

THE LAKES METROPOLITAN DISTRICT NO. 4  
2023 ANNUAL REPORT

Pursuant to §32-1-207(3), C.R.S and the First Amended and Restated Service Plan for The Lakes Metropolitan District No. 4 (the “**District**”), the District is required to submit an annual report to the Brighton City Clerk not later than March 1 of each calendar year.

For the year ending December 31, 2023, the District makes the following report:

**§32-1-207(3) Statutory Requirements**

**1. Boundary changes made.**

The District’s boundaries were not changed in the report year.

**2. Intergovernmental Agreements entered into or terminated with other governmental entities.**

Attached as **Exhibit A** are copies of the District’s Intergovernmental Agreements:

- Amended and Restated IGA with City of Brighton
- District Coordinating Services Agreement with The Lakes Metropolitan District No. 1 and Nos. 3-6
- Capital and Operations Cost Pledge Agreement with The Lakes Metropolitan District Nos. 1 & 4
- Cost Sharing and Reimbursement Agreement with The Lakes Metropolitan District No. 1 and Nos. 3-6

**3. Access information to obtain a copy of rules and regulations adopted by the board.**

The District has not adopted any rules or regulations.

Information on the District can be found on the District’s website at [www.thelakesmetrodistricts.com](http://www.thelakesmetrodistricts.com).

**4. A summary of litigation involving public improvements owned by the District.**

To our actual knowledge, based on review of the court records in Adams County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District’s Public Improvements as of December 31, 2023.

**5. The status of the construction of public improvements by the District.**

Construction of Farmlore North began in 2022. At year-end, Phase 1 water, sanitary

sewer, and storm drainage infrastructure were in progress.

**6. A list of facilities or improvements constructed by the District that were conveyed or dedicated to the county or municipality.**

None. Infrastructure development within the boundaries of the District is not complete, dedicated, or accepted by the City

**7. The final assessed valuation of the District as of December 31<sup>st</sup> of the reporting year.**

The assessed valuation was \$40,670.

**8. A copy of the current year's budget.**

A copy of the 2024 Budget is attached hereto as **Exhibit B**.

**9. A copy of the audited financial statements, if required by the "Colorado Local Government Audit Law", part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.**

The 2023 Audit is in progress and will be provided as a supplement to the annual report once completed.

Attached as **Exhibit C** is a copy of the 2022 Audit.

**10. Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the District.**

The District has not received any notice of any uncured events of default by the District under any debt instrument in the reporting year.

**11. Any inability of the District to pay its obligations as they come due under any obligation which continues beyond a ninety (90) day period.**

The District has the ability to pay its obligations as they become due and payable.

**Service Plan Requirements**

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

No boundary changes were made to the District's boundary during the report year.

**2. Copy of the District's budget resolution for the current year and any budget amendments from the prior year.**

A copy of the District's 2024 Budget Resolution is attached at **Exhibit B**.

The District did not amend the 2023 Budget.

**3. Copy of the District's rules and regulations, if any, as of December 31 of the prior year.**

No rules or regulations were adopted by the District during the report year.

**4. Copy of any resolutions or Fee schedules adopted by the District relating to the imposition of Fees, Public Improvement Fees, or Special Assessments by the District.**

The District imposed a Capital Facilities Fee and an Operations Fee, copies are attached at **Exhibit D**.

**5. Copy of any intergovernmental agreements among the Districts relating to the issuance of Debt, the financing of Public Improvements, or the construction, operation and maintenance of any of the Public Improvements.**

Attached are copies of the District's Intergovernmental Agreements at **Exhibit A**:

- Amended and Restated IGA with City of Brighton
- District Coordinating Services Agreement with The Lakes Metropolitan District No. 1 and Nos. 3-6
- Capital and Operations Cost Pledge Agreement with The Lakes Metropolitan District Nos. 1, 4
- Cost Sharing and Reimbursement Agreement with The Lakes Metropolitan District No. 1 and Nos. 3-6

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

To our actual knowledge, based on a review of the court records in Adams County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District as of December 31, 2023.

**7. Status of the District's construction of the Public Improvements as of December 31 of the prior year.**

Construction of Farmlore North began in 2022. At year-end, Phase 1 water, sanitary sewer, and storm drainage infrastructure were in progress.

**8. A list of all Public Improvements constructed by the District that have been**

**dedicated to and accepted by the City as of December 31 of the prior year.**

None. Infrastructure development within the boundaries of the District is not complete, dedicated, or accepted by the City.

- 9. A list of all Public Improvements that are owned and/or Operated and Maintained by the District, including identification of the standards by which the Public Improvements are required to be Operated and Maintained.**

Tracts F, G, K, L, T, U, V, W, X, AA, BB, CC, FF, JJ, KK, LL, PP, QQ were deeded to the District via Special Warranty Deed recorded 10.19.23 at Reception No. 2023000059134. A copy of the Special Warranty Deed is attached as **Exhibit E**.

- 10. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.**

The District has not received any notice of any uncured events of default by the District during the report year.

- 11. Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.**

The District has the ability to pay its obligations as they come due.

- 12. Any alteration or revision of the proposed schedule of Debt issuance set forth in the Financial Plan.**

There has been no alteration or revision of the proposed schedule of Debt issuance set forth in the Financial Plan of the First Amended and Restated Service Plan which was amended by the Amendment 1 to the First Amended and Restated Service Plan approved on September 7, 2021.

The District issued \$20,080,000 Limited Tax General Obligation Bonds Series 2021A December 23, 2021 to fund the construction of public infrastructure of Farmlore North.

**EXHIBIT A**

**Intergovernmental Agreements**

## AMENDED AND RESTATED INTERGOVERNMENTAL AGREEMENT

THIS AMENDED AND RESTATED INTERGOVERNMENTAL AGREEMENT is made and entered into by and between the **City of Brighton, Colorado**, a municipal corporation of the State of Colorado (the “City”), and **The Lakes Metropolitan District No. 4**, a quasi-municipal corporation and political subdivision of the State of Colorado (the “District”).

### RECITALS

WHEREAS, the District was organized to provide those services and to exercise powers as are more specifically set forth in the First Amended and Restated Service Plan dated December 19, 2017, as amended by that Certain Amendment No. 1 to Service Plan approved on September 7, 2021, and as may be further amended from time to time by City approval (the “Service Plan”); and

WHEREAS, the Service Plan requires the execution of an intergovernmental agreement between the City and the District; and

WHEREAS, the City and the District are parties to an Intergovernmental Agreement between the City and the District entered into in 2017; and

WHEREAS, the City and the District have determined it to be in their best interests to enter into this Amended and Restated Intergovernmental Agreement (“Agreement”); and

NOW, THEREFORE, for and in consideration of the covenants and mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### COVENANTS AND AGREEMENTS

1. Incorporation by Reference. The Service Plan is hereby incorporated in this agreement by this reference. The District agrees to comply with all provisions of the Service Plan, as it may be amended from time to time in accordance with the provisions thereof, and Title 32, Article 1, C.R.S. (the “Special District Act”).

2. Maintenance of Public Improvements. The District agrees that it shall maintain the following Public Improvements, as shown by Exhibit A attached hereto and made a part hereof.

3. Parks and Recreation. The District is hereby authorized to operate and maintain public recreation facilities, community centers, and local parks that are smaller than 5 acres in size. It is intended that the District’s authority to operate and maintain other Public Improvements, if any, shall be subject to and performed in accordance with City Approvals.

4. Water Rights/Resources. To the extent the City requires a developer of property within the Project to obtain and/or develop water rights or resources for a non-potable water system, the District shall be authorized to accept an assignment of and perform such obligation.

5. Notice to Property Owners. The District agrees that it shall record a Notice of Inclusion in Metropolitan District substantially in the form attached hereto as Exhibit B on all property located within the District's boundaries.

6. Enforcement. The parties agree that this Agreement may be enforced in law, or in equity for specific performance, injunctive, or other appropriate relief. The parties also agree that this Agreement may be enforced pursuant to Section 32-1-207, C.R.S. and other provisions of the Special District Act granting rights to municipalities or counties approving a service plan of a special district.

7. Entire Agreement of the Parties. This Agreement constitutes the entire agreement between the parties and supersedes all prior written or oral agreements, negotiations, or representations and understandings of the parties with respect to the subject matter contained herein.

8. Amendment. This Agreement may be amended, modified, changed, or terminated in whole or in part only by a written agreement duly authorized and executed by the parties hereto.

9. Governing Law; Venue. The internal laws of the State of Colorado shall govern the interpretation and enforcement of this Agreement, without giving effect to choice of law or conflict of law principles. The parties hereby submit to the jurisdiction of and venue in the district court in Adams County, Colorado. In any proceeding brought to enforce the provisions of this Agreement, the prevailing party therein shall be entitled to an award of reasonable attorneys' fees, actual court costs and other expenses incurred.

10. Beneficiaries. 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 any rights upon any persons or entities not named as parties.

11. Effect of Invalidity. If any portion of this Agreement is held invalid or unenforceable for any reason by a court of competent jurisdiction as to either party or as to both parties, such portion shall be deemed severable and its invalidity or its unenforceability shall not cause the entire agreement to be terminated.

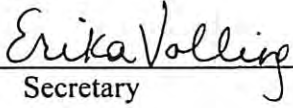
12. Assignability. Neither the City nor the District shall assign their rights or delegate their duties hereunder without the prior written consent of the other party.

13. Successors and Assigns. This Agreement and the rights and obligations created hereby shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

**THE LAKES METROPOLITAN DISTRICT  
NO. 4**

BY:   
President

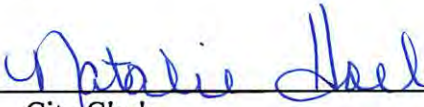
ATTEST:

By:   
Secretary

**CITY OF BRIGHTON, COLORADO**

By:   
Mayor

ATTEST:

By:   
City Clerk



## **Exhibit A to Intergovernmental Agreement**

### **Public Improvements to be Maintained by the District**

The improvements the District will be authorized to operate and maintain (in addition to those referenced in Paragraphs 3 and 4 of this Intergovernmental Agreement) shall, in accordance with Section IV.A.1 of the Amended and Restated Service Plan, be determined in connection with future City Approvals.

**Exhibit B to Intergovernmental Agreement**

**NOTICE OF INCLUSION IN METROPOLITAN  
DISTRICT AND POSSIBLE PROPERTY TAX  
CONSEQUENCES**

Legal description of the property;

See Exhibit A attached hereto and incorporated by reference

This property is located in the following metropolitan district:

\_\_\_\_\_ Metropolitan District No. \_\_ (the “District”)

In addition to standard property tax identified on the next page, this property is subject to a metropolitan district mill levy (another property tax) of up to:

\_\_\_ mills, subject to Mill Levy Adjustment, as described in the  
District’s Service Plan

Based on the property’s inclusion in the metropolitan district, a commercial parcel with a sale price of \$100,000 could result in ADDITIONAL annual property taxes up to:

\$\_\_\_\_\_

Based on the property’s inclusion in the metropolitan district, a residential parcel with a sale price of \$300,000 could result in ADDITIONAL annual property taxes up to:

\$\_\_\_\_\_

The next page provides examples of estimated total annual property taxes that could be due on this property, first if located outside the District and next if located within the District. **Note: property that is not within the District would not pay the ADDITIONAL amount.**

The District’s Board of Directors can be reached as follows;

[Address, e-mail address and phone number]

You may wish to consult with: (1) the Adams County Assessor’s Office to determine the specific amount of District property taxes currently due on this property; and (2) the District’s Board of Directors to determine if the District’s Service Plan has been amended.

ESTIMATE OF PROPERTY TAXES

**Annual Tax Levied on Commercial Property with \$100,000 Actual Value Without the District Mill Levy**

<b>Taxing Entity</b>	<b>Mill Levies (20__**)</b>	<b>Annual Tax Levied</b>
Adams County		
City of Brighton		
Rangeview Library District		
Central Colorado Water Conservancy District		
Brighton Fire District No. 6		
School District No. 27		
Urban Drainage South Platte		
Urban Drainage and Flood Control		
<b>TOTAL</b>		

**Annual Tax Levied on Commercial Property with \$100,000 Actual Value With the District Mill Levy (Assuming Maximum District Mill Levy)**

<b>Taxing Entity</b>	<b>Mill Levies (20__**)</b>	<b>Annual Tax Levied</b>
Adams County		
City of Brighton		
Rangeview Library District		
Central Colorado Water Conservancy District		
Brighton Fire District No. 6		
School District No. 27		
Urban Drainage South Platte		
Urban Drainage and Flood Control		
_____ Metropolitan District		
<b>TOTAL</b>		

Annual Tax Levied on Residential Property with \$300,000 Actual Value Without the District Mill Levy

<b>Taxing Entity</b>	<b>Mill Levies (20__**)</b>	<b>Annual Tax Levied</b>
Adams County		
City of Brighton		
Rangeview Library District		
Central Colorado Water Conservancy District		
Brighton Fire District No. 6		
School District No. 27		
Urban Drainage South Platte		
Urban Drainage and Flood Control		
<b>TOTAL</b>		

Annual Tax Levied on Residential Property with \$300,000 Actual Value With the District Mill Levy (Assuming Maximum District Mill Levy)

<b>Taxing Entity</b>	<b>Mill Levies (20__**)</b>	<b>Annual Tax Levied</b>
Adams County		
City of Brighton		
Rangeview Library District		
Central Colorado Water Conservancy District		
Brighton Fire District No. 6		
School District No. 27		
Urban Drainage South Platte		
Urban Drainage and Flood Control		
_____ Metropolitan District		
<b>TOTAL</b>		

\*\*This estimate of mill levies is based upon mill levies certified by the Adams County Assessor's Office in December 20\_\_ for collection in 20\_\_ and is intended only to provide approximations of the total overlapping mill levies within the District. The stated mill levies are subject to change and you should contact the Adams County Assessor's Office to obtain accurate and current information.









**EXHIBIT A**  
**TO NOTICE OF INCLUSION IN METROPOLITAN DISTRICT**

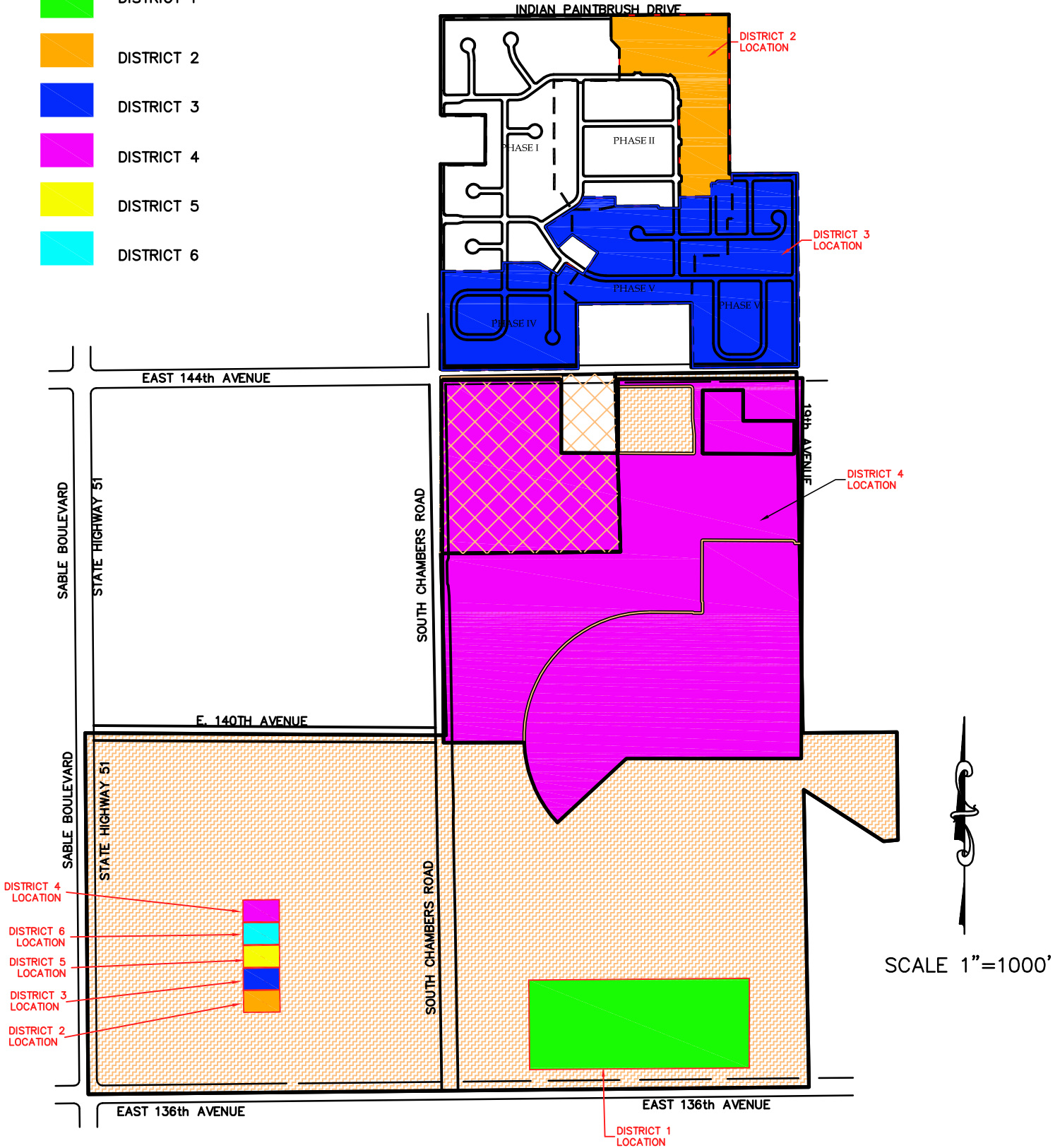
The Property

# THE LAKES METROPOLITAN DISTRICT

## ADAMS COUNTY, COLORADO

### DISTRICT LOCATION MAP

-  ADDITIONAL FUTURE INCLUSION AREA
-  OVERALL INCLUSION AREA
-  DISTRICT 1
-  DISTRICT 2
-  DISTRICT 3
-  DISTRICT 4
-  DISTRICT 5
-  DISTRICT 6



- DISTRICT 4 LOCATION
- DISTRICT 6 LOCATION
- DISTRICT 5 LOCATION
- DISTRICT 3 LOCATION
- DISTRICT 2 LOCATION

DISTRICT 4 LOCATION

DISTRICT 3 LOCATION

DISTRICT 2 LOCATION

DISTRICT 1 LOCATION

SCALE 1"=1000'

## DISTRICT COORDINATING SERVICES AGREEMENT

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This **DISTRICT COORDINATING SERVICES AGREEMENT** (this “**Agreement**”) is made and entered as of June 19, 2018 (the “**Effective Date**”), by and among **THE LAKES METROPOLITAN DISTRICT NO. 1** (the “**Coordinating District**”) and **THE LAKES METROPOLITAN DISTRICT NOS. 3-6** (each a “**Financing District**”, and collectively the “**Financing Districts**”), individually and/or collectively referred to as the “**District**” or the “**Districts**,” as the context indicates. Said Districts are each quasi-municipal corporations and political subdivisions of the State of Colorado.

### RECITALS

WHEREAS, the Districts have been duly and validly organized as quasi-municipal corporations and political subdivisions of the State of Colorado, in accordance with the provisions of Article 1, Title 32, Colorado Revised Statutes (the “**Special District Act**”), with the power to provide for the financing, construction, installation, operation and maintenance of public infrastructure and improvements, as described in the Special District Act, within and without their respective boundaries, as authorized and in accordance with the Service Plan for the Districts, as the same may be amended from time to time (the “**Service Plan**”); and

WHEREAS, pursuant to the Colorado Constitution Article XIV, Section 18(2)(a), and § 29-1-203, C.R.S., the 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, *inter alia*, for the sharing of costs, the imposition of taxes, and the incurring of debt; and

WHEREAS, § 29-1-201, C.R.S. permits and encourages governments to make the most efficient and effective use of their powers and responsibilities by cooperating and contracting with other governments; and

WHEREAS, pursuant to § 32-1-1001(1)(d)(I), C.R.S., the Districts are empowered to enter into contracts and agreements affecting the affairs of the Districts; and

WHEREAS, the Districts were organized for the purpose of providing for the financing, construction, installation, operation and maintenance of public infrastructure and improvements serving an approximately 525-acre mixed-use development in the City of Brighton (the “**City**”), Adams County (the “**County**”), Colorado, referred to as “**The Lakes**” (the “**The Lakes Development**”).

WHEREAS, at elections of the qualified electors of each of the Districts, duly called and held on November 7, 2006 (District Nos. 1-4) and on May 8, 2018 (District Nos. 5 & 6) (the “**Election**”), in accordance with law and pursuant to due notice, a majority of those qualified to vote and voting at the Election voted in favor of, *inter alia*, the imposition of taxes for the purpose of providing certain public improvements and facilities (such public improvements and facilities, to the extent authorized by the Service Plan, are referred to herein as the “**Public**

**Improvements”)** and entering into intergovernmental agreements or other contracts, without limit as to term, with other governmental entities and political subdivisions of the state; and

WHEREAS, it is anticipated that certain of the Public Improvements will be dedicated or otherwise conveyed to the City, the County, or other public entity, or to an owners association within the boundaries of the Districts, and that the Coordinating District: (i) will own, operate and maintain all Public Improvements within the boundaries of the Districts that are not dedicated to the City, County, any other public entity, or an owners association; and (ii) may provide trash service, architectural review, and covenant enforcement services to all or a portion of the property within the boundaries of the Districts; and

WHEREAS, the Districts have evaluated their respective roles, responsibilities and obligations with respect to the provision of administrative services, and ownership, operation and maintenance of certain of the Public Improvements, and desire to enter into this Agreement for the purpose of establishing the respective obligations of the Districts with respect to the coordination, oversight, and funding of certain administrative costs of the Districts and costs related to the continued operation and maintenance of certain of the Public Improvements within such Districts which serve, and are for the benefit of, the Districts and the residents and taxpayers thereof; and

WHEREAS, based on the integrated nature of the Public Improvements and that the Districts are part of an integrated project and coordination is necessary to maintain the integrity of the project, the Districts have independently determined that implementation of this Agreement is essential to the orderly administration of the affairs of the Districts and the coordinated operation and maintenance of Public Improvements benefiting the Districts, their residents and taxpayers; and

WHEREAS, the Districts have determined that coordination is also necessary to allow the Districts to operate in the most cost effective manner and to take advantage of economies of scale by eliminating the duplication of costs that would result without such coordination; and

WHEREAS, the Districts acknowledge that this Agreement does not impose any obligations on the Districts with respect to capital costs for the Public Improvements; and

WHEREAS, it is in the best interest of the Districts and for the public health, safety, convenience, and welfare of the residents of the Districts and of the general public that the District enter into this Agreement for the purpose of coordination of the Administrative Services and O&M Services, both as defined herein.

