

TALLYN’S REACH METROPOLITAN DISTRICT NOS. 2 AND 3
www.TallynsReachMetroDistrict.com

NOTICE OF JOINT REGULAR MEETING AND AGENDA

DATE: November 15, 2022
TIME: 5:30 p.m.
LOCATION: Tallyn’s Reach Clubhouse
 24900 E. Park Crescent Dr.
 Aurora, CO 80016

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

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

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

https://teams.microsoft.com/l/meetup-join/19%3ameeting_YjkxYTk2M2ItNDY2Mi00MjJmLTg0ZDktM2FkOGQzNjZjYzY4%40thread.v2/0?context=%7b%22Tid%22%3a%224aaa468e-93ba-4ee3-ab9f-6a247aa3ade0%22%2c%22Oid%22%3a%227e78628f-89cd-4e97-af6c-60df84b55ffe%22%7d

2. To attend via telephone, dial 1-720-547-5281 and enter the following additional information:

Phone Conference ID: 435 305 863#

DISTRICT 2: Board of Directors	Office	Term Expires
BJ Pell	President	May 2025
William Barcus	Vice President / Treasurer	May 2025
Brian Baisch	Secretary	May 2025
VACANT	Assistant Secretary	May 2023
VACANT	Assistant Secretary	May 2023

DISTRICT 3: Board of Directors	Office	Term Expires
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Mike Dell’Orfano	President	May 2025
Harry Yosten	Vice President / Treasurer	May 2025
David Patterson	Secretary	May 2023
Julie Huygen	Assistant Secretary	May 2023
Brian Crandall	Assistant Secretary	May 2023

Note: For ease and presentation, the Tallyn’s Reach Metropolitan District Nos. 2 and 3 (each a “District,” and collectively, the “Districts”) will be meeting at the same time and considering the agenda below. However, each Board of Directors of the Districts (“Board”) will consider agenda items separately and take separate actions. If an agenda item is to be considered by a single District, it will be so noted on the agenda.

I. ADMINISTRATIVE MATTERS

- A. Call to order and approval of agenda.
- B. Present disclosures of potential conflicts of interest.
- C. Confirm quorum, location of meeting and posting of meeting notices.
- D. Public comment.

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

II. CONSENT AGENDA

The items listed below are a group of items to be acted on with a single motion and vote by the Board. An item may be removed from the consent agenda to the regular agenda, if desired. Items on the consent agenda are then voted on by a single motion, second, and vote by the Board.

- A. Minutes of July 19, 2022 joint meeting (enclosure).
- B. **MD 2:** Ratify approval of Resolution No. 2022-07-19, Submitting Ballot Titles Regarding Consolidation of Districts and an Operations and Maintenance Mill Levy (enclosure).
- C. **MD 3:** Ratify approval of Resolution No. 2022-07-19, Submitting Ballot Titles Regarding Consolidation of Districts and an Operations and Maintenance Mill Levy (enclosure).
- D. Adoption of Resolution No. 2022-11-__, Annual Administrative Matters for 2023 (enclosure).

III. FINANCIAL MATTERS

- A. Review and consider approval of unaudited financial statements as of September 30, 2022,

and schedule of cash position updated as of November 1, 2022 (enclosure).

- B. Conduct Public Hearing to consider amendment of the 2022 Budget. If necessary, consider adoption of Resolution to Amend the 2022 Budget.
- C. Conduct Public Hearing on the proposed 2023 Budget and consider adoption of Resolution No. 2022-11-__ to Adopt the 2023 Budget and Appropriate Sums of Money (enclosures).
- D. Authorize District Accountant to prepare the DLG-70 Certification of Tax Levies form for certification to the Board of County Commissioners and other interested parties.
- E. Appointment of Board member to sign the DLG-70 Certification of Tax Levies.
- F. Consider approval of the engagement letter with Wipfli LLP to prepare the 2022 Audit (enclosure).
- G. Appoint District Accountant to prepare the 2024 Budget.

