB. District No. 3 became a party to the CABEA, and thus also became a CAB District, in 2021. District No. 4 was inactive for 2021, and it is anticipated that District No. 4 will also become a party to the CABEA in the future, at which time it would also become a CAB District. The CABEA was amended and restated on September 18, 2018, pursuant to the Amended and Restated Sky Ranch Community Authority Board Establishment Agreement, and further amended and restated on August 13, 2021, pursuant to the Second Amended and Restated Sky Ranch Community Authority Board Establishment Agreement, as the same may be amended from time to time (the CABEA). Pursuant to the CABEA, the CAB will furnish, operate, and plan for the Public Improvements and each CAB District shall transfer certain revenues to the CAB in order to fund the operation and maintenance costs and capital costs of the Public Improvements. Each CAB District has agreed, and their Service Plans provide, that the CAB will own, operate, maintain, finance, and construct Public Improvements benefiting the CAB Districts, and that the CAB Districts will contribute to the costs of construction, operation, and maintenance of such Public Improvements. It is the intent of the CAB Districts that the CAB may, from time to time, issue debt and use proceeds to finance the Public Improvements and that the CAB will enter into contracts to construct the Public Improvements.



**SKY RANCH COMMUNITY AUTHORITY BOARD  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 7    AGREEMENTS (CONTINUED)**

**Phase 1 and Phase 2 Facilities Funding and Acquisition Agreements with Pure Cycle Corporation**

On September 18, 2018, with an effective date of November 13, 2017, the CAB entered into the Facilities Funding and Acquisition Agreement (the Phase 1 FFAA) with the Developer, pursuant to which the Developer agrees to make advances not to exceed \$30,000,000 to the CAB the purpose of funding the construction and/or acquisition of public improvements for Phase 1. The Developer agrees to make advances under the Phase 1 FFAA on a periodic basis as needed for fiscal years 2018 through 2023. The CAB agrees to repay the advances made under the Phase 1 FFAA, pursuant to the priority established in the agreement, together with accrued simple interest at the rate of 6% per annum. The Phase 1 FFAA does not constitute debt, but is an annual appropriations agreement intended to be repaid through future bond issuances or other available revenue.

On December 17, 2020, the CAB entered into the Phase 2 Facilities Funding and Acquisition Agreement (the Phase 2 FFAA) with the Developer, pursuant to which the Developer agrees to make advances not to exceed \$50,000,000 to the CAB the purpose of funding the construction and/or acquisition of public improvements for Phase 2. The Developer agrees to make advances under the Phase 2 FFAA on a periodic basis as needed for fiscal years 2020 through 2025. The CAB agrees to repay the advances made under the Phase 2 FFAA, pursuant to the priority established in the agreement, together with accrued simple interest at the rate of 6% per annum. The Phase 2 FFAA does not constitute debt, but is an annual appropriations agreement intended to be repaid through future bond issuances or other available revenue.

**Tri-Party Agreement**

On September 18, 2018, with an effective date of November 13, 2017, the CAB, the Developer and District No. 5 entered into a Tri-Party Agreement (the Tri-Party Agreement), under which the parties acknowledged that, given the creation of the CAB, various previous operations and capital funding agreements between the Developer and District No. 5 (collectively, the Terminated District No. 5 Funding Agreements) would be terminated. The parties agreed that any amounts owed by District No. 5 to the Developer for previous developer advances under the Terminated District No. 5 Funding Agreements would become payable by the CAB to the Developer under the OFA and FFAA, respectively, as appropriate.

**Capital Pledge Agreement**

The CAB entered into a Capital Pledge Agreement with District No. 1, dated November 1, 2019, under which District No. 1 agrees to impose ad valorem property taxes upon all taxable property of District No. 1, and to transfer the revenues generated from such mill levy imposition, along with revenues generated from the imposition of specific ownership taxes, to the CAB for payment of principal and interest on bonds the CAB has issued or will issue, including without limitation, the CAB's Series 2019 Bonds, as well as future bond issuances by the CAB.

**SKY RANCH COMMUNITY AUTHORITY BOARD  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 7    AGREEMENTS (CONTINUED)**

**Service Agreements for Project Management Services**

On May 2, 2018, with an effective date of November 13, 2017, the CAB and Developer entered into a Service Agreement for Project Management Services (the Original PM Agreement). On May 12, 2020, with an effective date of November 13, 2017, the CAB and Developer entered into an Amended and Restated Service Agreement for Project Management Services (the Amended PM Agreement), which supersedes the Original PM Agreement in its entirety.