## **AGREEMENT**

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:



1. Administrative Services. The Coordinating District agrees to perform the administrative services described in **Exhibit A**, attached hereto and incorporated herein by this reference (the “**Administrative Services**”) for the Financing Districts, in compliance with all applicable federal, state, county and local or municipal body or agency statutes, ordinances and regulations, provided that each Financing District observes and performs the covenants and agreements set forth in this Agreement. The Coordinating District may suspend or curtail Administrative Services in its discretion as necessary or appropriate to address funding shortfalls that have occurred or are anticipated. The Coordinating District shall have the authority to enter into service contracts with third-parties to provide any Administrative Services required to be provided by the Coordinating District. In the event of any conflict between terms set forth in the body of this Agreement and terms set forth in Exhibit A, the terms in the body of this Agreement shall govern.

2. Ownership, Operation and Maintenance of Public Improvements. The Coordinating District will own, operate and maintain all Public Improvements within the boundaries of the Districts that are not otherwise dedicated or conveyed to the City, the County or other public entity or owner’s association, in accordance with the Service Plan and any approved development plans for the Project. The Coordinating District agrees to provide those operation and maintenance services described in **Exhibit B**, attached hereto and incorporated herein by this reference (the “**O&M Services**”) for the benefit of the Districts, provided that the Financing District observes and performs the covenants and agreements set forth in this Agreement. The Coordinating District may suspend or curtail O&M Services in its discretion as necessary or appropriate to address funding shortfalls that have occurred or are anticipated. The Coordinating District shall have the authority to enter into service contracts with third-parties to provide any O&M Services required to be provided by the Coordinating District. The Coordinating District may adopt rules, regulations, policies and procedures governing the Coordinating District’s acceptance and, as applicable, reimbursement for any Public Improvements.

3. Payment for Administrative and O&M Services. The Financing District shall be responsible for any and all costs, fees, charges and expenses incurred by the Coordinating District (collectively, the “**Costs**”) in providing the Administrative Services and O&M Services (collectively, the “**Services**”). Costs may include but are not limited to, all fees of consultants (including managers, accountants, engineers, attorneys and other consultants), utility charges, and service provider fees and charges. It is the desire and intent of the Districts that, to the extent possible, the Costs for the Services be paid by the imposition by the Financing District of an ad valorem mill levy against the taxable property lying within its boundaries. Nevertheless, nothing herein shall be construed as a limitation on the powers granted to the Financing District by Colorado law to use alternative sources of revenue to pay the Coordinating District for the Costs.

#### 4. Budget Process

a. Preliminary Budget. Each year the Coordinating District shall prepare and submit to the Financing District a preliminary budget for the following fiscal year showing (i) the Services to be provided and the proposed Costs anticipated to be incurred by the

Coordinating District with respect to the Services (the “**Preliminary Budget**”). The Coordinating District shall deliver the Preliminary Budget to the Financing District on or before October 15 of each year.

b. Budget Review and Approval. Unless otherwise agreed to by the Districts, on or before November 1 of each year the Financing District shall either: (a) approve the Preliminary Budget (in which case the Preliminary Budget shall become the “Final Budget” for the applicable fiscal year, or (b) propose in writing to the Coordinating District additions to and/or deletions from the Preliminary Budget. If any Financing District does not provide a proposal for additions to and/or deletions from the Preliminary Budget in writing by November 1, such Financing District shall be deemed to have approved the Preliminary Budget as presented. If any Financing District does timely provide additions to and/or deletions from the Preliminary Budget, the Districts shall discuss and attempt in good faith to reach an agreement with respect to the Preliminary Budget on or before November 15 of each year.

c. Failure to Agree and Default Budget. In the event that the Coordinating District and the Financing District are unable to agree with regard to any proposed additions and/or deletions to the Preliminary Budget by November 15 of any year, then the Districts shall submit the Preliminary Budget to a mutually selected mediator in an attempt to reach agreement with respect to the Preliminary Budget. In the event the Districts cannot agree on a resolution to the dispute related to the Preliminary Budget by December 1st of any year, the Preliminary Budget with any revisions thereto agreed to by the Districts shall be the Final Budget; provided, however, that such Final Budget shall not include expenditures totaling the greater of: (1) 120% of the expenditures set forth and appropriated in the Final Budget for the current year, as the same may have been amended, or (2) 120% of the expenditures set forth in the Preliminary Budget that the Districts have agreed upon; and budgeting, appropriation, and payments of the amounts called for in said Final Budget shall be made by the Financing Districts.

d. Budget Amendment. If after adoption of the Final Budget it appears to the Coordinating District that Costs for the year will exceed amounts as set forth in the Final Budget such that the Financing District will have to appropriate additional funds for the payment of the Costs for the year, the Coordinating District shall notify the Financing District as soon as reasonably practicable, and shall prepare and submit a proposed budget amendment to the Final Budget (each a “**Preliminary Budget Amendment**”) to the Financing District for review and comment. Within fifteen (15) days of submission of a Preliminary Budget Amendment to the Financing Districts, the Financing Districts shall either: (a) approve the Preliminary Budget Amendment (in which case the Preliminary Budget Amendment shall become the “Final Budget Amendment”, or (b) propose in writing to the Coordinating District additions to and/or deletions from the Preliminary Budget Amendment. If any Financing District does not provide a proposal for additions to and/or deletions from the Preliminary Budget Amendment in writing within fifteen (15) days as required herein, such Financing District shall be deemed to have approved the Preliminary Budget Amendment as presented. If any Financing District does timely provide additions to and/or deletions from the Preliminary Budget Amendment, the Districts shall discuss and attempt in good faith to reach an agreement with respect to the Preliminary Budget Amendment within 30 days of the submission of the Preliminary Budget Amendment to the Financing Districts from the Coordinating District. In the event that the Coordinating District

and the Financing District are unable to agree with regard to any proposed additions and/or deletions to the Preliminary Budget Amendment within the time provided herein, then the Parties shall submit the Preliminary Budget Amendment to a mutually selected mediator in an attempt to reach agreement with respect to a Final Budget Amendment. In the event the Districts cannot agree on a Final Budget Amendment within the time set forth above, the Preliminary Budget Amendment, with any revisions agreed to by the Districts, shall be the Final Budget Amendment; provided, however, that the Final Budget Amendment shall not include expenditures greater than the greater of: (1) 120% higher than the expenditures set forth and appropriated in Final Budget being amended by the Final Budget Amendment, or (2) 120% of the expenditures set forth in the Preliminary Budget Amendment that the Districts have agreed upon, and budgeting, appropriation, and payments of the amounts called for in said Final Budget Amendment shall be made by the Financing District.

5. Deposit. Unless otherwise agreed by the Coordinating District, the Financing District, on or before the 15th day of each month, shall deposit with the Coordinating District an amount equal to 1/12th of the annual Costs due from such District as determined by the Final Budget. Notwithstanding the foregoing, the Districts acknowledge that the Financing District may fund the Costs via the imposition of an ad valorem mill levy, and in such case, may not have funds available during the first quarter of each fiscal year to make the payments set forth herein. In such event, the Coordinating District agrees to defer collection of such amounts until such time as the Financing District has collected the funds for the Costs via the collection of taxes imposed through an ad valorem mill levy. All Costs due to the Coordinating District from the Financing District shall be paid in lawful money of the United States of America by check mailed or delivered, or by wire transfer, to the Coordinating District, or such other method as may be mutually agreed to by the Districts. The Coordinating District shall keep a record of and account for all deposits made by the Financing District in accordance with generally acceptable accounting principles.

6. Fees and Charges. The Districts acknowledge that the Coordinating District will incur certain direct and indirect costs associated with the provision of the O&M Services in order to properly provide the O&M Services and to ensure that the health, safety and welfare of the Districts and their inhabitants may be safeguarded. The Financing District further recognizes and acknowledges that the Coordinating District is providing the O&M Services for the direct benefit of the Financing District and the property owners within its boundaries, and that pursuant to § 32-1-1001(1)(j)(I), C.R.S., the Coordinating District is authorized to fix and impose fees, rates, tolls, penalties and charges for services or facilities furnished by the Coordinating District which, until paid, shall constitute a perpetual lien on and against the property served. The Districts agree that the Coordinating District may from time to time establish a fair and equitable fee to provide a source of funding to pay for the O&M Services (the "User Fees"), which User Fees are to be reasonably related to the overall cost of providing the O&M Services, and be imposed on those who are reasonably likely to benefit from or use the O&M Services (the "Users"). The Financing District acknowledges that the Coordinating District will make a determinations as to the appropriate User Fees, taking into account mill levy revenues to be received from the Financing District in each fiscal year. The Financing District agrees to cooperate with the Coordinating District in the collection of all User Fees due and owing, including but not

necessarily limited to foreclosure as against the statutory perpetual lien associated with such User Fees.

7. Subject to Annual Appropriation and Budget. Notwithstanding anything contained herein to the contrary, the Districts agree that the Districts' obligations under this Agreement shall extend only to monies appropriated for the purposes of this Agreement by the Board of each District and shall not constitute a mandatory charge, requirement or liability in any ensuing fiscal year beyond the then-current fiscal year. No provision of this Agreement shall be construed or interpreted as a delegation of governmental powers by the Districts, or as creating a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever of the Districts, including, without limitation, Article X, Section 20, or Article XI, Sections 1, 2 or 6 of the Constitution of the State of Colorado.

8. Rules and Regulations. The Districts acknowledge and agree that the Coordinating District may enact, from time to time, rules and regulations with respect to the Public Improvements and Services. All rules and regulations, and amendments thereto, adopted and placed in force by the Coordinating District from time to time shall be fully enforceable within all Districts and against all Users. The Financing District agrees to exercise any rule making or police power it may have to assist the Coordinating District in enforcing the Coordinating District's rules and regulations.

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

a. Each District has the full right, power and authority to enter into, perform and observe this Agreement.

b. This Agreement is a valid, binding and legally enforceable obligation of the Districts and is enforceable in accordance with its terms.

c. The Districts shall keep and perform all of the covenants and agreements contained in this Agreement and shall take no action that could have the effect of rendering this Agreement unenforceable in any manner.

10. Default, Remedies and Enforcement.

a. Events of Default. The violation of any provision of this Agreement by any District, 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 constitute an "Event of Default" under this Agreement.

i. The failure to pay any payment when the same shall become due and payable as provided herein and to cure such failure within three (3) business days of the giving of notice by a District of such failure;

ii. The failure to perform or observe any other covenants, agreements, or conditions in this Agreement on the part of any District and to cure such failure within ten (10) days of receipt of notice from any of the other Districts of such failure; provided, however, that if the applicable default is of a nature that the same is not reasonably susceptible of being cured within such 10-day period, then the cure period shall extend so long as the defaulting District commences its cure within such 10-day period and thereafter pursues the cure to completion by the exercise of due diligence, as determined by the non-defaulting District(s);

iii. The filing of a voluntary petition under federal or state bankruptcy or insolvency laws by a District or the appointment of a receiver for any of a District's assets which is not dismissed within thirty (30) days of such filing or appointment;

iv. Assignments by a Financing District for the benefit of a creditor and a failure to secure the release or termination of such assignments within thirty (30) days after the making of such assignments; or

v. The dissolution, insolvency, or liquidation of a District and a failure to cure such dissolution, insolvency or liquidation within ten (10) days of receipt of written notice.

b. Remedies on Occurrence of Events of Default. Upon the occurrence of an Event of Default, the non-defaulting District(s) hereto shall have the following rights and remedies:

i. In the event of breach of any provision of this Agreement, any non-defaulting District may ask a court of competent jurisdiction to enter a writ of mandamus to compel the Board of the defaulting District to perform its duties under this Agreement, and any non-defaulting District may seek from a court of competent jurisdiction temporary and/or permanent injunctions, or orders of specific performance, to compel the defaulting District to perform in accordance with the obligations set forth under this Agreement.

ii. The non-defaulting Districts may protect and enforce their rights under this Agreement by such suit, action, or special proceedings or remedies as they shall deem appropriate, including without limitation any proceedings for specific performance of any covenant or agreement contained herein, for the enforcement of any other appropriate legal or equitable remedy, or for the recovery of damages caused by breach of this Agreement, including attorneys' fees and all other costs and expenses incurred in enforcing this Agreement or exercising any available remedies. If, at any time, there shall cease to be electors in the Coordinating District, or if no electors of the Coordinating District are willing to act as directors of the Coordinating District, the Financing District may ask a court of competent jurisdiction to designate the proper persons to assume control of the Coordinating District for purposes of causing the performance of the Coordinating District's obligations under this Agreement.

iii. In the event the Event of Default is non-payment by a Financing District, the Coordinating District may:

(a) Suspend the provision of the Services until such time as the Financing District cures such Event of Default; and/or

(b) Impose User Fees directly upon the Users for the provision of the O&M Services in lieu of collecting the Costs related to the O&M Services from the Financing District. In such event, methods of collection of the User Fees shall be determined by the Coordinating District. The Coordinating District shall have the right to delegate or assign such impositions and collection power to a billing or service entity of its choice.

iv. To terminate this Agreement for any Event of Default that causes the non-defaulting District(s) irreparable harm material to their aggregate interests under this Agreement.

v. To take or cause to be taken such other actions as the non-defaulting District(s) reasonably deem necessary.

c. Delay or Omission No Waiver. No delay or omission of any District to exercise any right or power accruing upon any Event of Default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such Event of Default, or acquiescence therein.

d. No Waiver of One Default to Affect Another; All Remedies Cumulative. No waiver of any Event of Default hereunder by any District shall extend to or affect any subsequent or any other then existing Event of Default or shall impair any rights or remedies consequent thereon. All rights and remedies of the non-defaulting District(s) provided herein 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.

11. Termination. The Districts acknowledge that they are part of an integrated project and community, that the Public Improvements are not easily partitioned among the Districts and that cooperation in the termination process will be necessary to ensure that the integrity and quality of the community is maintained.

a. Administrative Services. A Financing District may terminate this Agreement as it relates to the provision of Administrative Services by the Coordinating District for that Financing District upon ninety (90) days' written notice to the Coordinating District. If this Agreement is terminated by any Financing District in relation to Administrative Services, the Coordinating District shall be paid for Administrative Services performed for that Financing District prior to such termination. In the event of termination of the Administrative Services, as of the effective date thereof, the Coordinating District shall be fully relieved of any and all obligation to provide such Administrative Services.

b. O&M Services. The Financing Districts' obligation to remit revenues to the Coordinating District, and the Coordinating District's obligation to provide the O&M Services, shall only terminate after a written notice has been provided by one of the Districts to

the other Districts and an agreement is approved by each of the Financing Districts setting forth the matters required in this Section 11(b) (the “**Termination Agreement**”). It shall be required that any such Termination Agreement contain provisions to ensure that the Public Improvements are operated effectively and economically and that the public health, safety, prosperity, and general welfare of the residents and property owners within the Districts will be better served by the termination. Such Termination Agreement shall be required to include (1) a plan for the manner in which ownership of the Public Improvements and ownership and maintenance shall be allocated and transferred as between the Districts, (2) a plan for payment associated with any outstanding obligations of the Coordinating District, as the same are incurred prior to the proposed date of termination, (3) to the extent any of the Public Improvements have been financed directly by the Coordinating District and such obligations remain outstanding, a plan for the payment of all such obligations and/or debts, and (4) the manner in which outstanding agreements of the Coordinating District may be terminated, cancelled, assigned or otherwise handled. The Termination Agreement shall be required to include an indemnification from the Financing Districts to the Coordinating District, which shall be acceptable to the Coordinating District and indemnify it against all injuries, losses and other events of damage associated with any such outstanding agreements.

In the event the Financing Districts are not able to reach an agreement, they shall submit the issues to mediation and shall make a good faith effort to come to an agreement with the intent of reaching a cooperative solution that will best serve the residents and property owners of the Districts, as a whole. At such time as the provisions of the Termination Agreement are finalized in compliance with the requirements above, the Public Improvements shall be transferred in accordance with the provisions of the Termination Agreement and the Coordinating District shall be fully relieved of all further obligations absent any such obligations being specifically agreed to by the Coordinating District pursuant to the terms of the Termination Agreement.

12. Miscellaneous.

a. Relationship of Parties. This Agreement does not and shall not be construed as creating a joint venture, partnership, or employer-employee relationship between the Districts. The Districts intend that this Agreement be interpreted as creating only an ordinary contractual relationship between them, without any fiduciary or other special duties. The Districts hereby incorporate the RECITALS into this Agreement. It is also agreed that the conduct and control of the work and functions required by this Agreement shall lie solely with the Coordinating District which shall be free to exercise reasonable discretion in the performance of its duties under this Agreement. No District shall, with respect to any activity, be considered an agent or employee of any other District.

b. Assignment. Except as set forth herein or as contemplated in the Service Plan, neither this Agreement, nor any of a District’s rights, obligations, duties or authority hereunder may be assigned in whole or in part by any District without the prior written consent of all the other Districts. Any such attempt of assignment without the requisite consent shall be deemed void and of no force and effect at the election of any District with consent rights. Consent to one assignment shall not be deemed to be consent to any subsequent assignment, nor the waiver of any right to consent to such subsequent assignment. Notwithstanding, nothing

contained herein shall prohibit the Coordinating District from engaging contractors, consultants, employees or other third parties to perform the Services or any portion thereof, on behalf of the Coordinating District.

c. Modification. This Agreement may be modified, amended, changed or terminated, except as otherwise provided herein, in whole or in part, only by an agreement in writing duly authorized and executed by the Districts. No consent of any third party shall be required for the negotiation and execution of any such agreement.

d. Integration. This Agreement contains the entire agreement between and among the Districts regarding the subject matter hereof, and no statement, promise or inducement made by any District or the agent of any District that is not contained in this Agreement or separate written instrument shall be valid or binding.

e. Severability. If any covenant, term, condition or provision of this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition or provision shall not affect any other provision contained in the Agreement, the intention being that such provisions are severable. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Agreement a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

f. District Dissolution. In the event any District seeks to dissolve pursuant to §§ 32-1-701, et seq., C.R.S., as amended, it shall provide written notification of the filing or application for dissolution to the other Districts concurrently with such filing. No District shall seek to dissolve so long as this Agreement is in effect without the prior written consent of the other Districts.

g. Survival of Obligations. Unfulfilled obligations of the Districts arising under this Agreement shall be deemed to survive the expiration of this Agreement or termination of this Agreement by court order. Said obligations shall be binding upon and inure to the benefit of the Districts and their respective successors and assigns.

h. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Colorado. Venue shall be proper in the county in which the Districts are located.

i. Headings for Convenience Only. The headings, captions and titles contained herein are intended for convenience and reference only and are not intended to construe the provisions hereof.

j. Time Is of the Essence. Time is of the essence hereof; provided, however, that if the last day permitted or the date otherwise determined for the performance of any act required or permitted under this Agreement falls on a Saturday, Sunday or legal holiday, the time for performance shall be extended to the next succeeding business day, unless otherwise expressly stated.



k. Persons Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any Person other than the Districts, any right, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions, or provisions thereof, and all of the covenants, terms, conditions, and provisions in this Agreement by and on behalf of the Districts shall be for the sole and exclusive benefit of the Districts acting through their respective Boards. This Agreement shall be construed as an intergovernmental agreement among the Districts only. It is expressly agreed by the Districts that no Person other than the Financing Districts shall obtain any enforceable rights to service from the Coordinating District, and, to this end, it is expressly declared by the Districts that no Person shall be construed as a third party beneficiary of any kind of this Agreement except as expressly stated herein.

l. Notices. Except as otherwise provided herein, all notices required under this Agreement shall be in writing and shall be (a) hand-delivered, and in such instance, considered effective upon delivery, (b) sent by registered or certified mail, return receipt requested, postage prepaid, and in such instance, considered effective seventy-two (72) hours after deposit in the United States mail with the proper address as set forth below, (c) sent by reputable overnight courier, and in such instance, considered effective on the next business day, or (d) sent via email, and in such instance considered effective upon receipt of an electronic delivery confirmation with a hard copy to be sent no later than three (3) business days after electronic delivery confirmation via one of the delivery methods specified in (a), (b) or (c) of this sentence, to the addresses of the Parties herein set forth. Any party by notice so given may change the address to which future notices shall be sent.

Coordinating District:           The Lakes Metropolitan District No. 1  
200 W. Hampden Ave., Suite 201  
Englewood, CO 80110  
Attention: Erika L. Volling  
erika@vhlco.com

With a copy to:                   White Bear Ankele Tanaka & Waldron  
Attorneys at Law  
2154 East Commons Avenue, Suite 2000  
Centennial, Colorado 80122  
Attention: William P. Ankele, Jr.  
(303) 858-1800 (phone)  
(303) 858-1801 (fax)  
wpankele@wbapc.com

Financing Districts:           The Lakes Metropolitan District Nos. 3-6  
200 W. Hampden Ave., Suite 201  
Englewood, CO 80110  
Attention: Erika L. Volling  
erika@vhlco.com

With a copy to:                   White Bear Ankele Tanaka & Waldron

Attorneys at Law  
2154 East Commons Avenue, Suite 2000  
Centennial, Colorado 80122  
Attention: William P. Ankele, Jr.  
(303) 858-1800 (phone)  
(303) 858-1801 (fax)  
wpankele@wbapc.com

m. District Records. The Districts shall have the right to access and review each other's records and accounts, at reasonable times during the Districts' regular office hours, for purposes of determining compliance by the Districts with the terms of this Agreement. Such access shall be subject to the provisions of Public Records Act of the State of Colorado contained in §§24-72-101, et. seq., C.R.S. and any policies adopted by the District. In the event of disputes or litigation between the Parties hereto, all access and requests for such records shall be made in compliance with the Public Records Act and any applicable discovery rules.

n. Recovery of Costs. In the event of any litigation between or among the Districts hereto concerning the subject matter hereof, the prevailing District(s) in such litigation shall receive from the losing District(s), in addition to the amount of any judgment or other award entered therein, all reasonable costs and expenses incurred by the prevailing District(s) in such litigation, including reasonable attorneys' fees.

o. Compliance with Law. The Districts agree to comply with all federal, state and local laws, rules and regulations which are now, or in the future may become applicable to the Districts, to their business or operations, or to services required to be provided by this Agreement.

p. Instruments of Further Assurance. The Districts each covenant that they will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, such acts, instruments, and transfers as may reasonably be required for the performance of their obligations hereunder.

q. Governmental Immunity. Nothing in this Agreement shall be construed to waive, limit, or otherwise modify, in whole or in part, any governmental immunity that may be available by law to the District, its respective officials, employees, contractors, or agents, or any other person acting on behalf of the District and, in particular, governmental immunity afforded or available to the District pursuant to the Colorado Governmental Immunity Act, §§ 24-10-101, et seq., C.R.S.

r. Counterpart Execution. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

s. Negotiated Provisions. This Agreement shall not be construed more strictly against one Party than against another, it being acknowledged that each Party has contributed substantially and materially to the preparation of this Agreement.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the District hereto has executed this Agreement as of the 19<sup>th</sup> day of June, 2018.