IV. LEGAL MATTERS

- A. Consider adoption of Resolution No. 2022-11-__ Calling a Regular Election for Directors on May 2, 2023, appointing the DEO and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election (enclosure). Self-Nomination and Acceptance Forms are due by February 24, 2023. Discuss need for ballot issues and/or questions.
- B. Discuss results of Consolidated Election and next steps.

V. MANAGER MATTERS

- A. Review and consider approval of 2023 insurance renewal. Consider adoption of documents needed to obtain or maintain insurance coverage through the Colorado Special Districts Property and Liability Pool and TCW Risk Management and authorize membership in the Special District Association (enclosure).

VI. OTHER MATTERS

- A. Confirm quorum for next regular Board meeting – _____, 2023 at 5:30 p.m.

VII. ADJOURNMENT

The next regular meeting is scheduled for _____, 2023 at 5:30 p.m.

RECORD OF PROCEEDINGS

MINUTES OF A JOINT MEETING OF
THE BOARD OF DIRECTORS OF THE
TALLYN'S REACH AUTHORITY AND
TALLYN'S REACH METROPOLITAN DISTRICT NOS. 2 AND 3
HELD
JULY 19, 2022

A joint meeting of the Boards of Directors of the Tallyn's Reach Authority, and the Tallyn's Reach Metropolitan District Nos. 2 and 3 (referred to hereafter as the "Board" and/or "Boards") was convened on Tuesday, July 19, 2022, at 6:00 p.m. This joint meeting was held at the Tallyn's Reach Clubhouse, 24900 E. Park Crescent Drive, Aurora, Colorado 80016 and via Microsoft Teams. The meeting was open to the public.

ATTENDANCE

Directors in Attendance for the Authority:

David Patterson, President, attending in person
BJ Pell, Vice-President/Assistant Secretary
Harry Yosten, Treasurer, attending in person
Mike Dell'Orfano, Assistant Secretary, attending in person
Brian Crandall, Assistant Secretary

Directors in Attendance for MD 2:

BJ Pell, President
William Barcus, Vice President/Treasurer
Brian Baisch, Secretary

Directors in Attendance for MD 3:

Mike Dell'Orfano, President, attending in person
Harry Yosten, Vice President/Treasurer, attending in person
David Patterson, Secretary, attending in person
Julie Huygen, Assistant Secretary
Brian Crandall, Assistant Secretary

Also in Attendance Were:

Blair Dickhoner, Esq.; White Bear Ankele Tanaka & Waldron ("WBA")
Celeste Terrell, Nic Carlson, Shelby Clymer and Terri Boroviak;
CliftonLarsonAllen LLP ("CLA")
Angela Casias and Revecca Balancier; Axiom of Purpose
Taylor Goertz; IMEG Corp.
Isabell Rodau and Kimberly Armitage; YMCA

Public in Attendance Were:

20 homeowners were in attendance in person;
24 homeowners were in attendance virtually.

ADMINISTRATIVE MATTERS

Call to Order: The meeting was called to order at 6:01 p.m.

RECORD OF PROCEEDINGS

Agenda: Following review and discussion, upon a motion duly made and seconded, upon vote, unanimously carried, the Boards approved the Agenda, as amended to move the engineering updates (Item V.A.) for discussion prior to Financial Matters.

Disclosures of Potential Conflicts of Interest: Attorney Dickhoner advised the Boards that, pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. Attorney Dickhoner reported that disclosures for those directors that provided White Bear Ankele Tanaka & Waldron with notice of potential or existing conflicts of interest were filed with the Secretary of State's Office and the Boards at least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged by the Boards. Attorney Dickhoner inquired into whether members of the Boards had any additional disclosures of potential or existing conflicts of interest with regard to any matters scheduled for discussion at the meeting. No additional disclosures were noted. The participation of the members present was necessary to obtain quorums or to otherwise enable the Boards to act.

Quorum: A quorum was confirmed for each Board for the meeting, the meeting location and posting of meeting notice.