Also on May 2, 2018, with an effective date of November 13, 2017, the CAB and PCY Holdings, LLC (the Property Owner) entered into a Service Agreement for Project Management Services (for Improvements at Sky Ranch) (the Original Offsite PM Agreement). On May 12, 2020, with an effective date of November 13, 2017, the CAB and Property Owner entered into an Amended and Restated Service Agreement for Project Management Services (for Improvements at Sky Ranch) (the Amended Offsite PM Agreement, and together with the Amended PM Agreement, the PM Agreements), which supersedes the Original Offsite PM Agreement in its entirety.

Under the PM Agreements, the Developer or Property Owner, as applicable, agrees to provide project management services related to the CAB's installation or construction of certain on- and offsite public improvements. The cost of the project management services under the PM Agreements are 5% of the actual construction costs of public improvements that are eligible for reimbursement by the CAB. In the event the CAB does not have sufficient revenue to pay invoices under the PM Agreements when due, the amounts owed by the CAB under the PM Agreements will constitute developer advances under the Phase 1 FFAA or Phase 2 FFAA, as applicable, and shall accrue interest at the same rate set forth in the Phase 1 FFAA or Phase 2 FFAA, as applicable.

**1601 Interchange Agreement**

On June 23, 2020, the CAB entered into the County/CAB/Developer Funding Agreement I-70/Watkins and I-70/Monaghan 1601 Interchange Study, Arapahoe County Project Number: C-17-007, with the County and Developer (the 1601 Interchange Agreement), under which the CAB, County and Developer agreed to share costs related to studies to identify traffic impacts resulting from development in the area (the 1601 Studies) in order to assess and create the conceptual design to construct highway interchanges to serve the area. Under the 1601 Interchange Agreement, the County agreed to contribute \$1,000,000, and the CAB agreed to contribute \$500,000 to the 1601 Studies. In the event of cost overruns or cost underruns, each party will pay an additional proportionate amount or be refunded a proportional amount.

**SKY RANCH COMMUNITY AUTHORITY BOARD  
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**NOTE 7    AGREEMENTS (CONTINUED)**

**GESC Service Agreement**

On March 19, 2021, following a public bid and recommendation by the CAB's independent engineer, IDES, the CAB entered into an Agreement for Filing 4 GESC Maintenance (the GESC Agreement) with the Developer, under which the Developer agreed to perform certain erosion control maintenance services for the CAB in Filing No. 4. In the event the CAB does not have sufficient revenue to pay invoices under the GESC Agreement when due, the amounts owed by the CAB under the GESC Agreement will constitute developer advances under the Phase 1 FFAA or Phase 2 FFAA, as applicable, and shall accrue interest at the same rate set forth in the Phase 1 FFAA or Phase 2 FFAA, as applicable.

**NOTE 8    RELATED PARTIES**

The Developer of the property within the CAB Districts is Pure Cycle Corporation (Pure Cycle), and the title of the property is held under the Property Owner, which is a wholly-owned subsidiary of Pure Cycle. The Developer has advanced funds to the CAB. Some of the members of the Board of Directors of the CAB and the CAB Districts hold direct or indirect ownership interests in Pure Cycle or the Property Owner or are otherwise associated with Pure Cycle or the Property Owner and may have conflicts of interest in dealing with the CAB and the CAB District. As and when required by law, each affected Board member files a written disclosure of any potential conflicts of interest with the CAB District and the Colorado Secretary of State, and they refrain from voting on affected matters unless allowed by law.

**NOTE 9    ECONOMIC DEPENDENCY**

The CAB has not yet established a revenue base sufficient to pay for certain capital expenditures. Until an independent revenue base is established, continuation of the CAB's financing of certain capital improvements are dependent upon Developer advances.

**NOTE 10   INTERFUND TRANSFERS**

The transfer from the General Fund to the Capital Projects Fund was to fund repayment of Developer advances.

**SKY RANCH COMMUNITY AUTHORITY BOARD  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 11 RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the CAB may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The CAB is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members.

The CAB pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**NOTE 12 TAX, SPENDING, AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, referred to 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). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The CAB'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.