**THE LAKES METROPOLITAN DISTRICT  
NO. 1**

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

**ATTEST:**

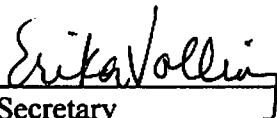
  
\_\_\_\_\_  
Secretary

IN WITNESS WHEREOF, the District hereto has executed this Agreement as of the 19<sup>th</sup> day of June, 2018.

**THE LAKES METROPOLITAN DISTRICT  
NO. 3**


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

**ATTEST:**

 \_\_\_\_\_  
Secretary

IN WITNESS WHEREOF, the District hereto has executed this Agreement as of the 19<sup>th</sup> day of June, 2018.

**THE LAKES METROPOLITAN DISTRICT  
NO. 4**


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

**ATTEST:**

 \_\_\_\_\_  
Secretary

IN WITNESS WHEREOF, the District hereto has executed this Agreement as of the 19<sup>th</sup> day of June, 2018.

**THE LAKES METROPOLITAN DISTRICT  
NO. 5**

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

**ATTEST:**

 \_\_\_\_\_  
Secretary

IN WITNESS WHEREOF, the District hereto has executed this Agreement as of the 19th day of June, 2018.

**THE LAKES METROPOLITAN DISTRICT  
NO. 6**

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

**ATTEST:**

 \_\_\_\_\_  
Secretary



## EXHIBIT A

### **ADMINISTRATIVE SERVICES TO BE PROVIDED BY THE COORDINATING DISTRICT**

1. Serve as the “official custodian” and repository for the Financing Districts’ records, including, but not limited to, providing file space, incidental office supplies and photocopying, meeting facilities and reception services.
2. Coordination of all Board meetings to include:
  1. Preparation and distribution of agenda and information packets.
  2. Preparation and distribution of meeting minutes.
  3. Preparation, filing and posting of legal notices required in conjunction with the meeting.
  4. Other details incidental to meeting preparation and follow-up.
3. Ongoing maintenance of an accessible, secure, organized and complete filing system for the Financing Districts’ official records.
4. Monthly preparation of checks and coordination of postings with an accounting firm.
5. Periodic coordination with an accounting firm for financial report preparation and review of financial reports.
6. Insurance administration, including evaluating risks, comparing coverage, processing claims, completing applications, monitoring expiration dates, processing routine written and telephone correspondence, etc., and ascertaining that all contractors and subcontractors maintain required coverage for the Financing Districts’ benefit.
7. Election administration, including preparation of election materials, publications, legal notices, pleadings, conducting training sessions for election judges, and generally assisting in conducting the election.
8. Budget preparation, including preparation of proposed budget in coordination with an accounting firm, 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 levy.
9. Response to inquiries, questions and requests for information from the Financing Districts’ property owners, residents and others.

10. Drafting proposals, bidding contract and construction administration, and supervision of contractors.

11. Analysis of financial condition and alternative financial approaches, and coordination and structuring of bond issue or other debt preparation.

12. Administration of the expenditure of any funds or proceeds related to any loans, bonds, or other financial obligations issued by one or more of the Districts.

13. Oversight of investment of the Districts' funds based on investment policies in accordance with state law.

14. Provide liaison and coordination with other governments.

15. Coordinate activities and provide information as requested to an external auditor engaged by the Coordinating District Board.

16. Supervise and ensure contract compliance of all service contractors.

17. Coordinate legal, accounting, management, engineering and other professional services.

18. Assist any auditors in the preparation of its annual audit as required by the laws of the State of Colorado.

19. Advise and assist the Financing Districts by analyzing the Financing Districts' long and short-term financial needs and presenting the Financing Districts with long and short-term financial proposals (including structuring of bond or other forms of debt issuance) to meet those needs.

20. Provide emergency communication services for the Coordinating District's facilities.

21. Perform such other services as may from time to time be reasonably necessary in furtherance of securing the Financing Districts' compliance with all applicable federal and state statutes and regulations and with applicable county and local laws; provided, however, that any and all expenditures in furtherance of these services shall be made and reimbursed in accordance with this Agreement.

22. Contracting for the design, planning, engineering, construction and/or acquisition, management, landscape architecture and engineering, soil testing and inspection, and line and systems testing and inspection attributable to the Public Improvements.

23. Obtaining any and all real property interests necessary for the provision of the Public Improvements.

24. Obtaining any and all governmental and/or administrative approvals necessary to the provision of the Public Improvements, including provision for the payment of fees associated therewith.

25. Performing and/or contracting for construction administration of construction contracts by which the Public Improvements are constructed.

26. Contracting for the acquisition of water rights to the extent necessary for the provision of the Public Improvements.

27. Administering collection of any amounts due to the Districts under any cost recovery or other reimbursement agreement relating to the Public Improvements.

28. Engagement of consultants necessary in connection with provision of the Administrative Services, including attorneys, accountants, engineers, managers, architects, soils consultants, and any other consultant determined by the Coordinating District to be necessary or appropriate to the provision of the Administrative Services.

29. In addition to these services, when other services are necessary in the opinion of the Coordinating District, the Coordinating District may recommend the same to the Financing Districts. The Coordinating District may, with the approval of the Financing Districts, provide any Administrative Services to the Financing Districts in lieu of retaining consultants or contractors to provide those services.

## **EXHIBIT B**

### **O&M SERVICES TO BE PERFORMED BY THE COORDINATING DISTRICT**

1. Operation and maintenance of any Public Improvements not otherwise dedicated or conveyed to any other governmental entity or owners association for the benefit of the Districts.
2. Maintain common areas, parks, entry monuments, landscaping, open space tracts, recreational facilities and other community amenities.
3. Provide trash service, architectural review, and covenant enforcement services (as applicable).

## CAPITAL AND OPERATIONS COSTS PLEDGE AGREEMENT

**THIS CAPITAL AND OPERATIONS COSTS PLEDGE AGREEMENT** (the “2021 Pledge Agreement”) is made and entered into as of this 8<sup>th</sup> day of June, 2021, by and between **The Lakes Metropolitan District No. 1**, a quasi-municipal corporation and political subdivision of the State of Colorado (“District No. 1”) and **The Lakes Metropolitan District No. 4**, a quasi-municipal corporation and political subdivision of the State of Colorado (“District No. 4”).

### RECITALS

WHEREAS, The Lakes Metropolitan District Nos. 1-6 (collectively, “the **Districts**”), were organized to provide public infrastructure for developments known as “Brighton Lakes” and “Indigo Trails,” in the City of Brighton, Colorado; and

WHEREAS, to implement a common plan of finance, the Districts are expected to coordinate the financing and construction of public improvements necessary for the development of Brighton Lakes and Indigo Trails (the “**Project**”); and

WHEREAS, The Lakes Metropolitan District No. 1 and The Lakes Metropolitan District Nos. 3-6 are parties to that certain Intergovernmental Agreement Regarding Cost Sharing and Reimbursement (“**Cost Sharing IGA**”) dated as of June 8, 2021; and

WHEREAS, as set forth in the Cost Sharing IGA, the initial developer of the Project, Brighton Lakes, LLC (“**Brighton Lakes**”) funded, either directly or by making advances, certain costs in connection with the organization of The Lakes Metropolitan District Nos. 1, 3, and 4, and certain other capital, administrative and operations costs subsequent thereto (collectively, the “**BL Prior Costs**”); and

WHEREAS, the Cost Sharing IGA also sets forth that RH Indigo Trails, LLLP (“**Indigo Trails**”) has also undertaken development activities for the Project, and funded either directly or by making advances, certain capital, administrative and operations costs (the “**Indigo Trails Prior Costs**”); and

WHEREAS, the BL Prior Costs and the Indigo Trails Prior Costs shall be known collectively in this 2021 Pledge Agreement as the “**Combined Prior Costs**”; and

WHEREAS, pursuant to certain reimbursement agreements described in the Cost Sharing IGA (the “**Developer Reimbursement Agreements**”), District No. 1 is obligated to reimburse Brighton Lakes and Indigo Trails, as applicable, for the Combined Prior Costs, with the expectation that The Lakes Metropolitan District Nos. 3-6 shall contribute funds to District No. 1 to pay their equitable share of the Combined Prior Costs; and

WHEREAS, in connection with the execution of the Cost Sharing IGA, District No. 1 and District Nos. 3-6 participated in an analysis of the timing and total amount of the Combined Prior Costs for the purpose of arriving at a fair and equitable allocation of costs among District Nos. 3-6, which allocation is specified in Exhibit A to the Cost Sharing IGA; and

WHEREAS, the amount allocable to District No. 4 for the Combined Prior Costs under the Cost Sharing IGA is \$301,608.06 (“**District No. 4 Allocable Amount**”); and

WHEREAS, that portion of the District No. 4 Allocable Amount that consists of capital costs and that portion of the District No. 4 Allocable Amount that consists of administrative and operations costs shall be referred to herein as the “**Capital Costs**” and the “**Operations Costs**,” respectively; and

WHEREAS, District No. 4 desires to establish the terms of funding the District No. 4 Allocable Amount in order to permit District No. 1 to meet its obligations to reimburse Brighton Lakes and Indigo Trails for the Combined Prior Costs under the Developer Reimbursement Agreements, including simple interest continuing to accrue thereon at the rate of 6% per annum; and

WHEREAS, the Cost Sharing IGA contemplates District Nos. 3-6 issuing to District No. 1, one or more “Reimbursements Obligations,” being multiple fiscal year financial obligations as more specifically defined therein, if no funds are available or if District Nos. 3-6 are unable to issue debt to reimburse District No. 1 for the Combined Prior Costs; and

WHEREAS, District No. 4 desires to enter into this 2021 Pledge Agreement to serve as a Reimbursement Obligation as contemplated under the Cost Sharing IGA in an aggregate principal amount equal to the District No. 4 Allocable Amount; and

WHEREAS, Part 1 of Article 1 of Title 32, Colorado Revised Statutes generally authorizes special districts to annually impose a property tax levy to fund the costs of providing for public infrastructure, and funding administrative, operations and maintenance costs; and

WHEREAS, at an election held on May 6, 2014 (the “2014 Election”), the electors of District No. 4 authorized the levy of taxes in the annual amount of \$5,000,000 for various purposes, including taxes to be levied for purposes of funding capital expenses, and administrative, operations and maintenance costs; and

WHEREAS, at the 2014 Election, the electors of District No. 4 also authorized the issuance of debt for the purpose of paying, reimbursing, financing or refinancing all or any part of the District’s operating and maintenance expenses, or advances of operating and maintenance expenses; and

WHEREAS, at the 2014 Election and at a subsequent election held on May 5, 2020 (the “2020 Election”), the electors of District No. 4 also authorized the issuance of debt in the amounts of \$80,000,000 and \$120,000,000, respectively, for capital costs and any lawful activity of the District, in the form of intergovernmental agreements or other contracts with one or more political subdivisions of the State, which contracts will constitute multiple fiscal year financial obligations for any lawful activity of District No. 4; and

WHEREAS, the levy of property taxes to fund the costs constituting the District No. 4 Allocable Amount is, therefore, authorized by the 2014 Election and the 2020 Election; and

WHEREAS, accordingly, this 2021 Pledge Agreement sets forth the agreement of District No. 1 and District No. 4 relative to the imposition by District No. 4 of a property tax levy to fund the Capital Costs from a property tax mill levy (the “**Capital Improvements Levy**”), to fund the Operations Costs from a separate property tax levy (the “**Contractual Obligations Levy**”) (collectively the “**2021 Pledge Agreement Levies**), and the remittance of revenues generated therefrom (the “**Property Tax Revenues**”) to District No. 1 to satisfy the District No. 4 Allocable Amount; and

WHEREAS, it is the intent of the parties that any legally-available revenues of District No. 4 may be used at the discretion of District No. 4 to fund the District No. 4 Allocable Amount; and

WHEREAS, upon the receipt of the Property Tax Revenue, District No. 4 shall remit the same to District No. 1, and District No. 1 shall utilize such funds to reimburse, as appropriate, Brighton Lakes and Indigo Trails for the District No. 4 Allocable Amount.

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### COVENANTS AND AGREEMENTS

1. Reimbursement Obligation. This 2021 Pledge Agreement serves as a Reimbursement Obligation as contemplated under the Cost Sharing IGA, which constitutes an indebtedness or multiple fiscal year financial obligation pursuant to Article X, Section 20 of the Colorado Constitution, to provide for long-term reimbursement of the District No. 4 Allocable Amount, as authorized by District No. 4’s electors at the 2014 Election and 2020 Election.

2. Payment Obligation and Interest.

(a) The parties acknowledge that the District No. 4 Allocable Amount as set forth in the Cost Sharing IGA is \$301,608.06 (the “**Payment Obligation**”).

(b) Simple interest shall accrue on the principal amount of the Payment Obligation at the rate of 6% per annum until paid.

3. District No. 4 to Levy 2021 Pledge Agreement Levies.

(a) In consideration of the commitments of District No. 1 to pay the Developer under the Developer Reimbursement Agreements, District No. 4 shall impose a mill levy of fifty (50) mills, subject to adjustment as provided in Paragraph 3(a)(i) and (ii), below (the “**Required Mill Levy**”), to be allocated between the Capital Improvements Levy and the Contractual Obligations Levy as set forth below. District No. 1 shall notify District No. 4 each year by October 15, or as soon thereafter as practicable, of the amount of revenue to be generated in the next budget year from the Capital Improvements Levy and the Contractual Obligations Levy, respectively. On

or before December 15, 2021, and on or before each December 15<sup>th</sup> thereafter until the full amount of the Payment Obligation has been paid (including interest thereon), District No. 4 agrees to certify a Capital Improvements Levy and a Contractual Obligations Levy, up to the amount of the Required Mill Levy, necessary to produce the amount of Property Tax Revenues specified by District No. 1 to be generated to pay Capital Costs and/or Operations Costs in the following year, provided further that:

(i) in the event that the method of calculating assessed valuation was changed after January 1, 2017, or changes in the future, the 2021 Pledge Agreement Levies provided herein will be increased or decreased to reflect such changes, with such increases or decreases to be determined by District No. 1 in consultation with District No. 4 in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by such mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

(ii) in no event may the 2021 Pledge Agreement Levies be established at a mill levy rate which would cause District No. 4 to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral authorization, and if the 2021 Pledge Agreement Levies as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by District No. 4's electoral authorization, the 2021 Pledge Agreement Levies shall be reduced to the point that such maximum tax increase is not exceeded.

(b) The obligation of District No. 4 to fund the Payment Obligation shall constitute a limited tax obligation of District No. 4 payable from and to the extent of the Property Tax Revenues. The Payment Obligation shall constitute an irrevocable lien upon the Property Tax Revenues for the benefit of District No. 1, and/or any party to which District No. 1 has assigned its rights to the Property Tax Revenues hereunder, which lien shall terminate and expire upon District No. 4's full satisfaction of the Payment Obligation.

(c) To the extent District No. 4 has funds from other legally available sources to pay all or any portion of the Payment Obligation and remits those funds to District No. 1 prior to the date by which the Required Mill Levy must be certified, then the Required Mill Levy may be reduced or eliminated.

(d) This Paragraph 3 is hereby declared to be the certificate of District No. 4 to the Board of County Commissioners for Adams County indicating the aggregate amount of taxes to be levied for the purposes of paying the Payment Obligation due hereunder.

(e) It shall be the duty of District No. 4 annually at the time and in the manner provided by law for the levying of its taxes, if such action shall be necessary to effectuate the provisions of this 2021 Pledge Agreement, to ratify and carry out the provisions hereof with reference to the levy and collection of the ad valorem property taxes herein specified, and to require the officers of District No. 4 to cause the appropriate officials of Adams County, to levy, extend and collect said ad valorem taxes in the manner provided by law for the purpose of providing funds for the payment of the Payment Obligation promptly as the same, respectively, become due. Said



taxes, when collected, shall be applied only to the payment of the Payment Obligation set forth herein.

(f) Said taxes shall be levied, assessed, collected, and enforced at the time and in the form and manner and with like interest and penalties as other general taxes in the State of Colorado.

(g) District No. 4 shall pursue all reasonable remedies to collect, or cause the collection of, delinquent 2021 Pledge Agreement Levies within its boundaries until the Payment Obligation hereunder is satisfied and no longer outstanding.

(h) Upon payment of the full amount of the Payment Obligation (including interest accrued thereon), the Payment Obligation of District No. 4 will be deemed satisfied and no longer outstanding and the lien upon the Property Tax Revenues created in subparagraph (b) above shall terminate and expire.

(i) In the event District No. 1 does not declare the amount of revenue to be generated from the Capital Improvements Levy and the Contractual Obligations Levy, respectively, or does not notify District No. 4 of the amount of revenue to be generated from the Capital Improvements Levy and/or the Contractual Obligations Levy as provided in Paragraph 3(a) hereof, District No. 4 shall impose for the following tax collection year the full amount of the Required Mill Levy as a Contractual Obligations Levy.

4. Effectuation of Pledge of Security, Current Appropriation. The sums herein required to pay the amounts due hereunder are hereby appropriated for that purpose, and said amounts for each year shall be included in the annual budget and the appropriation resolution or measures to be adopted or passed by the Board of District No. 4 each year while any of the Payment Obligation remains outstanding and unpaid. No provisions of any constitution, statute, resolution or other order or measure enacted after the execution of this 2021 Pledge Agreement shall in any manner be construed as limiting or impairing the obligation of District No. 4 to levy ad valorem property taxes, or as limiting or impairing the obligation of District No. 4 to levy, administer, enforce and collect the ad valorem property taxes as provided herein for the Payment Obligation hereunder.

5. Limited Defenses; Specific Performance. It is understood and agreed by District No. 4 that its obligations hereunder are absolute, irrevocable, and unconditional, and so long as any obligation of District No. 4 hereunder remains unfulfilled, District No. 4 agrees that notwithstanding any fact, circumstance, dispute, or any other matter, it will not assert any rights of setoff, counterclaim, estoppel, or other defenses to its Payment Obligation and/or the obligation to impose the 2021 Pledge Agreement Levies, or take or fail to take any action which would delay a payment to, or on behalf of, District No. 1 or impair the ability of District No. 1 to receive payments due hereunder. Notwithstanding that this 2021 Pledge Agreement specifically prohibits and limits defenses and claims of District No. 4, in the event that District No. 4 believes that it has valid defenses, setoffs, counterclaims, or other claims other than specifically prohibited by this Paragraph 5, it shall, nevertheless, make all payments as described herein and then may attempt or seek to recover such payments by actions at law or in equity for damages or specific performance, respectively.

6. Remittance of Property Tax Revenues to District No. 1/Use. District No. 4 shall remit the Property Tax Revenues to District No. 1 immediately upon receipt. District No. 1 shall utilize such Property Tax Revenues exclusively for reimbursing Brighton Lakes and Indigo Trails for the District No. 4 Allocable Amount. District No. 1 shall have discretion to apply the Property Tax Revenues in any priority as between Brighton Lakes and Indigo Trails.

7. Issuance of Bonds by District No. 4/Priority Over Other Financial Obligations. District No. 4 acknowledges and agrees that District No. 1 is obligated to pay Brighton Lakes and Indigo Trails under the Developer Reimbursement Agreements, and District No. 1 expects that District No. 4 shall contribute funds to pay the District No. 4 Allocable Amount; and the failure of District No. 4 to meet its Payment Obligation will cause substantial financial damage to District No. 1.

(a) Accordingly, in order to allow District No. 1 to fund the reimbursements under Developer Reimbursement Agreements, District No. 4 agrees that, its obligations to meet the Payment Obligation established hereunder shall be superior to any obligation of District No. 4 to pay or reimburse for any capital costs or administrative, operations or maintenance costs (whether established prior to or after the execution of this 2021 Pledge Agreement, and whether from mill levy, fees or other revenues). District No. 4 shall include language in any contract or other arrangement by which District No. 4 would become obligated to pay or reimburse for capital costs, or administrative, operations or maintenance costs, establishing the superiority of the Payment Obligation (which language shall be reasonably acceptable to District No. 1) to any such obligation. This priority shall expire at such time as the Payment Obligation is satisfied in full. This entire subparagraph (a) is subject to all terms and conditions set forth in subparagraph (b) below and, in the event there is a conflict with this subparagraph (a) and subparagraph (b), subparagraph (b) shall prevail.

(b) Additionally, District No. 4 agrees to use its best efforts to issue bonds to fund the Payment Obligation, whether or not included within a Reimbursement Obligation, at the earliest practicable date based on growth in assessed valuation within District No. 4, and advice from bond underwriters or other financial advisors skilled in municipal finance. Notwithstanding the foregoing, the parties agree and acknowledge that the proceeds of any bonds issued by District No. 4 hereinafter may not be available to fund that portion of the Payment Obligation constituting the Operations Costs due to legal constraints. To the extent that the proceeds of bonds are insufficient to satisfy the entire then-remaining Payment Obligation, the parties agree and acknowledge that the terms upon which such future bonds will be issued will likely require that District No. 4's obligation to levy the Required Mill Levy hereunder be subordinate to the pledge of mill levy to pay such bonds (or may have other requirements affecting the use of the Property Tax Revenues for purposes of funding the Payment Obligation), and that, as a result, the ability of District No. 1 to receive Property Tax Revenues to satisfy the Payment Obligation, will be impaired. In such case, the parties agree that District No. 4's obligation to impose the Required Mill Levy shall be made subordinate to any obligations established in such bonds to levy a property tax mill levy, to the extent required in connection with the terms of such bonds, by such instrument as may be required by the terms of such bonds and/or to effectuate the issuance of such bonds. Because such a subordination in priority of District No. 4's obligation to impose the Required Mill Levy will impair the ability of District No. 1 to receive the Property Tax Revenues as required hereunder to pay the Payment Obligation, District No. 4 agrees that it will not proceed to issue

bonds unless the terms of such bond issuance are approved by District No. 1, which approval shall not be unreasonably withheld, delayed, or conditioned, and such approval or disapproval shall be based on the interest of District No. 1's ability to receive the Property Tax Revenues. Furthermore, District No. 1 shall have the first right to all bond proceeds realized by District No. 4, whenever issued, until the Payment Obligation is paid in full, but only up to the amount of the Payment Obligation outstanding at the time such bonds are issued and only to the extent such proceeds are not pledged towards the payment of an obligation senior to that of District No. 4's Payment Obligation hereunder. To the extent that bond proceeds will be allocated towards the Payment Obligation, the terms of closing on the issuance of bonds by District No. 4 will include a provision that the net proceeds of any such bond issue in an amount necessary to fully or in part satisfy the Payment Obligation will be wired directly to an account designated by District No. 1.