Public Comment:

Julie Andersen, President of the Tiger Sharks Swim Time, addressed the Board and stated her concern over the Board not allowing the swim team to use the pool on Saturdays. She asked the Board to consider allowing use of the pool for 2 or 3 Saturdays in 2023 (preferably 3). The Board suggested that the swim team topic be discussed before March 2023.

The following residents voiced their support of the Tiger Sharks Swim Team: Julie Andersen, Claire Andersen, Jamie Davidson, Shannon Hayes, Dan Summer, Andre Scott, Bart Williams, Linda Wiggs, TenEyck LaTourette, Ryan Anderson, Melissa Montgomery, Dan Shaw, Joana, Sarabeth Howard, Sandy, Beckley, Toni Hume, Drew Beckley and Clara Lin.

Heidi Hendrick expressed her concern over landscaping and the dead grass by the school.

Drew Beckley inquired about the emails received from Purple Land Management. The Board noted that this is an item on the agenda to be discussed.

Shannon Hayes noted her concern over the trail area not being maintained properly. Director Yost explained in detail the maintenance plan for native areas as recommended by Ark Ecological which includes not mowing the native areas. Weed management is currently under way and re-vegetation and re-seeding will take place next years.

Linda Wiggs discussed the condition of Tract E.

RECORD OF PROCEEDINGS

CONSENT AGENDA

Mr. Carlson reviewed the Consent Agenda with the Boards and noted that any item may be removed from the Consent Agenda to the regular Agenda upon the request of any Director. Upon a motion duly made and seconded, upon vote, unanimously carried, the following items on the Consent Agenda were approved, ratified and/or adopted, as appropriate.

- A. **Authority, MDs 2 & 3:** Approval of Minutes of June 6, 2022 Joint Special Meeting.
- B. **Authority:** Agreements to be ratified:
 - a. Independent Contractor Agreement with Ark Ecological Services, LLC for reseed and restore at the Fultondale Ottawa open space area.
 - b. Independent Contractor Agreement with The Young Men's Christian Association of Metropolitan Denver, dba YMCA of Metropolitan Denver for 2022 pool management services.
 - c. Independent Contactor Agreement with Brightview Landscape Services, Inc. for Aurora Parkway median renovation.
 - d. Independent Contactor Agreement with Brightview Landscape Services, Inc. for top dress wood mulch.

ENGINEERING UPDATES

Report from Taylor Goertz: Taylor Goertz provided an update on roadway assessment. Director Yosten asked which streets are the highest priority. Mr. Goertz explained the proposed asphalt and concrete roadway repairs. He recommended to advertise for the project in November 2022 for work to begin in 2023. The Board directed Mr. Goertz to advertise for the project in November/December 2021 and the Board will roll over \$135,000 into the 2023 Budget for the project.

Mr. Goertz provided an update on the retaining wall project and Buchanan Court projects. IMEG staff has been trying to set up pre-submittal meetings with the City of Aurora but has not yet been successful. They will continue to request the pre-submittal meetings.

FINANCIAL MATTERS

Claims: Ms. Clymer provided an overview of the claims. Following review and discussion, upon a motion duly made and seconded, upon vote, unanimously carried, the Board approved the claims as presented.

Unaudited Financial Statements and Schedule of Cash Position: Ms. Clymer reviewed the unaudited financial statements as of May 31, 2022 and the schedule of cash position updated as of July 11, 2022. Following review and discussion, upon a motion duly made and seconded, upon vote, unanimously carried, the Board approved the unaudited financial statements as of May 31, 2022 and the schedule of cash position updated as of July 11, 2022, as presented.

LEGAL MATTERS

Consolidation Process: Attorney Dickhoner provided an update and noted that the hearing is scheduled for August 4th.