## **SUPPLEMENTARY INFORMATION**

**SKY RANCH COMMUNITY AUTHORITY BOARD  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES</b>				
Net Investment Income	\$ 9,500	\$ 200	\$ 181	\$ (19)
Transfer from Sky Ranch District No. 1	336,918	336,647	336,647	-
Total Revenues	346,418	336,847	336,828	(19)
<b>EXPENDITURES</b>				
Bond Interest	520,293	667,131	667,131	-
Paying Agent Fees	5,000	7,500	7,500	-
Contingency	5,250	25,369	-	25,369
Total Expenditures	530,543	700,000	674,631	25,369
<b>NET CHANGES IN FUND BALANCE</b>	(184,125)	(363,153)	(337,803)	25,350
Fund Balance - Beginning of Year	2,008,868	2,005,699	2,005,699	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,824,743</u>	<u>\$ 1,642,546</u>	<u>\$ 1,667,896</u>	<u>\$ 25,350</u>

**SKY RANCH COMMUNITY AUTHORITY BOARD  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Revenues	-	-	-
<b>EXPENDITURES</b>			
General:			
Legal	200,000	144,966	55,034
Promotional Activities	105,000	-	105,000
Capital Projects:			
Capital Outlay	12,073,599	9,803,138	2,270,461
Project Management Fee	549,180	572,789	(23,609)
Total Expenditures	<u>12,927,779</u>	<u>10,520,893</u>	<u>2,406,886</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(12,927,779)	(10,520,893)	2,406,886
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advances	12,378,599	7,659,381	(4,719,218)
Developer Advances - Project Management	549,180	572,789	23,609
Repay Developer Advances	-	(400,000)	(400,000)
Transfers from Other Funds	-	400,000	400,000
Total Other Financing Sources (Uses)	<u>12,927,779</u>	<u>8,232,170</u>	<u>(4,695,609)</u>
<b>NET CHANGES IN FUND BALANCE</b>	-	(2,288,723)	(2,288,723)
Fund Balance (Deficit) - Beginning of Year	<u>-</u>	<u>(605,138)</u>	<u>(605,138)</u>
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<u>\$ -</u>	<u>\$ (2,893,861)</u>	<u>\$ (2,893,861)</u>

**SKY RANCH COMMUNITY AUTHORITY BOARD  
REGIONAL IMPROVEMENTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Transfer from Sky Ranch District No. 5	\$ 61,282	\$ 61,219	\$ (63)
Total Revenues	61,282	61,219	(63)
<b>EXPENDITURES</b>			
Legal	-	2,178	(2,178)
Contingency	61,282	-	61,282
Total Expenditures	61,282	2,178	59,104
<b>NET CHANGES IN FUND BALANCE</b>	-	59,041	59,041
Fund Balance - Beginning of Year	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	\$ -	\$ 59,041	\$ 59,041



## **OTHER INFORMATION**

**SKY RANCH COMMUNITY AUTHORITY BOARD**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**DECEMBER 31, 2021**

	\$11,435,000 Limited Tax Supported District No. 1 Senior Bonds Series 2019A Dated November 19, 2019 Principal Due December 1, Interest Rate of 5.00% Payable June 1 and December 1		
Bonds and Interest Maturing in the Year Ending December 31,	Principal	Interest	Total
2022	\$ -	\$ 571,750	\$ 571,750
2023	55,000	571,750	626,750
2024	150,000	569,000	719,000
2025	160,000	561,500	721,500
2026	180,000	553,500	733,500
2027	190,000	544,500	734,500
2028	215,000	535,000	750,000
2029	225,000	524,250	749,250
2030	250,000	513,000	763,000
2031	265,000	500,500	765,500
2032	290,000	487,250	777,250
2033	305,000	472,750	777,750
2034	335,000	457,500	792,500
2035	355,000	440,750	795,750
2036	390,000	423,000	813,000
2037	405,000	403,500	808,500
2038	445,000	383,250	828,250
2039	465,000	361,000	826,000
2040	505,000	337,750	842,750
2041	530,000	312,500	842,500
2042	575,000	286,000	861,000
2043	605,000	257,250	862,250
2044	650,000	227,000	877,000
2045	685,000	194,500	879,500
2046	735,000	160,250	895,250
2047	770,000	123,500	893,500
2048	830,000	85,000	915,000
2049	870,000	43,500	913,500
Total	<u>\$ 11,435,000</u>	<u>\$ 10,901,000</u>	<u>\$ 22,336,000</u>