(c) District No. 4 may, in its sole discretion, pay the Payment Obligation in full at any time without penalty. Upon such occurrence, District No. 4 shall have no further obligations pursuant to this 2021 Pledge Agreement.

8. Representations and Warranties of District No. 4. District No. 4 hereby makes the following representations and warranties with respect to itself:

(a) District No. 4 is a quasi-municipal corporation and political subdivision duly organized and validly existing under the laws of the State of Colorado.

(b) District No. 4 has all requisite corporate power and authority to execute, deliver, and to perform its obligations under this 2021 Pledge Agreement. The District's execution, delivery, and performance of this 2021 Pledge Agreement have been duly authorized by all necessary action.

(c) District No. 4 is not in violation of any of the applicable provisions of law or any order of any court having jurisdiction in the matter, which violation could reasonably be expected to materially adversely affect the ability of District No. 4 to perform its obligations hereunder. The execution, delivery and performance by District No. 4 of this 2021 Pledge Agreement (i) will not violate any provision of any applicable law or regulation or of any order, writ, judgment or decree of any court, arbitrator, or governmental authority, (ii) will not violate any provision of any document or agreement constituting, regulating, or otherwise affecting the operations or activities of District No. 4 in a manner that could reasonably be expected to result in a material adverse effect, and (iii) will not violate any provision of, constitute a default under, or result in the creation or imposition of any lien, mortgage, pledge, charge, security interest, or encumbrance of any kind on any of the revenues or other assets of District No. 4 pursuant to the provisions of any mortgage, indenture, contract, agreement, or other undertaking to which District No. 4 is a party or which purports to be binding upon District No. 4 or upon any of its revenues or other assets which could reasonably be expected to result in a material adverse effect.

(d) District No. 4 has obtained all consents and approvals of, and has made all registrations and declarations with any governmental authority or regulatory body required for the execution, delivery, and performance by District No. 4 of this 2021 Pledge Agreement.

(e) There is no action, suit, inquiry, investigation, or proceeding to which District No. 4 is a party, at law or in equity, before or by any court, arbitrator, governmental or other board, body, or official which is pending or, to the best knowledge of District No. 4, threatened, in connection with any of the transactions contemplated by this 2021 Pledge Agreement nor, to the best knowledge of District No. 4 is there any basis therefor, wherein an unfavorable decision, ruling, or finding could reasonably be expected to have a material adverse effect on the validity or enforceability of, or the authority or ability of District No. 4 to perform its obligations under, this 2021 Pledge Agreement.

(f) This 2021 Pledge Agreement constitutes the legal, valid, and binding obligation of District No. 4, enforceable against District No. 4 in accordance with its terms (except as such enforceability may be limited by bankruptcy, moratorium, or other similar laws affecting creditors' rights generally and provided that the application of equitable remedies is subject to the application of equitable principles).

9. Events of Default. The occurrence or existence of any one or more of the following events shall be an "Event of Default" hereunder, and there shall be no default or Event of Default hereunder except as provided in this Paragraph 9:

(a) District No. 4 fails or refuses to impose the 2021 Pledge Agreement Levies or to remit the Property Tax Revenues as required by the terms of this 2021 Pledge Agreement;

(b) any representation or warranty made by District No. 4 in this 2021 Pledge Agreement proves to have been untrue or incomplete in any material respect when made and which untruth or incompleteness would have a material adverse effect upon District No. 1;

(c) District No. 4 fails in the performance of any other of its covenants in this 2021 Pledge Agreement, and such failure continues for sixty (60) days after written notice from District No. 1 specifying such default and requiring the same to be remedied is given to District No. 4;

(d) District No. 4 shall commence any case, proceeding, or other action (A) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or a bankrupt or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition, or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, Bank, custodian, or other similar official for itself or for any substantial part of its property, or District No. 4 shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against District No. 4 any case, proceeding, or other action of a nature referred to in clause (i) and the same shall remain not dismissed within ninety (90) days following the date of filing; or (iii) there shall be commenced against District No. 4 any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, distraint, or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed, or bonded pending appeal within ninety (90) days from the entry thereof, or (iv) District No. 4 shall take action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) District No. 4 shall

generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(e) District No. 1 shall fail to promptly apply the Property Tax Revenues to reimburse Brighton Lakes and Indigo Trails for the District No. 4 Allocable Amount as set forth in Paragraph 6 hereof.

10. Remedies for Events of Default. Upon the occurrence and continuance of an Event of Default, any party may proceed to protect and enforce its rights against the party or parties causing the Event of Default by mandamus or such other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction, including an action for specific performance. In the event of any litigation or other proceeding to enforce any of the terms, covenants or conditions hereof, the prevailing party in such litigation or other proceeding shall obtain, as part of its judgment or award, its reasonable attorneys' fees and costs.

11. Pledge of Revenue. The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Payment Obligation shall be governed by §11-57-208 of the Supplemental Act and this 2021 Pledge Agreement. The Property Tax Revenues shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against District No. 4 irrespective of whether such persons have notice of such liens.

12. No Recourse against Officers and Agents. Pursuant to §11-57-209 of the Supplemental Act, if a member of the Board of Directors of District No. 4, or any officer or agent of District No. 4 acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the Payment Obligation. Such recourse shall not be available either directly or indirectly through the Board of District No. 4, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of this 2021 Pledge Agreement and as a part of the consideration hereof, District No. 4 specifically waives any such recourse.

13. Conclusive Recital. Pursuant to §11-57-210 of the Supplemental Act, this 2021 Pledge Agreement contains a recital that it is issued pursuant to certain provisions of the Supplemental Act, and such recital is conclusive evidence of the validity and the regularity of this 2021 Pledge Agreement after its execution.

14. Limitation of Actions. Pursuant to §11-57-212, C.R.S., no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization, execution, or delivery of this 2021 Pledge Agreement shall be commenced more than thirty days after the authorization of this 2021 Pledge Agreement.

15. Notices. Except as otherwise provided herein, all notices or payments required to be given under this 2021 Pledge Agreement shall be in writing and shall be hand delivered, sent by certified mail, return receipt requested, or by email, to the following addresses:

To District No. 1:

c/o White Bear Ankele Tanaka & Waldron  
2154 E. Commons Avenue, Suite 2000  
Centennial, Colorado 80122  
Attention: William P. Ankele, Jr.  
Phone: (303) 888-1300  
Email: wpankele@wbapc.com

To District No. 4:

c/o Icenogle Seaver Pogue  
4725 South Monaco Street, Suite 360  
Denver, CO 80237  
Attention: Alan D. Pogue, Special Counsel to District No. 4  
Phone: (303) 912-7405  
Email: Apogue@ISP-law.com

All notices or documents delivered or required to be delivered under the provisions of this 2021 Pledge Agreement shall be deemed received one (1) day after hand delivery, three (3) days after mailing, or on the date transmitted by email. Any party, by written notice so provided may change the address to which future notices shall be sent.

16. Miscellaneous.

(a) This 2021 Pledge Agreement constitutes the final, complete, and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this 2021 Pledge Agreement and supersedes all prior and contemporaneous understandings or agreements of the parties. This 2021 Pledge Agreement may not be contradicted by evidence of any prior or contemporaneous statements or agreements. In the event of any conflict between provisions of this 2021 Pledge Agreement, or any other agreement between the parties, provisions of this 2021 Pledge Agreement shall control. No party has been induced to enter into this 2021 Pledge Agreement by, nor is any party relying on, any representation, understanding, agreement, commitment, or warranty outside those expressly set forth in this 2021 Pledge Agreement.

(b) If any term or provision of this 2021 Pledge Agreement is determined to be illegal, unenforceable, or invalid in whole or in part for any reason, such illegal, unenforceable, or invalid provisions or part thereof shall be stricken from this 2021 Pledge Agreement, and such provision shall not affect the legality, enforceability, or validity of the remainder of this 2021 Pledge Agreement. If any provision or part thereof of this 2021 Pledge Agreement is stricken in accordance with the provisions hereof, then such stricken provision shall be replaced, to the extent possible, with a legal, enforceable, and valid provision that is as similar in tenor to the stricken provision as is legally possible.

(c) It is intended that Brighton Lakes and Indigo Trails be third party beneficiaries of this 2021 Pledge Agreement. Nothing contained herein, expressed or implied, is intended to give to any other person other than the parties, any claim, remedy, or right under or pursuant hereto.

(d) This 2021 Pledge Agreement may not be assigned or transferred by any party without the prior written consent of the other party.

(e) This 2021 Pledge Agreement shall be governed by and construed under the applicable laws of the State of Colorado.

(f) Venue for any and all claims brought by either Party to enforce any provision of this Agreement shall be the District Court in and for the County of Adams, State of Colorado.

(g) This 2021 Pledge Agreement may be amended or supplemented by the parties, but any such amendment or supplement must be in writing and must be executed by all parties.

(h) If the date for making any payment or performing any action hereunder shall be a legal holiday or a day on which banks in Denver, Colorado are authorized or required by law to remain closed, such payment may be made or act performed on the next succeeding day which is not a legal holiday or a day on which banks in Denver, Colorado are authorized or required by law to remain closed.

(i) Each party has participated fully in the review and revision of this 2021 Pledge Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this 2021 Pledge Agreement. The language in this 2021 Pledge Agreement shall be interpreted as to its fair meaning and not strictly for or against any party.

(j) This 2021 Pledge Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

17. Effective Date and Termination Date. This 2021 Pledge Agreement shall become effective as of the date set forth on the title page hereto and shall remain in effect until the Payment Obligation has been fully satisfied.

(Signature page follows.)

IN WITNESS WHEREOF, this 2021 Pledge Agreement has been made effective as of the day and year first written above by duly authorized representatives of District No. 1 and District No. 4.

**THE LAKES METROPOLITAN DISTRICT NO. 1**

By: Michael A. Richardson  
Michael A. Richardson (Sep 17, 2021 12:16 MDT)  
President

**ATTEST**

By: Erika Volling  
Erika Volling (Sep 17, 2021 12:15 MDT)  
Secretary

**THE LAKES METROPOLITAN DISTRICT NO. 4**

By: Michael A. Richardson  
Michael A. Richardson (Sep 17, 2021 12:16 MDT)  
President

**ATTEST**

By: Erika Volling  
Erika Volling (Sep 17, 2021 12:15 MDT)  
Secretary



**Exhibit A**

**Description of Prior District Advances**

**Allocations to MDs of Developer Advances through 6/8/21**

<b>BRIGHTON LAKES</b>	<b>MD 4</b>
CAPITAL	\$ 62,738.31
ACCRUED INTEREST	\$ 57,380.50
OPERATIONS	\$ 33,740.23
ACCRUED INTEREST	\$ 35,673.38
<b>INDIGO TRAILS</b>	
CAPITAL	\$ 18,601.31
ACCRUED INTEREST	\$ 20,404.07
OPERATIONS	\$ 34,846.53
ACCRUED INTEREST	\$ 38,223.73
Total Capital	\$ 159,124.18
Total Operations	\$ 142,483.87
	<hr/>
	\$ 301,608.06

Invoices were examined to determine the portion of advances applicable to each district.

General expenditures were allocated equally to all districts active at the time.

Advances from Brighton Lakes were allocated equally to the original four districts.

Advances from Indigo Trails were allocated proportionally based on expenditures from the districts.











# Capital and Operations Costs Pledge Agreement, District No. 3 and No. 4, 2021-06-08

Final Audit Report

2021-09-17

Created:	2021-09-16
By:	Andie Eckstrum (aekstrum@wbapc.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAA8YFV2BAB7PYds-zqMihK3LDP8CYjWK1W

## "Capital and Operations Costs Pledge Agreement, District No. 3 and No. 4, 2021-06-08" History

-  Document created by Andie Eckstrum (aekstrum@wbapc.com)  
2021-09-16 - 3:38:23 PM GMT- IP address: 50.209.233.181
-  Document emailed to Michael A. Richardson (mick@vhlco.com) for signature  
2021-09-16 - 3:41:30 PM GMT
-  Document emailed to paula@vhlco.com for signature  
2021-09-16 - 3:41:30 PM GMT
-  Email viewed by Michael A. Richardson (mick@vhlco.com)  
2021-09-16 - 7:46:09 PM GMT- IP address: 174.198.134.31
-  Email viewed by paula@vhlco.com  
2021-09-16 - 7:58:59 PM GMT- IP address: 50.76.143.38
-  Andie Eckstrum (aekstrum@wbapc.com) replaced signer paula@vhlco.com with Erika Volling (erika@vhlco.com)  
2021-09-16 - 8:04:23 PM GMT- IP address: 50.209.233.181
-  Document emailed to Erika Volling (erika@vhlco.com) for signature  
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-  Email viewed by Erika Volling (erika@vhlco.com)  
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-  Document e-signed by Erika Volling (erika@vhlco.com)  
Signature Date: 2021-09-17 - 6:15:23 PM GMT - Time Source: server- IP address: 50.76.143.38
-  Document e-signed by Michael A. Richardson (mick@vhlco.com)  
Signature Date: 2021-09-17 - 6:16:15 PM GMT - Time Source: server- IP address: 50.76.143.38

**INTERGOVERNMENTAL  
AGREEMENT REGARDING COST SHARING  
AND REIMBURSEMENT**

This **INTERGOVERNMENTAL AGREEMENT REGARDING COST SHARING AND REIMBURSEMENT** (the "**Agreement**") is entered into as of the 8th day of June, 2021, by and between **THE LAKES METROPOLITAN DISTRICT NO. 1**, a quasi-municipal corporation and political subdivision of the State of Colorado (referred to as "**District No. 1**") and **THE LAKES METROPOLITAN DISTRICT NOS. 3-6**, each a quasi-municipal corporation and political subdivision of the State of Colorado (individually referred to as "**District No. 3**," "**District No. 4**," "**District No. 5**" and "**District No. 6**"), collectively referred to herein as the "**District Nos. 3-6**," "**the Districts**" or "**the Parties**".)

**RECITALS**

**WHEREAS**, District Nos. 1, 3 and 4 (together with The Lakes Metropolitan District No. 2 ("**District No. 2**"), which is not a party to this Agreement) were organized in 2007 and each operate pursuant to their First Amended and Restated Service Plans ("**Amended and Restated Service Plans**") as approved by the City Council of the City of Brighton (the "**City**") on December 19, 2017, as may be amended from time to time, and are each quasi-municipal corporations and political subdivisions of the State of Colorado; and

**WHEREAS**, District Nos. 5 and 6 were organized in 2018 and operate pursuant to their respective Service Plans ("**District Nos. 5 and 6 Service Plan**" and with the "**Amended and Restated Service Plans**" collectively, the "**Service Plans**") as approved by the City on December 19, 2017, as may be amended from time to time, and are each quasi-municipal corporations and political subdivisions of the State of Colorado; and

**WHEREAS**, District Nos. 5 and 6 are currently in inactive status but it is anticipated that they will become parties to this Agreement by execution of same at such time as said districts return to active status as set forth in Section 32-1-104, C.R.S.; and

**WHEREAS**, in accordance with the provisions of the Service Plan, the Districts were organized for the purposes of the design, acquisition, construction, installation, and financing of certain public improvements, as more fully set forth therein (the "**Public Improvements**"), for the development of a 525 acre mixed use development commonly referred to as "The Lakes" (the "**Project**"); and

**WHEREAS**, the initial developer of the Project was Brighton Lakes, LLC ("**Brighton Lakes**," or "**BL**"), with additional development activities being undertaken by RH Indigo Trails, LLLP ("**Indigo Trails**," or "**IT**"); and

**WHEREAS**, Brighton Lakes has funded, either directly or by making advances, certain costs in connection with the organization of District Nos. 1, 3 and 4 (the "**Original Organizational Costs**"), and certain other capital and administrative costs subsequent thereto

(the “**BL Capital Costs,**” and the “**BL Administrative Costs,**” respectively. Collectively all such costs shall be referred to as the “**BL Prior Costs;**” and

**WHEREAS,** the agreements by which the BL Prior Costs have been advanced (all with District No. 1) are that certain “Operations Funding Agreement,” dated March 7, 2007, that certain “Project Funding and Reimbursement Agreement,” dated January 22, 2007, that certain “Capital Advance and Reimbursement Agreement,” dated November 7, 2008, and that certain “Operation Funding Agreement,” dated December 19, 2008 (collectively, the “**BL Agreements**”); and

**WHEREAS,** Indigo Trails has funded, either directly or by making advances, certain costs in connection with the organization of District Nos. 5 and 6 (the “**District 5/6 Organizational Costs**”), and certain other capital and administrative costs subsequent thereto (the “**IT Capital Costs,**” and the “**IT Administrative Costs,**” respectively. Collectively all such costs shall be referred to as the “**IT Prior Costs;**” and

**WHEREAS,** the agreement by which Indigo Trails has funded the IT Administrative Costs (all with District No. 1) is that certain “2015-2016 Operation Funding Agreement,” dated May 21, 2015, as amended by that certain “First Amendment to 2015-2016 Operation Funding Agreement,” dated November 9, 2016, and that certain “Second Amendment to 2015-2016 Operation Funding Agreement,” dated December 11, 2017 (all with District No. 1)(collectively, the “**2015-2016 OFA**”); and

**WHEREAS,** the agreement with District No. 1 by which Indigo Trails has funded District 5/6 Organizational Costs and IT Capital Costs is that certain “Funding and Reimbursement (Capital Costs),” dated as of June 8, 2021 (the “**2021 Capital Agreement;**” and

**WHEREAS,** the 2015-2016 OFA and the 2021 Capital Agreement shall be referred to herein as the “**IT Agreements;**” and

**WHEREAS,** within this Agreement, the BL Prior Costs and the IT Prior Costs shall be known collectively as the “**Combined Prior Costs;**” and

**WHEREAS,** District No. 1 is obligated to Brighton Lakes and Indigo Trails to reimburse for the Combined Prior Costs advanced by such entities, through the BL Agreements and the IT Agreements, with the expectation that District Nos. 3-6 shall contribute funds to pay their equitable share of such costs; and

**WHEREAS,** the Districts have participated in an analysis of the timing and total amount of the Combined Prior Costs for the purpose of arriving at a fair and equitable allocation of such amounts among the Districts, such amounts excluding any allocable share of costs to District No. 2; and

**WHEREAS**, the resulting allocations of the Combined Prior Costs to each District from such analysis are attached as **Exhibit A**, attached hereto and incorporated herein by this reference (the “**Allocable Amount**”); and

**WHEREAS**, District Nos. 3-6 each desire to contribute funds to reimburse District No. 1 for their portion of the Allocable Amount of the BL Prior Costs and the IT Prior Costs, in order to permit District No. 1 to meet its obligations to reimburse Brighton Lakes and Indigo Trails for such costs; and

**WHEREAS**, in the absence of available funds, District Nos. 3-6 each intend to repay their respective Allocable Amount from bond proceeds, to the extent legally available, or from any other lawful financing mechanism including pledged revenues from an ad valorem tax mill levy or any other legally available revenues; and

**WHEREAS**, District Nos. 3-6 do not have other financial resources to provide funding for payment of the BL Prior Costs and the IT Prior Costs; and

**WHEREAS**, in order to provide a mechanism to secure the payment of their respective Allocable Amount, District Nos. 3-6 desire to issue to District No. 1, as hereinafter provided, one or more reimbursement notes, bonds, bond anticipation notes, or capital pledge agreements, (“**Reimbursement Obligations**”) in an aggregate principal amount sufficient to repay their Allocable Amount, subject to the terms and conditions set forth therein; and

**WHEREAS**, it is anticipated that at the time District Nos. 3-6 issue a Reimbursement Obligation for their respective Allocable Amount, District No. 1 and the issuing District will enter into a separate agreement to set forth the terms, revenue streams used and priority of payment; and

**WHEREAS**, in accordance with the Service Plan, the Districts entered into the District Coordinating Services Agreement dated June 19, 2018 (the “**Coordinating Services IGA**”), which sets forth each District respective roles and responsibilities to the provision of administrative services, and ownership, operation and maintenance of the Public Improvements from the date of that Agreement and into the future in an effort to operate in the most cost effective manner and efficient way as possible; and

**WHEREAS**, the obligations of the Districts under the Coordinating Services IGA are separate from the obligations of this Agreement, and the obligations of this Agreement are in addition thereto, with any priority relative to the payment of amounts under the Coordinating Services IGA and this Agreement to be determined at the time District Nos. 3-6 enter into a separate agreement with District No. 1 for the payment of amounts due hereunder (which may consist of one or more Reimbursement Obligations); and

**WHEREAS**, District No. 1 and District No. 3 entered into the Capital Improvements Pledge Agreement on June 15, 2020 , as amended by that certain First Amendment to Capital Improvements Pledge Agreement dated June 8, 2021 (the “**Capital Pledge Agreement**”), pursuant to which District No. 3 pledged its Capital Improvements Levy, as defined therein, to District No. 1 for the purpose of funding its share of certain capital improvements, such pledge being subordinate to any obligation of District No. 3 to pay amounts due hereunder, including any Reimbursement Obligation issued under this Agreement; and

**WHEREAS**, pursuant to Article XIV, Section 18 of the Colorado Constitution and Section 29- 1-203, C.R.S., the Districts are authorized to cooperate and contract with each other to provide functions, services, and facilities of the Districts, including the sharing of costs; and

**WHEREAS**, the Districts find that entering into this Agreement is in the best interests of the Districts and its future residents and taxpayers.

**NOW THEREFORE**, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Districts agree as follows:

### **COVENANTS AND AGREEMENTS**

**1. Incorporation of Recitals.** The recitals set forth above are hereby incorporated into this Agreement as an integral part hereof.