RECORD OF PROCEEDINGS

MDs 2 & 3 – Joint Resolution in Support of Consolidation: Attorney Dickhoner provided an overview of the Joint Resolution. Director Huygen suggested revising the language in the Resolution to reflect a summary of what the Districts are trying to accomplish and what owners will see on the ballot. Following review and discussion, upon a motion duly made, seconded and, upon vote, unanimously carried, the Boards adopted the Joint Resolution in Support of Consolidation, subject to final review by Axiom of Purpose, the consolidation committee and legal counsel.

Authority – Services to Cherry Creek School District (“CCSD”) and City of Aurora (“COA”) and Related Costs: Attorney Dickhoner provided an update and noted that they are making progress with the CCSD on irrigation and maintenance responsibilities. Brian with ET Irrigation is to meet with CCSD regarding the irrigation. Attorney Dickhoner has been working with City of Aurora’s attorney regarding who is responsible for maintaining City owned property. Following an extensive discussion, the Board would like to offer to turn irrigation back on in CCSD areas if CCSD agrees to mow grass and maintain trees with the expectation that a full resolution would be decided by the end of 2022.

Director Patterson will have a conversation with Françoise Bergan regarding the COA issue. The Board agreed to turn irrigation back on and mow in the COA areas through the end of 2022, while continuing to pursue resolution with the COA.

MANAGER MATTERS **Engineering Updates:** Discuss earlier in the meeting.

Public Outreach and Consolidation Information: Ms. Balancier and Ms. Casias with Axiom of Purpose provided an update and noted that materials for the consolidation election have been updated and sent to the Board and legal counsel for final approval.

ESRI: Mr. Carlson reported that the map has been completed and uploaded to the Districts’ website – www.TallynsReachMetroDistrict.com.

Landscape: Mr. Carlson provided a landscape update. Turf to native and xeriscaping of the medians are underway, and the Authority is eligible for \$21,000 rebate from the City of Aurora for the turf to native conversion. Monuments are in the permitting and design process. The street sign project is completed. Mulch bed project is currently on hold due to mulch prices increasing. Tree replacement is to take place this fall with the landscaping committee to meet in September to discuss the 2023 projects and tree replacement.

Native Grass Management: This was discussed during Public Comment. Director Yosten did provide some additional information and noted that new native flowers are blooming. There was discussion on if the Authority can

RECORD OF PROCEEDINGS

do more to educate owners on native maintenance plan. The Board directed staff of CliftonLarsonAllen LLP to add a layer to the ESRI map on the website to show the native areas.

Non-Authority Properties and Adjacent Streetscapes: This was discussed previously under Legal Matters.

CliftonLarsonAllen LLP Work and Extra Expenses in May and Future Billings: Mr. Carlson provided information in regard to out of scope work that has occurred, including the mapping project, CORA request, and consolidation efforts.

Pool:

Additional Staffing – Mr. Carlson reported that the pool was very busy on the 4th of July resulting in the need for an extra lifeguard at an additional cost. Director Pell approved the additional lifeguard and expense. One lifeguard can watch up to 25 people. The Board would like the YMCA to provide an additional lifeguard to the pool moving forward, as needed.

Extended Pool Season – The YMCA staff provided an update and noted that there may not be enough available lifeguards to extend the pool season. They would only be able to stay open on weekends from 11:00 a.m. to 5:00 p.m. if enough staff is available. They have requested that lifeguards respond with their availability no later than August 1st and will provide updated information to the Board after that time.

Pool and Clubhouse – Ms. Rodau provided updates. The awning has been installed with fabric to be installed on Friday. The front doors of the clubhouse have been painted. Camera signs are installed around the pool and noted that two trespassing situations have occurred so far this year. Lawn chairs have been repaired. New lifeguard umbrellas are to be delivered this week. New pool rope is installed, and a new pool vacuum has been shipped. Ms. Rodau also reported that they are continuing to give out popsicles to the pool patrons.

Security Patrols and License Plate Monitoring: Mr. Carlson reviewed the documents and provided an update. The Aurora Police Department is to provide an update on crime in the area at the September meeting. CliftonLarsonAllen LLP will poll the Board on the interest with adding security measures.