**2. Inactive Districts.** District Nos. 5 and 6 are not currently authorized to enter into or approve this Agreement because they are inactive under the Special District Act. Notwithstanding, it is the intent of the Districts that District Nos. 5 and 6 be bound by the terms contained herein upon return to active status, without affecting the enforceability of this Agreement against the other Districts. Accordingly, at such time as District Nos. 5 and 6 approve this Agreement, an addendum shall be issued for signature by District Nos. 5 and 6. References to “the Districts” in this Agreement regarding various terms and conditions, shall, as to District Nos. 5 and 6, be subject to the return to active status of each such District, and approval of this Agreement thereby.

**3. Allocable Amount.** The Districts each agree that the Allocable Amount identified for each District represents a fair and equitable allocation of the Combined Prior Costs, based on the work performed, the time of performance, and the contribution of such work to the continued functioning and good standing of the Districts under their respective Service Plans, the Special District Act, and other applicable law. The Districts agree that District No. 2 is not a party to this Agreement and that no cost allocable to District No. 2 are included in the Allocable Amount. The methodology by which the Combined Prior Costs were distributed among the Districts is also set forth in Exhibit A. Such methodology and the resulting distribution of costs has been reviewed by the Districts’ accountant for use in this manner.

#### 4. Reimbursement.

(a) Generally. The Districts acknowledge that, as of the date hereof, the BL Prior Costs and the IT Prior Costs continue to accrue simple interest at the rate of 6% per annum until paid in full by District No. 1 or discharged. In consideration of the obligation of District No. 1 to reimburse Brighton Lakes and Indigo Trails for the BL Prior Costs and the IT Prior Costs, District Nos. 3-6 each agree to pay District No. 1 their respective Allocable Amount, plus simple interest thereon at the rate of 6% per annum, until paid. Until converted to a Reimbursement Obligation as set forth below, such commitment shall be subject to annual appropriation and shall not constitute an indebtedness or multiple fiscal year financial obligation under any statutory or Constitutional provision.

(b) Terms of Payment; Source of Revenues. District Nos. 3-6 intend to pay the Prior District Costs from bond proceeds to the extent legally available, or from any other lawful financing mechanism including pledged revenues from an ad valorem tax mill levy or any other legally available revenues, and in the interim from one or more Reimbursement Obligations as set forth in Paragraph 4(d) hereof.

(c) Issuance of New Debt. District Nos. 3-6 agree that when, in the discretion of their respective boards of directors, it becomes appropriate to issue general obligation bonds for the financing of the Districts' obligations, and except as may otherwise be agreed to by District No. 1, the proceeds from any such bonds shall be applied first to the payment of any outstanding Reimbursement Obligation, then to the balance of their respective Allocable Amount, if any, until such amount is paid in full. Notwithstanding the foregoing, District No. 1 and District No. 3 agree and acknowledge that the obligations hereof with respect to District No. 3 shall be senior to the obligations of the District No. 3 under the Capital Pledge Agreement, unless separately agreed by District No. 1.

#### (d) Reimbursement Obligations

i. Issuance of Reimbursement Obligations. District Nos. 3-6 hereby agree to issue to or at the direction of District No. 1, one or more Reimbursement Obligations constituting an indebtedness or multiple fiscal year financial obligation to provide for long-term reimbursement for each respective District's Allocable Amount. Such Reimbursement Obligations shall be payable from legally available sources identified in the Reimbursement Obligations, which shall include, but not be limited to (except as otherwise agreed to by District No. 1), ad valorem property tax revenues of each District, and shall be secured by each District's pledge to apply such revenues towards repayment of the District's Allocable Amount as required hereunder. Simple interest shall accrue on the principal amount thereof at the rate of 6% per annum, until paid in full. The term for repayment of any Reimbursement Obligation issued under this Agreement shall be the maximum term authorized by the issuing District's Service Plan and otherwise subject to the issuing District's electoral authority.

The issuance of any Reimbursement Obligation shall be subject to the availability of an exemption from the registration requirements of § 11-59-106, C.R.S., and shall be subject to such prior filings with the Colorado State Securities Commissioner as may be necessary to claim

such exemption, in accordance with § 11-59-110, C.R.S., and any regulations promulgated thereunder.

5. **No Debt/Annual Appropriation.** It is hereby agreed and acknowledged that the financial obligations of this Agreement, until such time as converted to a Reimbursement Obligation as hereinbefore provided, shall not constitute a debt or indebtedness of any of the Districts within the meaning of any constitutional or statutory provision, nor shall it constitute a multiple fiscal year financial obligation, and the making of any reimbursement hereunder shall be at all times subject to annual appropriation by the applicable District in its discretion. Notwithstanding the foregoing, in the event a court of competent jurisdiction determines that any term of this Agreement constitutes a multi-fiscal year financial obligation or other obligation requiring voter authorization under Article X, Section 20 of the Colorado Constitution, District Nos. 3 and 4 hereby affirm that each such District has sufficient voter authorization for the obligations imposed on each such District under this Agreement. Additionally, to the extent TABOR so requires, any District's failure to appropriate funds in any given fiscal year will not be deemed or construed to constitute a default by the District under this Paragraph 5. Any District's failure to appropriate funds in any given fiscal year will not be deemed or construed to effect a discharge of the District's obligation to pay the Allocable Amount in any subsequent fiscal year, and interest will continue to accrue on the unpaid principal of such Allocable Amount as provided herein.

6. **Modification and Termination.** This Agreement may be modified, altered, amended or terminated only by written consent of the Districts.

7. **Entire Agreement.** This Agreement embodies the complete agreement between the Districts regarding the subject matter herein and supersedes all prior agreements and understandings, if any.

8. **No Third Party Beneficiaries.** The Districts do not intend to benefit any person not a party to this Agreement. No person or entity, other than the Districts, shall have any right, legal or equitable, to enforce any provision of this Agreement.

9. **Assignment.** Neither District shall assign the Agreement in whole or in part. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.

10. **Severability.** If any provision of this Agreement is held invalid or unenforceable, no other provision shall be affected by such holding and all of the remaining provisions of this Agreement shall continue in full force and effect to the extent practicable.

11. **Waiver.** No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provisions of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided herein, nor shall the waiver of any default herein be deemed a waiver of any subsequent default herein.

12. **Notices.** All notices, demands and communications (collectively, "Notices") under this Agreement shall be delivered or sent by: (a) first class, registered or certified mail, postage prepaid, return receipt requested, (b) nationally recognized overnight carrier, addressed to the address of the intended recipient set forth below or such other address as either party may designate



by notice pursuant to this Section 14, or (c) sent by confirmed facsimile transmission, PDF or email. Notices shall be deemed given either one business day after delivery to the overnight carrier, three (3) days after being mailed as provided in clause (a) above, or upon confirmed delivery as provided in clause (c) above.

District No. 1:           The Lakes Metropolitan District No. 1  
                                  c/o WHITE BEAR ANKELE TANAKA & WALDRON  
                                  Attorneys at Law  
                                  2154 East Commons Avenue, Suite 2000  
                                  Centennial, Colorado 80122  
                                  Attention: William P. Ankele, Jr. Esq.  
                                  (303) 858-1800 (phone)  
                                  (303) 858-1801 (fax)  
                                  [wpankele@wbapc.com](mailto:wpankele@wbapc.com)

District Nos. 3-6:       The Lakes Metropolitan District Nos. 3-6  
                                  c/o WHITE BEAR ANKELE TANAKA & WALDRON  
                                  Attorneys at Law  
                                  2154 East Commons Avenue, Suite 2000  
                                  Centennial, Colorado 80122  
                                  Attention: William P. Ankele, Jr. Esq.  
                                  (303) 858-1800 (phone)  
                                  (303) 858-1801 (fax)  
                                  [wpankele@wbapc.com](mailto:wpankele@wbapc.com)

**13. Governing Law.** This Agreement shall be governed and construed under the laws of the State of Colorado.

**14. Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

**15. Effectiveness.** District Nos. 1, 3 and 4 agree and acknowledge that this Agreement shall be effective among them without the execution hereof by District Nos. 5 and 6, which are presently inactive and unable to act. Furthermore, this Agreement shall be effective among District Nos. 1, 3 and 4 regardless of whether District No. 5 and/or 6 approve this Agreement, since the obligations of the Districts are equitably distributed and payment by any individual District shall not affect the payment obligation of any other District.

*[Signature Pages Follow]*

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date and year first above written. By the signature of its representative below, each party affirms that it has taken all necessary action to authorize said representative to execute this Agreement.

**DISTRICT NO. 1:**

THE LAKES METROPOLITAN DISTRICT NO. 1,  
a quasi-municipal corporation and political  
subdivision of the State of Colorado

Michael Richardson

Michael Richardson (Aug 16, 2021 14:39 MDT)

Officer of the District

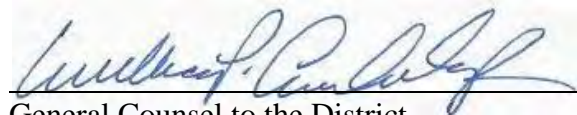
ATTEST:

Erika Volling

Erika Volling (Aug 16, 2021 14:36 MDT)

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law



General Counsel to the District

**DISTRICT NO. 3:**

THE LAKES METROPOLITAN DISTRICT NO. 3,  
a quasi-municipal corporation and political  
subdivision  
of the State of Colorado

Michael Richardson

Michael Richardson (Aug 16, 2021 14:39 MDT)

Officer of the District

ATTEST:

Erika Volling

Erika Volling (Aug 16, 2021 14:36 MDT)

***[1 of 2 Signature Pages to Intergovernmental Agreement Regarding Cost Sharing and Reimbursement]***

**DISTRICT NO. 4:**

THE LAKES METROPOLITAN DISTRICT NO. 4,  
a quasi-municipal corporation and political  
subdivision of the State of Colorado

*Michael Richardson*

Michael Richardson (Aug 16, 2021 14:39 MDT)

\_\_\_\_\_  
Officer of the District

ATTEST:

*Erika Volling*

Erika Volling (Aug 16, 2021 14:36 MDT)

\_\_\_\_\_

**DISTRICT NO. 5:**

THE LAKES METROPOLITAN DISTRICT NO. 5,  
a quasi-municipal corporation and political  
subdivision of the State of Colorado.

\_\_\_\_\_  
Officer of the District

ATTEST:

\_\_\_\_\_

**DISTRICT NO. 6:**

THE LAKES METROPOLITAN DISTRICT NO. 6,  
a quasi-municipal corporation and political  
subdivision of the State of Colorado.

\_\_\_\_\_  
Officer of the District

ATTEST:

\_\_\_\_\_

***[2 of 2 Signature Pages to Intergovernmental Agreement Regarding Cost Sharing and Reimbursement]***

## EXHIBIT A

### Description of Prior District Costs (Organizational and Administrative Costs)

Exhibit A							
Description of Prior District Advances							
Allocations to MDs of Developer Advances through 6/8/21							
BRIGHTON LAKES	MD 1	MD 2	MD 3	MD 4	MD 5	MD 6	Total
CAPITAL	\$ 62,738.31	\$ 62,738.31	\$ 62,738.31	\$ 62,738.31			\$ 250,953.23
ACCRUED INTEREST	\$ 57,380.50	\$ 57,380.50	\$ 57,380.50	\$ 57,380.50			\$ 229,521.99
OPERATIONS	\$ 33,740.23	\$ 33,740.23	\$ 33,740.23	\$ 33,740.23			\$ 134,960.92
ACCRUED INTEREST	\$ 35,673.38	\$ 35,673.38	\$ 35,673.38	\$ 35,673.38			\$ 142,693.52
<b>INDIGO TRAILS</b>							
CAPITAL	\$ 41,592.20	\$ 16,510.61	\$ 29,601.56	\$ 18,601.31	\$ 11,416.66	\$ 11,416.67	\$ 129,139.00
ACCRUED INTEREST	\$ 45,623.15	\$ 18,110.76	\$ 32,470.43	\$ 20,404.07	\$ 12,523.12	\$ 12,523.13	\$ 141,654.66
OPERATIONS	\$ 77,916.24	\$ 30,929.96	\$ 55,453.72	\$ 34,846.53	\$ 21,387.26	\$ 21,387.28	\$ 241,921.00
ACCRUED INTEREST	\$ 85,467.59	\$ 33,927.57	\$ 60,828.09	\$ 38,223.73	\$ 23,460.03	\$ 23,460.06	\$ 67,319.69
<hr/>							
Total Capital	\$ 207,334.16	\$ 154,740.17	\$ 182,190.79	\$ 159,124.18	\$ 23,939.77	\$ 23,939.80	\$ 751,268.88
Total Operations	\$ 232,797.45	\$ 134,271.14	\$ 185,695.42	\$ 142,483.87	\$ 44,847.29	\$ 44,847.34	\$ 586,895.13
<hr/>							
	\$ 440,131.60	\$ 289,011.31	\$ 367,886.21	\$ 301,608.06	\$ 68,787.06	\$ 68,787.14	\$ 1,338,164.01

Invoices were examined to determine the portion of advances applicable to each district.

General expenditures were allocated equally to all districts active at the time.

Advances from Brighton Lakes were allocated equally to the original four districts.

Advances from Indigo Trails were allocated proportionally based on expenditures from the districts.

🕒 Agreement completed.

2021-09-17 - 6:16:15 PM GMT

**EXHIBIT B**

**2024 Budget**

LAKES METROPOLITAN DISTRICT NO. 4  
2024 BUDGET MESSAGE

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

Through its Service Plan, the District is authorized to finance certain drainage, sanitation, water, streets, traffic and safety controls, parks and recreation and mosquito control.

Revenue

District Bond

The primary source of funds for 2024 is a limited tax general obligation bond. The District anticipates imposing a mill levy in 2024 for debt service and operations and maintenance.

Expenditures

Administrative Expenses

Administrative expenses are primarily for legal services, management services, insurance and accounting costs.

Funds Available

The District's budget exists from bonds, property tax revenues and developer advances to cover the District's operations, including its administrative functions.

Accounting Method

The District prepares its budget on the modified accrual basis of accounting.

The Lakes Metropolitan District No. 4  
Statement of Net Position  
September 30, 2023

	General Fund	Debt Service Fund	Capital Fund	Fixed Assets & LTD	Total
<b>ASSETS</b>					
<b>CASH</b>					
Checking			49,088		49,088
ColoTrust	2,010				2,010
Bond Payment Fund 2021A		4,205			4,205
Project Fund 2021A		-	5,731,233		5,731,233
Pooled Cash	(49)	49	-		1
<b>TOTAL CASH</b>	<b>1,961</b>	<b>4,255</b>	<b>5,780,322</b>	<b>-</b>	<b>5,786,537</b>
<b>OTHER CURRENT ASSETS</b>					
Due From County Treasurer	-	-			-
Property Tax Receivable	0	1			1
Prepaid Expense	-	-			-
Due From District No. 1	-	-			-
<b>TOTAL OTHER CURRENT ASSETS</b>	<b>0</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>FIXED ASSETS</b>					
Construction in Progress				2,819,555	2,819,555
<b>TOTAL FIXED ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,819,555</b>	<b>2,819,555</b>
<b>TOTAL ASSETS</b>	<b>1,961</b>	<b>4,256</b>	<b>5,780,322</b>	<b>2,819,555</b>	<b>8,606,094</b>
<b>LIABILITIES &amp; DEFERRED INFLOWS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable		-	1,453,198		1,453,198
Retainage Payable			619,678		619,678
Due To District No. 1	976		100		1,076
<b>TOTAL CURRENT LIABILITIES</b>	<b>976</b>	<b>-</b>	<b>2,072,976</b>	<b>-</b>	<b>2,073,953</b>
<b>DEFERRED INFLOWS</b>					
Deferred Property Taxes	0	1			1
<b>TOTAL DEFERRED INFLOWS</b>	<b>0</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>LONG-TERM LIABILITIES</b>					
Bonds Payable - Series 2021A				20,080,000	20,080,000
Developer Payable- Operations				-	-
Developer Payable- Capital				-	-
Accrued Int- Developer Payable- Ops				-	-
Accrued Int- Developer Payable- Cap				-	-
Accrued Int- 2021 A Bonds				92,033	92,033
Accrued But Unpaid Int- 2021 A Bonds				1,036,170	1,036,170
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,208,203</b>	<b>21,208,203</b>
<b>TOTAL LIAB &amp; DEF INFLOWS</b>	<b>976</b>	<b>1</b>	<b>2,072,976</b>	<b>21,208,203</b>	<b>23,282,157</b>
<b>NET POSITION</b>					
Investment in Capital Assets				2,819,555	2,819,555
Amount to be Provided for Debt				(21,208,203)	(21,208,203)
Fund Balance- Non-Spendable	-				-
Fund Balance- Restricted	-	4,255	3,707,345		3,711,600
Fund Balance- Unassigned	985				985
<b>TOTAL NET POSITION</b>	<b>985</b>	<b>4,255</b>	<b>3,707,345</b>	<b>(18,388,648)</b>	<b>(14,676,063)</b>
	=	=	=	=	=

No assurance is provided on these financial statements;  
substantially all disclosures required by GAAP omitted.



The Lakes Metropolitan District No. 4  
 Statement of Revenues, Expenditures, & Changes In Fund Balance  
 Modified Accrual Basis For the Period Indicated

Print Date: 1/2/24

	2022 Audited Actual	2023 Adopted Budget	Variance Positive (Negative)	2023 Forecast	YTD Thru 09/30/23 Actual	YTD Thru 09/30/23 Budget	Variance Positive (Negative)	2024 Adopted Budget	Budget Notes/Assumptions
<b>PROPERTY TAXES</b>									
Assessed Valuation	83,310	71,820		71,820				40,670	Final AV 2023
Mill Levy - Operations	10.946	11.297	-	11.297				12.394	10 Mills Adjusted
Mill Levy - Debt Service Fund	54.731	56.484	-	56.484				61.968	50 Mills Adjusted
<b>Total Mill Levy</b>	<b>65.677</b>	<b>67.781</b>	<b>-</b>	<b>67.781</b>				<b>74.362</b>	
Property Tax Revenue - Operations	912	811	-	811				504	10 Mills Adjusted
Property Tax Revenue - Debt Service Fund	4,560	4,057	-	4,057				2,520	50 Mills Adjusted
<b>Total Property Taxes</b>	<b>5,472</b>	<b>4,868</b>	<b>-</b>	<b>4,868</b>				<b>3,024</b>	Total of 60 Mills Adjusted

Statement of Revenues, Expenditures, & Changes In Fund Balance

Modified Accrual Basis For the Period Indicated

	2022 Audited Actual	2023 Adopted Budget	Variance Positive (Negative)	2023 Forecast	YTD Thru 09/30/23 Actual	YTD Thru 09/30/23 Budget	Variance Positive (Negative)	2024 Adopted Budget	Budget Notes/Assumptions
<b>COMBINED FUNDS</b>									
<b>REVENUE</b>									
Property taxes	5,463	4,868	-	4,868	4,867	4,868	(1)	3,024	Total of 60 Mills Adjusted
State Property Tax Backfill	-	-	-	-	-	-	-	16	65% of Lost Taxes From SB 22-238
Specific ownership taxes	371	292	-	292	221	195	26	121	4% of Property Taxes
Facility Fees	-	-	120,000	120,000	-	-	-	394,000	\$2,000 Per Unit- Based on Number of Units Above
Transfer From District No. 1	-	-	-	-	-	-	-	8,300,000	Estimated Funding Available From District No. 1
Transfer From District No. 3	-	-	-	-	-	-	-	-	District 3 Taxes Pledged to District No. 1 in 2024
Interest & other income	318,969	344,250	(4,070)	340,180	462,573	341,688	120,885	120,650	Interest earnings on bond funds
<b>TOTAL REVENUE</b>	<b>324,803</b>	<b>349,410</b>	<b>115,930</b>	<b>465,340</b>	<b>467,660</b>	<b>346,750</b>	<b>120,910</b>	<b>8,817,811</b>	
<b>EXPENDITURES</b>									
<b>Administration</b>									
Accounting, Audit, & Legal	-	-	-	-	-	-	-	-	Provided by District No. 1
Treasurer's fees	82	73	-	73	73	73	(0)	45	1.5 % of Property Taxes
Election	-	-	-	-	-	-	-	-	Provided by District No. 1
Insurance, bonds & SDA dues	-	-	-	-	-	-	-	-	Provided by District No. 1
Miscellaneous	-	-	-	-	-	-	-	-	Provided by District No. 1
Transfer to District No. 1	1,043	848	848	-	-	832	832	264	Net Available For Transfer
Emergencies & Contingency	-	10,250	10,250	-	-	7,688	7,688	10,500	Emergencies & Contingency
<b>Debt Service</b>									
Bond interest	739	239	(4,084)	4,323	-	-	-	-	Amount Available for Interest Payments
Bond principal	-	-	-	-	-	-	-	-	
Debt issuance expense & trustee fees	-	4,000	-	4,000	4,000	4,000	-	4,000	Annual Trustee Fee
<b>Capital Outlay</b>	<b>2,874,319</b>	<b>16,676,900</b>	<b>1,857,413</b>	<b>14,819,487</b>	<b>13,308,044</b>	<b>16,057,733</b>	<b>2,749,689</b>	<b>10,997,501</b>	See Capital Fund
<b>TOTAL EXPENDITURES</b>	<b>2,876,183</b>	<b>16,692,310</b>	<b>1,864,427</b>	<b>14,827,883</b>	<b>13,312,118</b>	<b>16,070,325</b>	<b>2,758,208</b>	<b>11,012,310</b>	
<b>REVENUE OVER / (UNDER) EXPENDITURES</b>	<b>(2,551,380)</b>	<b>(16,342,900)</b>	<b>1,980,357</b>	<b>(14,362,543)</b>	<b>(12,844,457)</b>	<b>(15,723,575)</b>	<b>2,879,118</b>	<b>(2,194,499)</b>	
<b>OTHER SOURCES / (USES)</b>									
Developer advances	-	2,441,478	(2,441,478)	-	-	-	-	-	
Bond proceeds	-	-	-	-	-	-	-	-	
<b>TOTAL OTHER SOURCES / (USES)</b>	<b>-</b>	<b>2,441,478</b>	<b>(2,441,478)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>CHANGE IN FUND BALANCE</b>	<b>(2,551,380)</b>	<b>(13,901,422)</b>	<b>(461,122)</b>	<b>(14,362,543)</b>	<b>(12,844,457)</b>	<b>(15,723,575)</b>	<b>2,879,118</b>	<b>(2,194,499)</b>	
<b>BEGINNING FUND BALANCE</b>	<b>19,108,422</b>	<b>13,901,422</b>	<b>2,655,620</b>	<b>16,557,042</b>	<b>16,557,042</b>	<b>13,901,422</b>	<b>2,655,620</b>	<b>2,194,499</b>	
<b>ENDING FUND BALANCE</b>	<b>16,557,042</b>	<b>-</b>	<b>2,194,499</b>	<b>2,194,499</b>	<b>3,712,585</b>	<b>(1,822,154)</b>	<b>5,534,738</b>	<b>(0)</b>	
<b>COMPONENTS OF FUND BALANCE</b>									
Non-Spendable	-	-	-	-	-	-	-	-	Prepaid Insurance & SDA Dues Paid By District No. 1
TABOR Emergency Reserve	-	-	-	-	-	-	-	-	Not Required as All Funds Transferred to #1
Restricted For Debt Service	4,054	-	-	-	4,255	-	-	-	Surplus& Capitalized Interest Funds
Restricted For Capital Projects	16,552,988	-	2,193,501	2,193,501	3,707,345	-	-	(0)	Assume All Bond Funds Used on Construction
Unassigned	-	-	998	998	985	-	-	0	
<b>TOTAL ENDING FUND BALANCE</b>	<b>16,557,042</b>	<b>-</b>	<b>2,194,499</b>	<b>2,194,499</b>	<b>3,712,585</b>	<b>(1,822,154)</b>	<b>5,534,738</b>	<b>(0)</b>	

No assurance is provided on these financial statements; substantially all disclosures required by GAAP omitted.

Statement of Revenues, Expenditures, & Changes In Fund Balance

Modified Accrual Basis For the Period Indicated

	2022 Audited Actual	2023 Adopted Budget	Variance Positive (Negative)	2023 Forecast	YTD Thru 09/30/23 Actual	YTD Thru 09/30/23 Budget	Variance Positive (Negative)	2024 Adopted Budget	Budget Notes/Assumptions
<b>GENERAL FUND</b>									
<b>REVENUE</b>									
Property Taxes - Operations	910	811	-	811	811	811	(0)	504	Total of 60 Mills Adjusted
State Property Tax Backfill	-	-	-	-	-	-	-	16	65% of Lost Taxes From SB 22-238
Specific Ownership Taxes	62	49	-	49	37	32	4	20	4% of Property Taxes
Interest Income	84	250	(100)	150	149	188	(38)	650	To Allow For Contingency Expense
<b>TOTAL REVENUE</b>	<b>1,056</b>	<b>1,110</b>	<b>(100)</b>	<b>1,010</b>	<b>997</b>	<b>1,031</b>	<b>(34)</b>	<b>1,190</b>	
<b>EXPENDITURES</b>									
<u>Administration</u>									
Accounting	-	-	-	-	-	-	-	-	Provided by District No. 1
Audit	-	-	-	-	-	-	-	-	Provided by District No. 1
Legal	-	-	-	-	-	-	-	-	Provided by District No. 1
Supplies, Bank, Bill.com	-	-	-	-	-	-	-	-	Provided by District No. 1
Treasurer's Fees	14	12	-	12	12	12	(0)	8	1.5 % of Property Taxes
Elections	-	-	-	-	-	-	-	-	Provided by District No. 1
Insurance & SDA Dues	-	-	-	-	-	-	-	-	Provided by District No. 1
Miscellaneous	-	-	-	-	-	-	-	-	Provided by District No. 1
Transfer to District No. 1	1,043	848	848	-	-	832	832	264	Net Available For Transfer
Emergencies	-	-	-	-	-	-	-	-	Held In Reserve By District No. 1
Contingency	-	250	250	-	-	188	188	500	Unforeseen Needs / Additional Revenue
<b>TOTAL EXPENDITURES</b>	<b>1,056</b>	<b>1,110</b>	<b>1,098</b>	<b>12</b>	<b>12</b>	<b>1,031</b>	<b>1,019</b>	<b>771</b>	
<b>REVENUE OVER / (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>998</b>	<b>998</b>	<b>985</b>	<b>-</b>	<b>985</b>	<b>419</b>	
<b>OTHER SOURCES / (USES)</b>									
Transfers In/(Out)	-	-	-	-	-	-	-	(1,417)	Transfer to Fund Shortfall In Trustee Fees
Developer Advances	-	-	-	-	-	-	-	-	
<b>TOTAL OTHER SOURCES / (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,417)</b>	
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>998</b>	<b>998</b>	<b>985</b>	<b>-</b>	<b>985</b>	<b>(998)</b>	
<b>BEGINNING FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>998</b>	
<b>ENDING FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>998</b>	<b>998</b>	<b>985</b>	<b>-</b>	<b>985</b>	<b>-</b>	
	=	=	=	=	=	=	=	=	

No assurance is provided on these financial statements; substantially all disclosures required by GAAP omitted.

Statement of Revenues, Expenditures, & Changes In Fund Balance

Modified Accrual Basis For the Period Indicated

	2022 Audited Actual	2023 Adopted Budget	Variance Positive (Negative)	2023 Forecast	YTD Thru 09/30/23 Actual	YTD Thru 09/30/23 Budget	Variance Positive (Negative)	2024 Adopted Budget	Budget Notes/Assumptions
<b>DEBT SERVICE FUND</b>									
<b>REVENUE</b>									
Property Taxes	4,552	4,057	-	4,057	4,056	4,057	(1)	2,520	Total of 60 Mills Adjusted
Specific Ownership Taxes	309	243	-	243	184	162	22	101	4% of Property Taxes
Interest Income	-	10,000	(9,970)	30	22	7,500	(7,478)	10,000	To Offset Contingency
<b>TOTAL REVENUE</b>	<b>4,861</b>	<b>14,300</b>	<b>(9,970)</b>	<b>4,330</b>	<b>4,262</b>	<b>11,719</b>	<b>(7,457)</b>	<b>12,621</b>	
<b>EXPENDITURES</b>									
Treasurer's Fees	68	61	-	61	61	61	(0)	38	1.5 % of Property Taxes
Bond Interest- 2021A	739	239	(4,084)	4,323	-	-	-	-	Amount Available for Interest Payments
Bond Principal- 2021A	-	-	-	-	-	-	-	-	
Bank Charges	-	-	-	-	-	-	-	-	
Paying Agent / Trustee Fees	-	4,000	-	4,000	4,000	4,000	-	4,000	Annual Trustee Fee
Cost of Issuance	-	-	-	-	-	-	-	-	
Contingency	-	10,000	10,000	-	-	7,500	7,500	10,000	Unforeseen Needs/ Additional Funds Available
<b>TOTAL EXPENDITURES</b>	<b>807</b>	<b>14,300</b>	<b>5,916</b>	<b>8,384</b>	<b>4,061</b>	<b>11,561</b>	<b>7,500</b>	<b>14,038</b>	
<b>REVENUE OVER / (UNDER) EXPENDITURES</b>	<b>4,054</b>	<b>-</b>	<b>(4,054)</b>	<b>(4,054)</b>	<b>201</b>	<b>158</b>	<b>42</b>	<b>(1,417)</b>	
<b>OTHER SOURCES / (USES)</b>									
Transfers In/(Out)	-	-	-	-	-	-	-	1,417	Transfer to Fund Shortfall In Trustee Fees
Bond Proceeds	-	-	-	-	-	-	-	-	
<b>TOTAL OTHER SOURCES / (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,417</b>	
<b>CHANGE IN FUND BALANCE</b>	<b>4,054</b>	<b>-</b>	<b>(4,054)</b>	<b>(4,054)</b>	<b>201</b>	<b>158</b>	<b>42</b>	<b>-</b>	
<b>BEGINNING FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>4,054</b>	<b>4,054</b>	<b>4,054</b>	<b>-</b>	<b>4,054</b>	<b>-</b>	Project Fund Rolled Forward
<b>ENDING FUND BALANCE</b>	<b>4,054</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,255</b>	<b>158</b>	<b>4,096</b>	<b>-</b>	
	=	=	=	=	=	=	=	=	

Statement of Revenues, Expenditures, & Changes In Fund Balance

Modified Accrual Basis For the Period Indicated

	2022 Audited Actual	2023 Adopted Budget	Variance Positive (Negative)	2023 Forecast	YTD Thru 09/30/23 Actual	YTD Thru 09/30/23 Budget	Variance Positive (Negative)	2024 Adopted Budget	Budget Notes/Assumptions
<b>CAPITAL FUND</b>									
<b>Number of Facility Fees Collected:</b>									
Taylor Morrison- Single Family	-	-	-	60	-	-	-	-	Developer Estimate
Century Communities- Single Family	-	-	-	-	-	-	-	75	Developer Estimate
KB Homes- Duplex	-	-	-	-	-	-	-	82	Developer Estimate
KB Homes- Single Family	-	-	-	-	-	-	-	40	Developer Estimate
<b>TOTAL UNITS COLLECTED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>197</b>	
<b>REVENUE</b>									
Transfer From District No. 1	-	-	-	-	-	-	-	8,300,000	Estimated Funding Available From District No. 1
Transfer From District No. 3	-	-	-	-	-	-	-	-	District 3 Taxes Pledged to District No. 1 in 2024
Facility Fees (\$2,000 Per Unit)	-	-	120,000	120,000	-	-	-	394,000	\$2,000 Per Unit- Based on Number of Units Above
Interest income	318,885	334,000	6,000	340,000	462,402	334,000	128,402	110,000	Based on 5% Interest Rate
<b>TOTAL REVENUE</b>	<b>318,885</b>	<b>334,000</b>	<b>126,000</b>	<b>460,000</b>	<b>462,402</b>	<b>334,000</b>	<b>128,402</b>	<b>8,804,000</b>	
<b>EXPENDITURES</b>									
Accounting	3,064	20,000	(8,000)	28,000	21,008	15,000	(6,008)	30,000	Based on 2023 Forecast
Legal	37,320	20,000	(18,000)	38,000	28,634	15,000	(13,634)	40,000	Based on 2023 Forecast
Bank Fees	14,380	20,000	(400)	20,400	24,834	15,000	(9,834)	7,000	Roughly 6% of Interest Income
Engineering	-	-	(4,000)	4,000	2,836	-	(2,836)	1,000,000	Pre-Construction Engineering
Farmlore Phase 1 Infrastructure	2,819,555	12,991,900	2,177,813	10,814,087	9,906,392	12,991,900	3,085,508	1,250,000	Filing 1 Landscaping in 2024
Farmlore Phase 2 Infrastructure	-	-	-	-	-	-	-	7,500,000	Preliminary Estimate
Offsite Sewer Line	-	-	-	-	-	-	-	-	May Use Funds Above- Depends On Timing
144th Avenue Improvements	-	3,625,000	(290,000)	3,915,000	3,324,340	3,020,833	(303,506)	-	
Transfer to District #1- Cost Sharing	-	-	-	-	-	-	-	-	
Contingency	-	-	-	-	-	-	-	1,170,501	Remaining Estimated Funds Available
<b>TOTAL EXPENDITURES</b>	<b>2,874,319</b>	<b>16,676,900</b>	<b>1,857,413</b>	<b>14,819,487</b>	<b>13,308,044</b>	<b>16,057,733</b>	<b>2,749,689</b>	<b>10,997,501</b>	
<b>REVENUE OVER / (UNDER) EXPENDITURES</b>	<b>(2,555,434)</b>	<b>(16,342,900)</b>	<b>(1,731,413)</b>	<b>(14,359,487)</b>	<b>(12,845,642)</b>	<b>(15,723,733)</b>	<b>2,878,091</b>	<b>(2,193,501)</b>	
<b>OTHER SOURCES / (USES)</b>									
Transfers From Debt Service Fund	-	-	-	-	-	-	-	-	
Developer Advance	-	2,441,478	(2,441,478)	-	-	-	-	-	
<b>TOTAL OTHER SOURCES / (USES)</b>	<b>-</b>	<b>2,441,478</b>	<b>(2,441,478)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>CHANGE IN FUND BALANCE</b>	<b>(2,555,434)</b>	<b>(13,901,422)</b>	<b>(458,065)</b>	<b>(14,359,487)</b>	<b>(12,845,642)</b>	<b>(15,723,733)</b>	<b>2,878,091</b>	<b>(2,193,501)</b>	
<b>BEGINNING FUND BALANCE</b>	<b>19,108,422</b>	<b>13,901,422</b>	<b>2,651,566</b>	<b>16,552,988</b>	<b>16,552,988</b>	<b>13,901,422</b>	<b>2,651,566</b>	<b>2,193,501</b>	
<b>ENDING FUND BALANCE</b>	<b>16,552,988</b>	<b>-</b>	<b>2,193,501</b>	<b>2,193,501</b>	<b>3,707,345</b>	<b>(1,822,312)</b>	<b>5,529,657</b>	<b>(0)</b>	
	=	=	=	=	=	=	=	=	

No assurance is provided on these financial statements; substantially all disclosures required by GAAP omitted.

**EXHIBIT C**

**2022 AUDIT**

**(2023 Audit is in Process)**

**THE LAKES METROPOLITAN DISTRICT NO. 4**

**FINANCIAL STATEMENTS**  
**December 31, 2022**

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# Green & Associates LLC

Certified Public Accountants & Business Consultants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The Lakes Metropolitan District No. 4

### Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of The Lakes Metropolitan District No. 4 as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise The Lakes Metropolitan District No. 4'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 the major funds of The Lakes Metropolitan District No. 4 as of December 31, 2022, 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 audit 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 The Lakes Metropolitan District No. 4 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 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 The Lakes Metropolitan District No. 4's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of 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.

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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 of 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 The Lakes Metropolitan District No. 4'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 The Lakes Metropolitan District No. 4's ability to continue as a going concern for a reasonable period of time.

We 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.

#### **Required Supplementary Information**

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

#### **Other Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Lakes Metropolitan District No. 4's financial statements as a whole. The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Debt Service Fund, and the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Capital Projects Fund, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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.



Longmont, Colorado  
May 12, 2023

## **Basic Financial Statements**

**The Lakes Metropolitan District No. 4**  
**Statement of Net Position**  
**December 31, 2022**

<b>Assets</b>	<b>Governmental Activities</b>
<b>Current Assets</b>	
Cash and cash equivalents - unrestricted	\$ 4,998
Cash and cash equivalents - restricted	18,436,989
Due from county treasurer	32
Property taxes receivable	4,868
Total Current Assets	18,446,887
<b>Noncurrent Assets</b>	
Capital assets	
Nondepreciable	2,819,555
Net Capital Assets	2,819,555
Total Assets	21,266,442
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	1,771,508
Retainage payable	88,066
Due to District No. 1	25,403
Accrued interest	1,128,203
Total Current Liabilities	3,013,180
General obligation bonds	20,080,000
Total Long-Term Liabilities	20,080,000
Total Liabilities	23,093,180
<b>Deferred Inflows of Resources</b>	
Deferred property tax revenue	4,868
Total Deferred Inflows of Resources	4,868
<b>Net Position</b>	
Restricted for debt service and capital	16,557,042
Unrestricted	(18,388,648)
Total Net Position	\$ (1,831,606)

The accompanying notes are an integral part of these financial statements

**The Lakes Metropolitan District No. 4  
Statement of Activities  
For the Year Ended December 31, 2022**

<b>Governmental Activities</b>	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position
		Charges for Service	Operating Grants and Contributions	Governmental Activities
General government	\$ 55,889	\$ -	\$ -	\$ (55,889)
Interest and related costs on long-term debt	1,104,400	-	-	(1,104,400)
<b>Total Governmental Activities</b>	<b>\$ 1,160,289</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,160,289)</b>
<b>General Revenues</b>				
Property taxes				5,462
Specific ownership taxes				371
Interest income				318,970
<b>Total Revenues</b>				<b>324,803</b>
Change in Net Position				(835,486)
Net Position - Beginning of Year				(996,120)
Net Position - End of Year				<b>\$ (1,831,606)</b>

The accompanying notes are an integral part of these financial statements

## **Fund Financial Statements**

**The Lakes Metropolitan District No. 4  
Balance Sheet  
Governmental Funds  
December 31, 2022**

	<u>Major Funds</u>		<u>Non Major Fund</u>	Total Governmental Funds
	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents - unrestricted	\$ 4,998	\$ -	\$ -	\$ 4,998
Cash and cash equivalents - restricted	-	18,436,989	-	18,436,989
Due from county treasurer	5	-	27	32
Due from other funds	-	-	4,027	4,027
Property taxes receivable	811	-	4,057	4,868
<b>Total Assets</b>	<u>5,814</u>	<u>18,436,989</u>	<u>8,111</u>	<u>18,450,914</u>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	-	1,771,508	-	1,771,508
Retainage payable	-	88,066	-	88,066
Due to other funds	4,027	-	-	4,027
Due to District No. 1	976	24,427	-	25,403
<b>Total Liabilities</b>	<u>5,003</u>	<u>1,884,001</u>	<u>-</u>	<u>1,889,004</u>
<b>Deferred Inflows of Resources</b>				
Deferred property tax revenue	811	-	4,057	4,868
<b>Total Deferred Inflows of Resources</b>	<u>811</u>	<u>-</u>	<u>4,057</u>	<u>4,868</u>
<b>Equity</b>				
Fund Balance				
Restricted	-	16,552,988	4,054	16,557,042
Unassigned	-	-	-	-
Total Fund Balance	<u>-</u>	<u>16,552,988</u>	<u>4,054</u>	<u>16,557,042</u>
Total Liabilities, Equity and Deferred Inflows of Resources	<u>\$ 5,814</u>	<u>\$ 18,436,989</u>	<u>\$ 8,111</u>	<u>\$ 18,450,914</u>

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

<b>Total Fund Balance</b>	\$ 16,557,042
Amounts reported for governmental funds 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.	2,819,555
Accrued interest on long-term debt does not require current financial resources therefore is not reported in the fund statements.	(1,128,203)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds statements.	(20,080,000)
<b>Total Net Position</b>	<u>\$ (1,831,606)</u>

**The Lakes Metropolitan District No. 4**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended December 31, 2022**

	<u>Major Funds</u>		<u>Non Major Fund</u>	Total Governmental Funds
	General	Capital Projects	Debt Service	
<b>Revenues</b>				
Property taxes	\$ 910	\$ -	\$ 4,552	\$ 5,462
Specific ownership taxes	62	-	309	371
Interest income	85	318,885	-	318,970
Total Revenue	<u>1,057</u>	<u>318,885</u>	<u>4,861</u>	<u>324,803</u>
<b>Expenditures</b>				
Operations				
Accounting	-	3,064	-	3,064
Legal	-	37,320	-	37,320
Bank charges	-	14,380	-	14,380
Treasurer's fees	14	-	68	82
Transfers to District No. 1	1,043	-	-	1,043
Capital Outlay	-	2,819,555	-	2,819,555
Debt Service				
Bond interest expense	-	-	739	739
Total Expenditures	<u>1,057</u>	<u>2,874,319</u>	<u>807</u>	<u>2,876,183</u>
Net Change in Fund Balance	<u>-</u>	<u>(2,555,434)</u>	<u>4,054</u>	<u>(2,551,380)</u>
Fund Balance, Beginning of Year	-	19,108,422	-	19,108,422
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 16,552,988</u>	<u>\$ 4,054</u>	<u>\$ 16,557,042</u>

Total Change in Fund Balance Governmental Fund \$ (2,551,380)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported in the fund statements.

Accrued interest (1,103,661)

Capital outlay to purchase or build capital assets is reported in governmental funds as an expenditure. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their useful lives.

Change in Net Position of Governmental Activities 2,819,555  
\$ (835,486)



**The Lakes Metropolitan District No. 4**  
**Statement of Revenue and Expenditures and Change in Fund Balance**  
**Budget and Actual - General Fund**  
**For the Year Ended December 31, 2022**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Property taxes	\$ 912	\$ 910	\$ (2)
Specific ownership taxes	55	62	7
Interest income	250	85	(165)
Total Revenue	<u>1,217</u>	<u>1,057</u>	<u>(160)</u>
<b>Expenditures</b>			
Treasurer's fees	14	14	-
Transfers to District No. 1	953	1,043	(90)
Contingencies	250	-	250
Total Expenditures and Transfers	<u>1,217</u>	<u>1,057</u>	<u>160</u>
Net Change in Fund Balance	-	-	-
Beginning Fund Balance	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**The Lakes Metropolitan District No. 4**  
**Notes to Financial Statements**  
**December 31, 2022**

**Note 1 Summary of Significant Accounting Policies**

The Lakes Metropolitan District No. 4 (the District), a quasi-municipal corporation and a political subdivision of the State of Colorado, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in the City of Brighton, Colorado (City). The District was established primarily to provide for the planning, design, financing, acquisition, and construction of certain public improvements. The District anticipates that all, or some, of the improvements may be dedicated to the City, or its designee. The District was formed concurrently with The Lakes Metropolitan District Nos. 1 – 3 and 5 – 6 (collectively, the "Districts". It is anticipated that the Districts will undertake the financing and construction of Improvements contemplated in the Districts' Service Plans. Specifically, the Districts shall enter into one or more intergovernmental agreements which shall govern the relationships between and among the Districts with respect to the financing, construction, and operation and maintenance, as appropriate, of the Improvements contemplated in the Districts' Service Plans.

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

**Financial Reporting Entity**

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability. The District is not financially accountable for any other entity, nor is the District a component unit of any other governmental entity; therefore, no other entities are included in the District's financial statements.

**Basis of Presentation**

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of information.

***Government-wide Financial Statements***

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. The statement of net position presents the financial position of the governmental activities at the end of the year. The statement of activities presents a comparison between program expenses and the program revenue for each program or function of the District's governmental activities. Program expenses are those that are specifically associated with a service, program or department; and therefore, clearly identifiable to a particular function. Program revenue includes charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenue are presented as general revenue of the District. The comparison of program expenses with program revenue identifies the extent to which each governmental function is self-financing or draws from the general revenue of the District.

**The Lakes Metropolitan District No. 4**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022**

**Note 1 Summary of Significant Accounting Policies (Continued)**

***Fund Accounting***

During the year the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Fund types used by the District are described below. The major funds of the District are the General Fund and the Capital Projects Fund.

***Governmental Fund Type***

General Fund –is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund- accounts for the revenues received related to the construction and acquisition of capital projects.

Debt Service Fund- accounts for the repayment of long-term debt incurred by the district.

**Measurement Focus**

***Government-wide Financial Statement***

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the District are included in the statement of net position.

***Fund Financial Statements***

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet and only revenues that are available within 60 days are recorded in the Statement of Revenues, Expenditures, and Changes in Fund Balance.

The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources (revenue and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**The Lakes Metropolitan District No. 4**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022**

**Note 1 Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting (continued)**

The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* as amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. These statements establish standards for external financial reporting for all state and local governmental entities which includes a management’s discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets, restricted, and unrestricted.