Mineral Resources Inquiry: Mr. Carlson and Director Baisch provided an overview of the inquiry. The Board directed Attorney Dickhoner to contact an oil and gas attorney to investigate this further and authorized the engagement of this special counsel.

RECORD OF PROCEEDINGS

Dumpster Day: The Board determined that the Master HOA should coordinate this service and offered financial support if the HOA decides to pursue.

Report form ET Irrigation: Director Yosten provided an overview of the report that was sent out post packet.

OTHER MATTERS

Authority – Quorum for Next Regular Board Meeting on September 20, 2022 at 6:00 p.m.: The Board confirmed an anticipated quorum and reported that the meeting will be held in person and virtually.

ADJOURNMENT

There being no further business to come before the Boards, upon a motion duly made and seconded, upon vote, unanimously carried, the Boards adjourned the meeting at 9:47 p.m.

The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting

Secretary for the Meeting – Tallyn’s Reach Authority

Secretary for the Meeting – Tallyn’s Reach MD 2

Secretary for the Meeting – Tallyn’s Reach MD 3

Resolution No. 2022-07-19

**A RESOLUTION OF THE BOARD OF DIRECTORS
SUBMITTING BALLOT TITLES REGARDING CONSOLIDATION OF DISTRICTS
AND AN OPERATIONS AND MAINTENANCE MILL LEVY**

WHEREAS, Tallyn’s Reach Metropolitan District No. 2 (the “**District**”) was organized as a special district pursuant to §§ 32-1-101, *et seq.*, C.R.S. (the “**Special District Act**”); and

WHEREAS, pursuant to § 32-1-804(1), C.R.S., the Board of Directors of the District (the “**Board**”) shall govern the conduct of regular and special elections of the District and shall render all interpretations and make all decisions as to controversies or other matters arising in the conduct of elections; and

WHEREAS, the District, together with Tallyn’s Reach Metropolitan District No. 3, has previously adopted a Resolution Calling Election in anticipation of holding a special election on November 8, 2022, for the purpose of submitting ballot issues and/or questions to eligible electors of the District (the “**Election**”); and

WHEREAS, pursuant to the Joint Resolution Calling Election, the Board named Ashley B. Frisbie as the Designated Election Official for the Election (the “**Designated Election Official**”); and

WHEREAS, the Board hereby adopts this resolution to submit the ballot titles to the eligible electors of the District at the Election.

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

1. The Board hereby authorizes and directs the Designated Election Official to certify on or before August 30, 2022, the following ballot titles in substantially the form hereinafter set forth. Such ballot titles shall be submitted to the eligible electors of the District at the Election.

2. The following ballot titles concerning Consolidation of Districts and the Operations and Maintenance Mill Levy shall be placed on the ballot for the Election and such ballot titles shall read substantially in form as follows:

CONSOLIDATION QUESTION:

Assuming voter approval of Ballot Issue [#2], shall Tallyn’s Reach Metropolitan District No. 3 be consolidated with Tallyn’s Reach Metropolitan District No. 2, resulting in the creation of a new metropolitan district to be known as the “Tallyn’s Reach Metropolitan District,” such consolidation proposed for the purposes of:

- Reducing administrative costs;
- Eliminating redundant government services;
- Simplifying the community governance structure; and

which would provide for the consolidated Tallyn's Reach Metropolitan District without such consolidated district assuming any general obligation bonded indebtedness of the original metropolitan districts, and without expanding the powers previously delegated to the original metropolitan districts, and without aggregating the respective original metropolitan districts' mill levy or debt authorization, and without eliminating the limitations previously authorized by the voters of each metropolitan district pursuant to Article X, Section 20 of the Colorado Constitution?