**Revenue**

Revenue resulting from exchange transactions, in which each party gives and receives essentially the same value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are both measurable and available to finance expenditures of the fiscal period, which is typically within sixty days of realization.

Non-exchange transactions, in which the District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. Revenue from property tax is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**Property Taxes**

The County Treasurer collects and remits property taxes to the District monthly. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied for the current year prior to December 31 and are payable in full on April 30 of the subsequent year, or in two installments on February 28 and June 15. Property taxes are recorded as receivables and deferred revenue when levied. As taxes are collected, the receivable and deferral are reduced and income is recognized.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

**The Lakes Metropolitan District No. 4**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022**

**Note 1 Summary of Significant Accounting Policies (Continued)**  
**Basis of Accounting (continued)**

***Assets and Liabilities***

Cash and cash equivalents - the District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with maturities of 90 days or less at the date of their acquisition.

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital assets – all capital assets are stated at cost or estimated cost. The capitalization threshold for fixed assets is \$5,000. Depreciation of the estimated useful lives of the assets is computed using the straight-line method. Estimated useful lives range from 5-40 years for capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

***Accrued Liabilities and long-Term Obligation***

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

***Deferred Inflows of Resources and Deferred Outflows of Resources***

The District implemented the provisions of GASB No. 65 *Items Previously Reported as Assets and Liabilities* (GASB 65). As a result in addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows).

***Net Position***

Equity is classified as net position and displayed in three components:

a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.

**The Lakes Metropolitan District No. 4**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022**

**Note 1 Summary of Significant Accounting Policies (Continued)**  
**Basis of Accounting (continued)**

c. Unrestricted net position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.” The net position is available for future operations or distributions.

***Fund Balance***

*Nonspendable* - consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The nonspendable fund balance was \$0 as of December 31, 2022.

*Restricted* - General Fund - Article X, Section 20 of the Constitution of the State of Colorado (TABOR) requires the District to establish Emergency reserves (see Note 6). A reservation of \$0 of the General Fund balance has been made in compliance with this requirement. The District had \$16,552,988 restricted for the use of acquisition and construction of public improvements and \$4,054 restricted for the use of debt service.

*Committed - General Fund* - Committed fund balance includes those items which can be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors formally removes or changes the specified uses. The District had a committed fund balance of \$0 as of December 31, 2022.

*Assigned* – Includes all amounts that are constrained by the District’s intent to be used for a specific purpose but are neither committed nor restricted. The assignment of these balances must occur through a formal action of the Board of Directors. As of December 31, 2022, the assigned fund balance was \$0.

*Unassigned* - consists of the residual classification for each fund. This represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes.

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

**Budgets and Budgetary Accounting**

Budgets are adopted on a cash basis except for accrual of current vendor invoices. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The District Board must approve revisions that alter the total expenditures of any fund.

**The Lakes Metropolitan District No. 4**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022**

**Note 1 Summary of Significant Accounting Policies (Continued)**

**Budgets and Budgetary Accounting (Continued)**

- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the District Board or amended by the District Board.

**Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2 Cash and Investments**

**Cash Deposits**

As of December 31, 2022, the District's cash deposits had a carrying balance of \$54 with a corresponding bank balance of \$60,814, all of which is federally insured.

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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The District had \$0 collateralized under PDPA.

The Colorado Divisions of Banking 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.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2022, none of the District's bank deposits were exposed to custodial credit risk.

**Investments**

Colorado statutes specify in which investment instruments the units of local government may invest:

- Obligations of the United States and certain United States government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of United States local government entities.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Local government investment pools.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.

**The Lakes Metropolitan District No. 4  
Notes to Financial Statements (Continued)  
December 31, 2022**

**Note 2 Cash and Investments (Continued)**

At December 31, 2022, the District had \$18,441,933 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 offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+ - The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. 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 section 24-75-601, C.R.S., as amended.

COLOTRUST EDGE - The Trust operates similarly to a money market fund and each share is equal in value to \$10.00. The portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, 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 and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

As of December 31, 2022, the Board had not adopted a formal investment policy.

**Note 3 Capital Assets**

	Balance at 12/31/2021	Additions	Deletions	Balance at 12/31/2022
Nondepreciable				
Construction in progress	\$ -	\$ 2,819,555	\$ -	\$ 2,819,555
Total Nondepreciable	-	2,819,555	-	2,819,555
Net Capital Assets	<u>\$ -</u>	<u>\$ 2,819,555</u>	<u>\$ -</u>	<u>\$ 2,819,555</u>

**Note 4 Long-term Debt**

The District's long-term debt is as follows:

**Series 2021A Limited Tax General Obligation Bonds** (the Bonds) totaling \$20,080,000 dated December 23, 2021, with interest of 5.50%. The Required Mill Levy for the Bonds is capped at 50 mills subject to adjustments for changes in the ratio of actual value to assessed value of the property within the District. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the Bonds as the same become due and payable. The Bonds are cash flow bonds,



**The Lakes Metropolitan District No. 4  
Notes to Financial Statements (Continued)  
December 31, 2022**

**Note 4 Long-term Debt (Continued)**

meaning that interest and principal to the extent of pledged revenue available is due annually on December 1 of each year. To the extent principal of any Bond is not paid on or prior to the maturity date of such Bond, such principal will remain outstanding and will continue to bear interest at the rate then borne by the Bond and to the extent interest on any Bond is not paid when due, such interest is to be compound on each interest payment date, at the rate then borne by the Bond; provided, however, that notwithstanding anything in the Indenture to the contrary, the District is not to be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Bonds, including all payments of principal, premium if any, and interest, and all Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount. The Bonds are also subject to mandatory redemption from available pledge revenue.

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2026 to November 30, 2027	3.00%
December 1, 2027 to November 30, 2028	2.00%
December 1, 2028 to November 30, 2029	1.00%
December 1, 2029 and thereafter	0.00%

The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, on December 1, 2026 and on any date thereafter subject to a redemption premium which expires on December 1, 2029

The Bonds are secured by and payable from the Pledged Revenue, meaning monies derived by the District from the following sources, net of any collection costs: 1) the Required Mill Levy, 2) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy, and 3) any other legally available monies which the District determines to be treated as Pledged Revenue. Any amounts remaining outstanding after December 2, 2061 will be discharged.

The Changes in Long-term Debt during 2022 were as follows:

	Balance 12/31/2021	Additions	Reductions	Balance 12/31/2022	Amounts Due Within One Year
Series 2021A Bonds	\$ 20,080,000	\$ -	\$ -	\$ 20,080,000	\$ -
Total Long-term Debt	<u>\$ 20,080,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,080,000</u>	<u>\$ -</u>

Due to the nature of the repayment schedule of the bonds a future repayment schedule cannot be determined.

**Note 5 Agreements**

**Intergovernmental Agreement Regarding Cost Sharing and Reimbursement**

On June 8, 2021, the District and The Lakes Metropolitan District No. 1 (District No.1) entered into an *Intergovernmental Agreement Regarding Cost Sharing and Reimbursement*, in which district numbers 3-6 has agreed to reimburse combined prior

**The Lakes Metropolitan District No. 4  
Notes to Financial Statements (Continued)  
December 31, 2022**

**Note 5 Agreements (Continued)**

costs advanced by District No. 1 which were allocated to each respective district. The prior costs will accrue at a simple interest rate of 6% per annum until fully paid. The District paid District No. 1 \$1,043 for the year ended December 31, 2022 related to the District's portion of the prior costs as outlined in this agreement.

**District Coordinating Services Agreement**

On June 19, 2018 the District entered into a *District Coordinating Services Agreement*. This agreement establishes District No.1 as the coordinating district and the District, District No. 3, District No. 5, and District No. 6 each as a financing district. As part of the agreement the coordinating district agreed to perform the administrative services for the Financing Districts and the coordinating district will own, operate and maintain all public improvements within the boundaries of the Districts that are not otherwise dedicated or conveyed to the City, the County or other public entity. The financing district shall be responsible for any and all costs, fees, charges, and expenses incurred by the coordinating district in providing the administrative services and the operation and maintenance services.

**Capital and Operations Costs Pledge Agreement**

The District and District No. 1 entered into a *Capital and Operations Costs Pledge Agreement*, dated as of June 8, 2021, and pursuant to which the District and District No. 1 agreed to evidence the amount of \$301,608 as the District's allocable amount as set forth in the Cost Sharing IGA and agreed that the agreement constitutes an indebtedness or multiple fiscal year financial obligation pursuant to Article X, Section 20 of the Colorado Constitution. That amount will accrue interest at a simple interest rate of 6% per annum until paid. The District agreed to impose a mill levy of fifty (50) mills, subject to change and the limitations of applicable law, including the District's electoral authorization. The District's obligations under the agreement will not terminate until the amount is paid in full.

**Assignment of and Second Amendment to Capital Improvements Pledge Agreement**

On November 9, 2022 the District entered into an *Assignment of and Second Amendment to Capital Improvements Pledge Agreement* with District No. 1 and No. 3. This agreement assigns all rights and obligations relating to the *Capital Improvements Pledge Agreement as amended* dated June 15, 2020 from District No. 1 to District No. 4 and amends the term "Payment Obligation" to include applicable interest equal to District No. 4's Limited Tax General Obligation Bonds, Series 2021A. Additionally the agreement amends paragraph 4(b) to establish project costs and the proposed allocation, including applicable interest equal to District No. 4's bond interest rate. It also amended paragraph 4(c) to require District No. 4 to notify District no. 3 of its determination of the amount of Project Costs allocable to District No. 3 upon to the award of any contract for construction of the Improvements and to require interest equal to District No. 4's bond interest rate.

**The Lakes Metropolitan District No. 4**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022**

**Note 6 Tax, Spending, and Debt Limitation**

Article X, Section 20 of the Colorado Constitution, the Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR.

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, which 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. As of December 31, 2022, the District did not have an emergency reserve as all operations are the responsibility of Lakes Metropolitan District No. 1.

**Note 7 Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District is a participant in the Colorado Special District Association Property and Liability Pool. The Pool was formed by an agreement by member special districts of the Special District Association as a separate and independent governmental and legal entity pursuant to the provisions of Article XIV, Section 18(2) of the Colorado Constitution and Sections 29-1-201 et. seq., 8-44-101(1)(c) and (3), 8-44-204, 24-10-115.5, and 29-13-102, C.R.S, as amended. Membership is restricted to Colorado special districts which are members of the Special District Association.

The purpose of the Pool is to provide defined property, liability, workers' compensation, and associated coverages, and claims and risk management services related thereto, for member special districts through a self-insurance pool. The Pool has contracted with other third parties to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, additional contributions may be required from the Pool members. Settled claims have not exceeded the District's commercial coverage in the last three years.

**Note 8 Related Parties**

Multiple members of the Board of Directors are officers or employees of owners (or affiliated entities) of property within the District. These members may have conflicts of interest with respect to certain transactions which come before the Board.

**The Lakes Metropolitan District No. 4  
Notes to Financial Statements (Continued)  
December 31, 2022**

**Note 9 Authorized but Unissued Debt**

At December 31, 2022 the District has authorized but unissued debt for the following purposes:

Purpose	Principal Amount Voted at 2014 Election	Principal Amount of Voted Authorization Allocated to Bonds	Principal Amount of Voted Debt Authorization Remaining from 2014 Election
Street	\$ 80,000,000	\$ 9,698,706	\$ 70,301,294
Parks and Recreation	80,000,000	2,866,876	77,133,124
Water	80,000,000	2,305,650	77,694,350
Sanitation / Storm Sewer	80,000,000	5,208,768	74,791,232
Public Transportation	80,000,000	-	80,000,000
Mosquito Control	10,000,000	-	10,000,000
Safety Protection	80,000,000	-	80,000,000
Fire Protection	80,000,000	-	80,000,000
Television Relay / Translation	80,000,000	-	80,000,000
Security	80,000,000	-	80,000,000
<b>TOTAL PUBLIC IMPROVEMENTS</b>	<b>730,000,000</b>	<b>20,080,000</b>	<b>709,920,000</b>
Operations and Maintenance	80,000,000	-	80,000,000
Refunding	80,000,000	-	80,000,000
Intergovernmental Agreements	80,000,000	-	80,000,000
Private Agreements	-	-	-
In-District Special Assessments	-	-	-
<b>GRAND TOTAL</b>	<b>\$ 970,000,000</b>	<b>\$ 20,080,000</b>	<b>\$ 949,920,000</b>

The maximum total aggregate principal amount of debt that may be issued or incurred by all of the District's combined shall not exceed \$120,000,000 without the prior approval of the Brighton City Council.

## **Other Supplemental Information**

**The Lakes Metropolitan District No. 4**  
**Statement of Revenue and Expenditures and Change in Fund Balance**  
**Budget and Actual - Capital Projects Fund**  
**For the Year Ended December 31, 2022**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Interest income	\$ 10,000	\$ 318,885	\$ 308,885
Total Revenue	<u>10,000</u>	<u>318,885</u>	<u>308,885</u>
<b>Expenditures</b>			
Operations			
Accounting	20,000	3,064	16,936
Legal	20,000	37,320	(17,320)
Bank charges	-	14,380	(14,380)
Capital outlay	<u>22,116,900</u>	<u>2,819,555</u>	<u>19,297,345</u>
Total Expenditures	<u>22,156,900</u>	<u>2,874,319</u>	<u>19,282,581</u>
Revenue Over (Under) Expenditures	<u>(22,146,900)</u>	<u>(2,555,434)</u>	<u>19,591,466</u>
<b>Other Financing Sources and (Uses)</b>			
Developer advances	<u>2,940,590</u>	-	<u>(2,940,590)</u>
Total Other Financing Sources and (Uses)	<u>2,940,590</u>	-	<u>(2,940,590)</u>
Net Change in Fund Balance	(19,206,310)	(2,555,434)	16,650,876
Beginning Fund Balance	19,206,310	19,108,422	(97,888)
Ending Fund Balance	<u>\$ -</u>	<u>\$ 16,552,988</u>	<u>\$ 16,552,988</u>

The accompanying notes are an integral part of these financial statements

**The Lakes Metropolitan District No. 4**  
**Statement of Revenue and Expenditures and Change in Fund Balance**  
**Budget and Actual - Debt Service Fund**  
**For the Year Ended December 31, 2022**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Property taxes	\$ 4,560	\$ 4,552	\$ (8)
Specific ownership taxes	273	309	36
Interest income	10,000	-	(10,000)
Total Revenue	<u>14,833</u>	<u>4,861</u>	<u>(9,972)</u>
<b>Expenditures</b>			
Operations			
Treasurer's fees	222	68	154
Trustee fees	4,000	-	4,000
Debt service			
Bond interest	10,611	739	9,872
Total Expenditures	<u>14,833</u>	<u>807</u>	<u>14,026</u>
Net Change in Fund Balance	-	4,054	4,054
Beginning Fund Balance	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ 4,054</u>	<u>\$ 4,054</u>

The accompanying notes are an integral part of these financial statements

**EXHIBIT D**

**Fee Resolutions**

**(Concerning the Imposition of a Capital Facilities Fee and Concerning the Imposition of an Operations Fee)**



After Recording, Return to:  
WHITE BEAR ANKELE TANAKA & WALDRON  
2154 East Commons Avenue, Suite 2000  
Centennial, Colorado 80122

**RESOLUTION  
OF THE BOARD OF DIRECTORS  
OF THE LAKES METROPOLITAN DISTRICT NO. 4  
CONCERNING THE IMPOSITION OF AN OPERATIONS FEE**

---

WHEREAS, The Lakes Metropolitan District No. 4 (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized and existing pursuant to §§ 32-1-101, *et seq.*, C.R.S., as amended (the “**Special District Act**”); and

WHEREAS, pursuant to § 32-1-1001(1)(h), C.R.S., the Board of Directors of the District (the “**Board**”) shall have the management, control, and supervision of all the business and affairs of the District; and

WHEREAS, the Board has determined it to be in the best interests of the District, and the property owners, taxpayers, and residents within the District, and the general public, to acquire, construct, operate and maintain certain amenities and facilities benefitting property owners, taxpayers, and residents within the District, and the general public, which amenities and facilities generally include streets, alleyways, sidewalks and landscaping, improvements, facilities, appurtenances and rights-of-way (collectively, the “**Facilities**”); and

WHEREAS, the Board has determined it to be in the best interests of the District, and the property owners, taxpayers, and residents within the District, to provide certain services to the property owners, taxpayers, and residents within the District, and the general public, including without limitation, landscape maintenance, snow removal, and covenant enforcement (collectively, the “**Services**”); and

WHEREAS, pursuant to § 32-1-1001(1)(j)(I), C.R.S., the District is authorized to fix and impose fees, rates, tolls, penalties and charges for services or facilities furnished by the District which, until paid, shall constitute a perpetual lien on and against the property served; and

WHEREAS, the District incurs certain direct and indirect costs associated with the upkeep, repair, replacement, improvement, reconstruction operation and maintenance of the Facilities, as necessary, inclusive of the costs of utilities and capital replacement costs (collectively, the “**Facility Costs**”) in order that the Facilities may be properly provided, operated and maintained; and

WHEREAS, the District incurs certain direct and indirect costs associated with the provision of the Services in order that the Services may be properly provided, the property within the District maintained, and that the health, safety and welfare of the District and its inhabitants may be safeguarded (collectively, the “**Service Costs**”); and

WHEREAS, the establishment and continuation of a fair and equitable fee (the “**Operations Fee**”) to provide a source of funding to pay for the Facility Costs and the Service

Costs, (collectively, the “**Operations Costs**”), which Operations Costs are generally attributable to the persons and/or properties subject to such Operations Fees, is necessary to provide for the common good and for the prosperity and general welfare of the property owners, taxpayers, and residents within the District, and the general public and for the orderly and uniform administration of the District’s affairs; and

WHEREAS, the District finds that the Operations Fee, as set forth in this Resolution, is reasonably related to the overall cost of providing the Facilities and Services and paying the Operations Costs, and that imposition thereof is necessary and appropriate.

NOW, THEREFORE, be it resolved by the Board as follows:

1. **DEFINITIONS.** Except as otherwise expressly provided or where the context indicates otherwise, the following capitalized terms shall have the respective meanings set forth below:

“**District Boundaries**” means the legal boundaries of the District, as the same are established and amended from time to time pursuant to the Special District Act, as more particularly set forth in the map and legal description attached hereto as **Exhibit B** and incorporated herein by this reference.

“**Due Date**” means the date by which the Operations Fee is due, which Due Date is reflected on the Schedule of Fees.

“**End User**” means any third-party homeowner or tenant of any homeowner occupying or intending to occupy a Residential Unit.

“**Fee Schedule**” or “**Schedule of Fees**” means the schedule of fees set forth in **Exhibit A**, attached hereto and incorporated herein by this reference, until and unless otherwise amended and/or repealed.

“**Lot**” means each parcel of land established by a recorded final subdivision plat, as may be amended, and which is located within the District Boundaries.

“**Residential Unit – Duplex - Alley**” means each residential dwelling unit (including, without limitation, paired homes, and duplexes) located on a Lot within an alley area and which has been Transferred to an End User.

“**Residential Unit – Single Family Detached**” means detached single family dwelling units located on a Lot which has been Transferred to an End User.

“**Residential Unit – Single Family Detached - Alley**” means detached single family dwelling units located on a Lot within an alley area and which has been Transferred to an End User.

**“Transfer” or “Transferred”** shall include a sale, conveyance or transfer by deed, instrument, writing, lease or any other documents or otherwise by which real property is sold, granted, let, assigned, transferred, exchanged or otherwise vested in an End User.

**“Vacant Lot”** means each parcel of land within the District established by a recorded final subdivision plat, but specifically excluding any parcel upon which one or more Residential Unit – Duplex and/or Residential Unit – Single Family Detached is situated and specifically excluding any parcel owned by the District.

2. OPERATIONS FEE.

a. The Board has determined, and does hereby determine, that it is in the best interests of the property owners, taxpayers, and residents within the District, and the general public to impose, and does hereby impose an Operations Fee to fund the Operations Costs. The Operations Fee is hereby established and imposed in an amount as set forth by the District from time to time pursuant to the “Fee Schedule” and shall constitute the rate in effect until such schedule is amended or repealed. The Fee Schedule is set forth in **Exhibit A**, attached hereto and incorporated herein by this reference. The Operations Fee shall consist of a recurring payment that begins at the time of transfer to an End User (the **“Recurring Payment”**) and a separate payment imposed on the Transfer of a Residential Unit – Duplex and Residential Unit – Single Family Detached to an End User (the **“Transfer Payment”**), which together shall comprise the Operations Fee.

b. The Transfer Payment shall be imposed on all Transfers of a Residential Unit – Duplex and Residential Unit – Single Family Detached to an End User. The Transfer Payment shall not apply to any of the following, except to the extent the District determines that such exception is being undertaken for the purpose of improperly avoiding the Operations Fee:

i. Any Transfer within the United States, or any agency or instrumentality thereof, the State of Colorado, any county, city and county, municipality, district or other political subdivisions of this State, is either the grantor or the grantee.

ii. Any Transfer by document, decree or agreement partitioning, terminating or evidencing termination of a joint tenancy, tenancy in common or other co-ownership; however, if additional consideration or value is paid in connection with such partition or termination the Transfer Payment shall apply and be based upon such additional consideration.

iii. Any Transfer of title or change of interest in real property by reason of death, pursuant to a will, the law of descent and distribution, or otherwise.

iv. Any Transfer made and delivered without consideration for the purpose of: confirming, correcting, modifying or supplementing a Transfer previously made; making minor boundary adjustments; removing clouds of title; or granting easements, rights-of-way or licenses.

v. Any decree or order of a court of record quieting, determining or resting title, except for a decree of foreclosure.

vi. Transfers to secure a debt or other obligation, or releases other than by foreclosure, which is security for a debt or other obligation.

vii. Transfers pursuant to a decree or separation of divorce.

c. The Board has determined, and does hereby determine, that the Operations Fee is reasonably related to the overall cost of providing the Services, and paying the Operations Costs, and is imposed on those who are reasonably likely to benefit from or use the Facilities and Services.

d. The revenues generated by the Operations Fee will be accounted for separately from other revenues of the District. The Operations Fee revenue will be used solely for the purpose of paying Operations Costs, and may not be used by the District to pay for general administrative costs of the District.

3. LATE FEES AND INTEREST. Pursuant to § 29-1-1102(3), C.R.S., any Operations Fee not paid in full within fifteen (15) days after the scheduled Due Date will be assessed a late fee in the amount of Fifteen Dollars (\$15.00) or up to five percent (5%) per month, or fraction thereof, not to exceed a total of twenty-five percent (25%) of the amount due. Interest will also accrue on any outstanding Operations Fees, exclusive of assessed late fees, penalties, interest and any other costs of collection, specially including, but not limited, to attorneys' fees, at the rate of 18% per annum, pursuant to § 29-1-1102(7), C.R.S. The District may institute such remedies and collection procedures as authorized under Colorado law, including, but not limited to, foreclosure of its perpetual lien. The defaulting property owner shall pay all fees and costs, specifically including, but not limited to, attorneys' fees and costs and costs associated with the collection of delinquent fees, incurred by the District and/or its consultants in connection with the foregoing.

4. PAYMENT. Payment for all Operations Fees, fees, rates, tolls, penalties, charges, interest and attorneys' fees shall be made by check or equivalent form acceptable to the District, made payable to "The Lakes Metropolitan District No. 4" and sent to the address indicated on the Fee Schedule. The District may change the payment address from time to time and such change shall not require an amendment to this Resolution.

5. LIEN. The Operations Fees imposed hereunder, together with any and all late fees, interest, penalties and costs of collection, shall, until paid, constitute a statutory, perpetual lien on and against the property served, and any such lien may be foreclosed in the manner provided by the laws of the State of Colorado for the foreclosure of mechanic's liens, pursuant to § 32-1-1001(1)(j)(I), C.R.S. Said lien may be foreclosed at such time as the District, in its sole discretion, may determine. The lien shall be perpetual in nature (as defined by the laws of the State of Colorado) on the property and shall run with the land. This Resolution shall be recorded in the offices of the Clerk and Recorder of Adams County, Colorado.

6. SEVERABILITY. If any portion of this Resolution is declared by any court of competent jurisdiction to be void or unenforceable, such decision shall not affect the validity of any remaining portion of this Resolution, which shall remain in full force and effect. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Resolution a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

7. THE PROPERTY. This Resolution shall apply to all property within the District Boundaries, including, but not limited to, the property set forth in **Exhibit B**, attached hereto and incorporated herein by this reference, and any additional property included into the District after the date of this Resolution.

8. EFFECTIVE DATE. This Resolution shall become effective September 19, 2023.

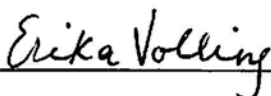
*[Remainder of Page Intentionally Left Blank. Signature Page Follows].*

ADOPTED this 19th day of September, 2023.

THE LAKES METROPOLITAN DISTRICT NO. 4,  
a quasi-municipal corporation and political  
subdivision of the State of Colorado


  
\_\_\_\_\_  
Officer of the District

ATTEST:

  
\_\_\_\_\_

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys At Law

  
\_\_\_\_\_  
General Counsel to the District

*Signature page to Resolution Concerning the Imposition of an Operations Fee*

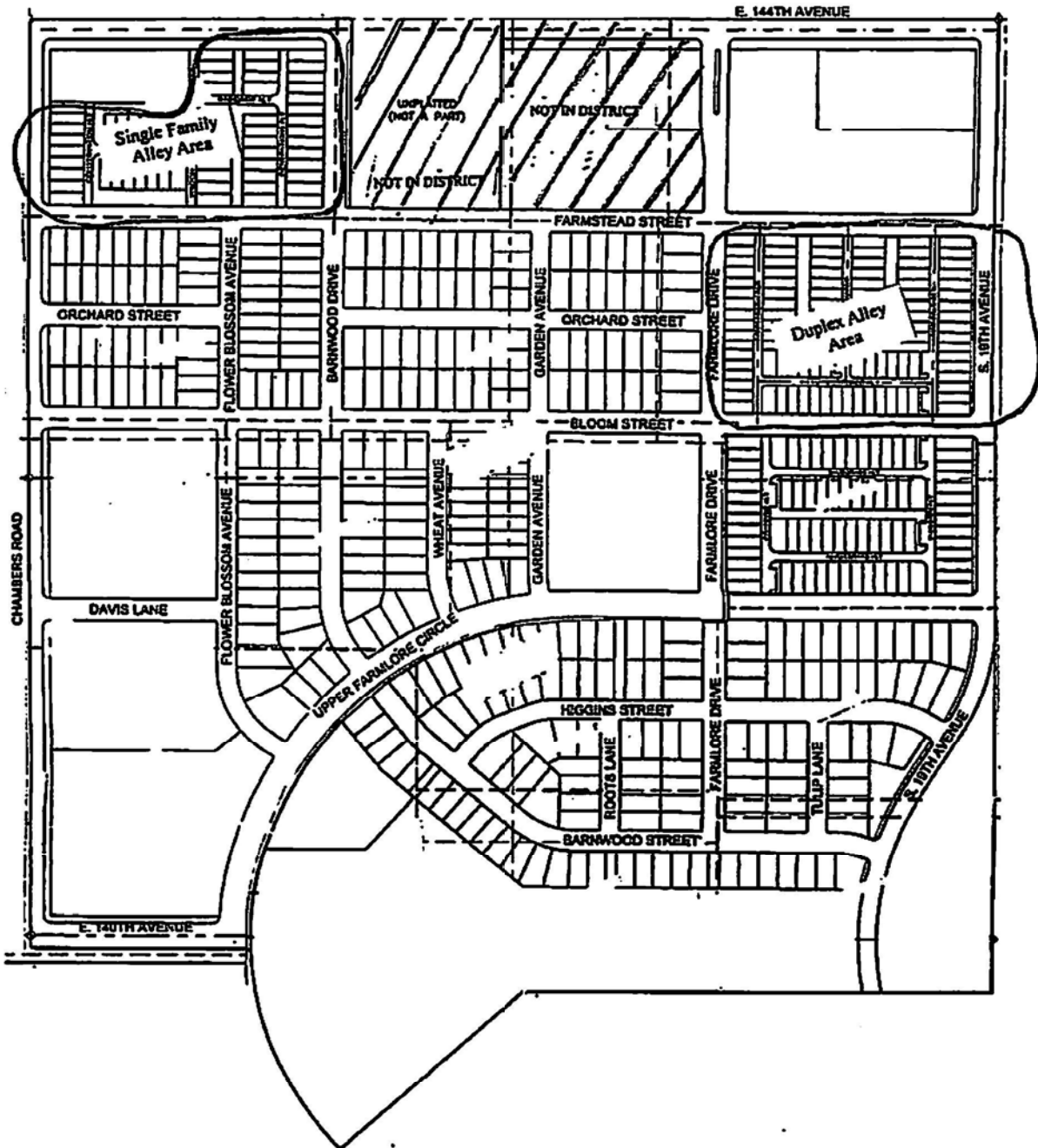
**EXHIBIT A**  
**THE LAKES METROPOLITAN DISTRICT NO. 4**  
**Schedule of Fees**  
**Effective September 19, 2023**

<b>Schedule of Fees</b>		
<b>Fee Type</b>	<b>Classifications</b>	<b>Rate</b>
<b>Operations Fee – Recurring Payment</b>	Residential Unit – Single Family Detached	\$0/month
	Residential Unit – Duplex - Alley	\$51.00/month
	Residential Unit – Single Family Detached - Alley	\$65.00/month
	Vacant Lot	\$0/month
The Due Date for each Operations fee is the 1 <sup>st</sup> day of each month.		
<b>Operations Fee – Payment Due Upon a Transfer</b>	Residential Unit – Single Family Detached	\$200.00 per transfer
	Residential Unit – Duplex - Alley	\$200.00 per Transfer
	Residential Unit – Single Family Detached - Alley	\$200.00 per Transfer
	Vacant Lot	\$0.00 per Transfer
The Due Date for each Operations Fee—Payment Due Upon Transfer is the date upon which the Transfer occurs.		

**PAYMENTS:** Payment for each fee shall be made payable to The Lakes Metropolitan District No. 4 and sent to the following address for receipt by the Due Date:

The Lakes Metropolitan District No. 4  
 c/o Marchetti & Weaver, LLC  
 245 Century Circle, Suite 103  
 Louisville, CO 80027

### THE LAKES METROPOLITAN DISTRICT NO. 4





After Recording, Return to:  
WHITE BEAR ANKELE TANAKA & WALDRON  
2154 East Commons Avenue, Suite 2000  
Centennial, Colorado 80122

**RESOLUTION  
OF THE BOARD OF DIRECTORS  
OF THE LAKES METROPOLITAN DISTRICT NO. 4**

**CONCERNING THE IMPOSITION OF A CAPITAL FACILITIES FEE**

---

WHEREAS, The Lakes Metropolitan District No. 4 (the “**District**”) was formed pursuant to §§ 32-1-101, *et seq.*, C.R.S., as amended, by order of the District Court for Adams County (“**County**”), Colorado, and after approval of the District’s eligible electors at an election; and

WHEREAS, pursuant to § 32-1-1001(1)(h), C.R.S., the Board of Directors of the District (the “**Board**”) shall have the management, control and supervision of all the business and affairs of the District; and

WHEREAS, the Board has determined it to be in the best interests of the District, and the property owners, taxpayers, and residents of the District, to finance, acquire, construct, install, repair, replace, improve, reconstruct, operate and maintain certain public improvements, amenities and facilities within or otherwise serving and benefitting the property owners, taxpayers and residents of the District, which public improvements, amenities and facilities generally include street, water, sewer, park and recreation, landscaping improvements, facilities, appurtenances and rights-of-way (collectively, the “**Facilities**”); and

WHEREAS, pursuant to § 32-1-1001(1)(j)(I), C.R.S., the District is authorized to fix and impose fees, rates, tolls, penalties and charges for services, programs or facilities furnished by the District which, until such fees, rates, tolls, penalties and charges are paid, shall constitute a perpetual lien on and against the property served; and

WHEREAS, the District incurs or will incur certain direct and indirect costs associated with the financing, acquisition, construction, installation, repair, replacement, improvement, reconstruction, operation and maintenance of the Facilities, as necessary, inclusive of the costs of utilities and capital replacement costs (collectively, the “**Capital Facility Costs**”) in order that the Facilities may be properly provided and maintained; and

WHEREAS, the revenue derived from the District’s current ad valorem property taxes is insufficient to pay the Capital Facility Costs; and

WHEREAS, the establishment of a fair and equitable fee (the “**Capital Facilities Fee**”) to provide a source of funding to pay for the **Capital Facilities Costs**, which are generally attributable to each Lot (defined below), and other property in the District, is necessary to provide for the common good and for the prosperity and general welfare of the District and its inhabitants; and

WHEREAS, the District finds that the Capital Facilities Fee, as set forth in **Exhibit A**, attached hereto and incorporated herein by this reference, as may be amended from time to time

by the Board, is reasonably related to the overall cost of providing the Facilities and paying the Capital Facilities Costs, and that imposition thereof is necessary and appropriate.

NOW, THEREFORE, be it resolved by the Board as follows:

1. **DEFINITIONS.** Except as otherwise expressly provided or where the context indicates otherwise, the following capitalized terms shall have the respective meanings set forth below:

**“District Boundaries”** means the legal boundaries of the District, as the same are established and amended from time to time pursuant to §§32-1-101, *et seq.*, C.R.S., as more particularly set forth in the map attached hereto as **Exhibit B** and incorporated herein by this reference.

**“Due Date”** means the date by which each Capital Facilities Fee is due, which Due Date is reflected on the Fee Schedule.

**“End User”** means any third-party homeowner or tenant of any homeowner occupying or intending to occupy a Residential Unit.

**“Fee Schedule”** means the schedule of fees set forth in **Exhibit A**, attached hereto and incorporated herein by this reference, until and unless otherwise amended and/or repealed.

**“Lot”** means each lot established by a recorded final subdivision plat, as may be amended, and which is located within the District Boundaries.

**“Residential Unit - Duplex”** means each single family attached residential dwelling unit (including, without limitation, paired homes and duplexes and any other attached single family dwelling units) located within the District.

**“Residential Unit – Single Family Detached”** means each detached single family residential dwelling units located within the District

**“Residential Unit - Townhome”** means each single family attached residential dwelling unit (including, without limitation, condominiums and townhomes and any other attached single family dwelling units) located within the District.

**“Responsible Party”** means the owner or owners of a Lot before it is transferred to an End User, and if the Responsible Party consists of more than one party, then the obligation to pay the Capital Facilities Fee is the joint and several obligation of all of the parties constituting the Responsible Party.

**“Transfer”** or **“Transferred”** shall include a sale, conveyance or transfer by deed, instrument, writing, lease or any other documents or otherwise by which real property is sold, granted, let, assigned, transferred, exchanged or otherwise vested in a tenant, tenants, purchaser or purchasers. Notwithstanding the foregoing, the following shall not be considered a “Transfer,” “Transferred” or “Transferring” for purposes of this definition:

(i) a conveyance to secure a debt or obligation (or a release, reconveyance, or foreclosure of any such security); or (ii) any conveyance that The Lakes Metropolitan District No. 4, in its sole and absolute discretion, determines should not trigger the payment of the Capital Facilities Fee.

**“Vacant Lot”** means each lot within the District established by a recorded final subdivision plat, but specifically excluding any parcel upon which one or more Residential Units is situated and specifically excluding any parcel owned by the District.

2. CAPITAL FACILITIES FEE.

a. A one-time Capital Facilities Fee is hereby established and imposed upon each Residential Unit and each Commercial Unit within the District Boundaries.

b. The Capital Facilities Fee shall be in the amount, and due and owing as outlined in **Exhibit A**. The amount of each Capital Facilities Fee due under this Resolution may be adjusted from time to time in the Board’s discretion and shall be at the rate in effect at the time of payment.

c. The Board does hereby determine that the Capital Facilities Fee is reasonably related to the overall cost of providing the Facilities, and is imposed on those who are reasonably likely to benefit from or use the Facilities.

d. The revenues generated by the Capital Facilities Fee will be accounted for separately from other revenues of the District. The Capital Facilities Fee revenue will be used solely for the purpose of paying Capital Facilities Costs (including the repayment of any indebtedness of the District used to pay Capital Facilities Costs), and may not be used by the District to pay for general administrative costs of the District. This restriction on the use of the Capital Facilities Fee revenue shall be absolute and without qualification.

3. LATE FEES AND INTEREST. Pursuant to § 29-1-1102(3), C.R.S., any Capital Facilities Fee not paid in full within fifteen (15) days after the scheduled due date will be assessed a late fee in the amount of Fifteen Dollars (\$15.00) or up to five percent (5%) per month, or fraction thereof, not to exceed a total of twenty-five percent (25%) of the amount due. Interest will also accrue on any outstanding Capital Facilities Fee, exclusive of assessed late fees, penalties, interest and any other costs of collection, specially including, but not limited, to attorney fees, at the rate of 18% per annum, pursuant to § 29-1-1102(7), C.R.S. The District may institute such remedies and collection procedures as authorized under Colorado law, including, but not limited to, foreclosure of its perpetual lien. The defaulting Responsible Party shall pay all fees and costs, specifically including, but not limited to, attorneys’ fees and costs and costs associated with the collection of delinquent fees, incurred by the District and/or its consultants in connection with the foregoing.

4. PAYMENT. Payment for all fees, rates, tolls, penalties, charges, interest and attorney fees imposed pursuant to this Resolution shall be made by check or equivalent form

acceptable to the District, made payable to the "The Lakes Metropolitan District No. 4" and sent to the address indicated on the Fee Schedule. The District may change the payment address from time to time and such change shall not require an amendment to this Resolution.

5. **LIEN.** The fees imposed pursuant to this Resolution, together with any and all late fees, interest, penalties and costs of collection, shall, until paid, constitute a statutory, perpetual lien on and against the property served, and any such lien may be foreclosed in the manner provided by the laws of the State of Colorado for the foreclosure of mechanic's liens, pursuant to § 32-1-1001(1)(j)(I), C.R.S. Said lien may be foreclosed at such time as the District, in its sole discretion, may determine. The lien shall be perpetual in nature (as defined by the laws of the State of Colorado) on the property and shall run with the land. This Resolution shall be recorded in the offices of the Clerk and Recorder of the County.

6. **SEVERABILITY.** If any portion of this Resolution is declared by any court of competent jurisdiction to be void or unenforceable, such decision shall not affect the validity of any remaining portion of this Resolution, which shall remain in full force and effect. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Resolution a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

7. **PREPAYMENT OF FEES.** The District may enter into agreements for the prepayment of Capital Facilities Fees, in its sole and absolute discretion.

8. **THE PROPERTY.** This Resolution shall apply to all property within the District Boundaries, including, but not limited to, the property set forth in **Exhibit B**, attached hereto and incorporated herein by this reference, and any additional property included into the District after the date of this Resolution.

9. **EFFECTIVE DATE.** This Resolution shall become effective September 19, 2023.


*Remainder of Page Intentionally Left Blank*

ADOPTED this 19<sup>th</sup> day of September, 2023.

THE LAKES METROPOLITAN DISTRICT NO. 4,  
a quasi-municipal corporation and political  
subdivision of the State of Colorado


  
\_\_\_\_\_  
Officer of the District

ATTEST:

  
\_\_\_\_\_

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys At Law

  
\_\_\_\_\_  
General Counsel to the District

***[Signature Page to Resolution Concerning the Imposition of Capital Facilities Fee]***

After Recording, Return to:  
WHITE BEAR ANKELE TANAKA & WALDRON  
2154 East Commons Avenue, Suite 2000  
Centennial, Colorado 80122

**EXHIBIT A**  
**THE LAKES METROPOLITAN DISTRICT NO. 4**  
**Fee Schedule**  
**Effective September 19, 2023**

<b>Fee Schedule</b>		
<b>Fee Type</b>	<b>Classifications</b>	<b>Rate</b>
<b>Capital Facilities Fee*</b>	Residential Unit – Single Family Detached	\$2,000 / Residential Unit – Single Family Detached
	Residential Unit - Townhome	\$1,500/Residential Unit - Townhome
	Residential Unit - Duplex	\$2,000/Residential Unit - Duplex
	Other Residential Unit Not Otherwise Denoted (including Multi-Family)	50% of Residential Unit Single Family Detached
<p>*As of September 19, 2023. Amount to increase by 5% on January 1, 2025, rounded to the nearest twenty-five dollars (\$25.00), and increased by 5%, compounded, on each January 1 thereafter.</p>		
<p>The Due Date for each Capital Facilities Fee is the earlier to occur of: 1) the date of the initial Transfer of a Lot to a Responsible Party; or 2) the issuance of a certificate of occupancy for each Residential Unit – Duplex or Residential Unit – Single Family Detached.</p> <p>The Capital Facilities Fee shall be due and payable by the Responsible Party, in full, to the District, on the Due Date.</p>		

**PAYMENTS:** Payment for each fee shall be made payable to The Lakes Metropolitan District No. 4 and sent to the following address for receipt by the Due Date:

The Lakes Metropolitan District No. 4  
c/o Marchetti & Weaver, LLC  
245 Century Circle, Suite 103  
Louisville, CO 80027

**EXHIBIT B**  
**THE LAKES METROPOLITAN DISTRICT NO. 4**  
**District Boundaries**





**EXHIBIT E**

**Special Warranty Deed**

AFTER RECORDING RETURN TO:  
The Lakes Metropolitan District No. 4  
c/o Vintage Homes and Land, LLC  
200 W. Hampden Avenue, Suite 201  
Englewood, CO 80110

**SPECIAL WARRANTY DEED**

**THIS DEED**, Made this 18th day of October, 2023, between **Farmlore, Ltd.**, a Colorado corporation duly organized and existing under and by virtue of the laws of the State of Colorado, Grantor, and the **The Lakes Metropolitan District No. 4**, a quasi-municipal corporation and political subdivision of the State of Colorado having its address at c/o Vintage Homes and Land, LLC, 200 W. Hampden Avenue, Suite 201, Englewood, Colorado 80110 of the County of Arapahoe and State of Colorado, Grantee:

**WITNESSETH**, That the Grantor, for and in consideration of the sum of **Ten Dollars and NO/100 DOLLARS (\$10.00)**, the receipt and sufficiency of which is hereby acknowledged, has granted, bargained, sold and conveyed, and by these presents does grant, bargain, sell, convey and confirm, unto the Grantee, its heirs, successors and assigns forever, all the real property, together with improvements, if any, situate, lying and being in the County of **Adams**, State of Colorado, described as follows:

Tracts F, G, K, L, T, U, V, W, X, AA, BB, CC, FF, JJ, KK, LL, PP and QQ  
as shown on the Final Plat of Farmlore North Filing No. 1  
City of Brighton, County of Adams, State of Colorado

also known by street and number as: VACANT LAND to be known by the following addresses:

- Tract F – 2028 Chambers Road, Brighton, CO 80601
- Tract G – 2053 S. 19<sup>th</sup> Avenue, Brighton, CO 80601
- Tract K – 2070 Barnwood Drive, Brighton, CO 80601
- Tract L – 2064 Conservation ALY, Brighton, CO 80601
- Tract T – 1676 Farmstead Street, Brighton, CO 80601
- Tract U – 2204 Farmlore Drive, Brighton, CO 80601
- Tract V – 1757 Bloom Street, Brighton, CO 80601
- Tract W – 2054 Farmlore Drive, Brighton, CO 80601
- Tract X – 1732 Farmstead Street, Brighton, CO 80601
- Tract AA – 2056 Chambers Road, Brighton, CO 80601
- Tract BB – 2017 Farmlore Drive, Brighton, CO 80601
- Tract CC – No address – Private ALY's Block 9
- Tract FF – 1263 Raindrop ALY, Brighton, CO 80601
- Tract JJ – 2018 Farmlore Drive, Brighton, CO 80601
- Tract KK – 1267 Farmstead Street, Brighton, CO 80601
- Tract LL – No address – Private ALY's Block 1
- Tract PP – 1205 Farmstead Street, Brighton, CO 80601
- Tract QQ – 1275 Upper Farmlore Circle, Brighton, CO 80601


**The surface estate is owned separately from the underlying mineral estate and the entire mineral estate is hereby excluded.**

**TOGETHER** with all its appurtenances and warrants the title to the same against all persons claiming under Grantor except general taxes for the current year and subsequent years, and subject to statutory exceptions, and excluding all underlying minerals, mineral rights, and mineral estate.

The singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

**IN WITNESS WHEREOF**, the Grantor has caused its name to be hereunto subscribed by its **President** the day and year first above written.


**FARMLORE, LTD.**  
a Colorado corporation

By:   
Michael A. Richardson  
President

State of **Colorado** )  
County of **Arapahoe** )ss  
)

The foregoing instrument was acknowledged to before me this 18<sup>th</sup> day of October, 2023 by Michael A. Richardson as President of Farmlore, Ltd., a Colorado corporation.

Witness my hand and official seal.  
My commission expires: 4/26/2025

  
Notary Public