OPERATIONS AND MAINTENANCE MILL LEVY QUESTION:

ASSUMING VOTER APPROVAL OF BALLOT QUESTION [#1], SHALL TALLYN'S REACH METROPOLITAN DISTRICT TAXES BE INCREASED ANNUALLY IN ORDER TO REPLACE THE CURRENT OPERATIONS AND MAINTENANCE MILL LEVY BY THE IMPOSITION OF AN AD VALOREM PROPERTY TAX LEVY OF: (A) 5.500 MILLS IN FISCAL YEARS 2022, 2023 AND 2024, WHICH IS ANTICIPATED TO GENERATE [\$501,624] IN ANNUAL TAX REVENUE; (B) 7.500 MILLS IN FISCAL YEARS 2025, 2026 AND 2027, WHICH IS ANTICIPATED TO GENERATE [\$684,032] IN ANNUAL TAX REVENUE; AND (C) 9.500 MILLS IN FISCAL YEAR 2028 AND EACH FISCAL YEAR THEREAFTER, WHICH IS ANTICIPATED TO GENERATE [\$866,440] IN ANNUAL TAX REVENUE PROVIDED, HOWEVER, THAT IF, AFTER NOVEMBER 8, 2022, THERE IS A CHANGE IN THE RATIO OF ACTUAL VALUATION TO ASSESSED VALUATION OR OTHER CHANGE IN THE METHOD OF CALCULATING ASSESSED VALUATION, SUCH AD VALOREM PROPERTY TAX LEVIES MAY BE INCREASED OR DECREASED TO REFLECT SUCH CHANGES, SUCH INCREASES OR DECREASES TO BE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS IN GOOD FAITH (SUCH DETERMINATION TO BE BINDING AND FINAL), SO THAT TO THE EXTENT POSSIBLE, THE ACTUAL TAX REVENUES GENERATED BY THE AD VALOREM PROPERTY TAX LEVIES, AS ADJUSTED, ARE NEITHER DIMINISHED NOR ENHANCED AS A RESULT OF SUCH CHANGES; OR BY SUCH LESSER AMOUNT AS NECESSARY TO PAY THE DISTRICT'S ADMINISTRATION, COVENANT ENFORCEMENT, DESIGN REVIEW, OPERATIONS, MAINTENANCE, CAPITAL RESERVE FUND AND OTHER SIMILAR EXPENSES; AND SHALL THE PROCEEDS OF SUCH TAXES AND ANY INVESTMENT INCOME THEREON BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT IN FISCAL YEAR 2022 AND IN EACH FISCAL YEAR THEREAFTER AS A VOTER-APPROVED REVENUE CHANGE WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, THE LIMITS IMPOSED ON INCREASES IN PROPERTY TAXATION BY SECTION 29-1-301, C.R.S., IN ANY YEAR, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, ALL WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

3. The Board authorizes the Designated Election Official to take all action necessary or appropriate to effectuate the provisions of this resolution including, but not limited to, certifying and recertifying the ballot pursuant to § 1-13.5-511, C.R.S.

4. All resolutions, or parts thereof, in conflict with this resolution, are hereby repealed.

5. If any section, paragraph, clause, or provision of this resolution shall for any reason be held invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this resolution.

6. This resolution shall be effective upon its approval by the Board.

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ADOPTED THIS 19th DAY OF JULY, 2022.

TALLYN'S REACH METROPOLITAN DISTRICT
NO. 2

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 Submitting Ballot Titles

Resolution No. 2022-07-19

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WHEREAS, the District, together with Tallyn’s Reach Metropolitan District No. 2, has previously adopted a Resolution Calling Election in anticipation of holding a special election on November 8, 2022, for the purpose of submitting ballot issues and/or questions to eligible electors of the District (the “**Election**”); and

WHEREAS, pursuant to the Joint Resolution Calling Election, the Board named Ashley B. Frisbie as the Designated Election Official for the Election (the “**Designated Election Official**”); and

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- Reducing administrative costs;
- Eliminating redundant government services;
- Simplifying the community governance structure; and

which would provide for the consolidated Tallyn’s Reach Metropolitan District without such consolidated district assuming any general obligation bonded indebtedness of the original

metropolitan districts, and without expanding the powers previously delegated to the original metropolitan districts, and without aggregating the respective original metropolitan districts' mill levy or debt authorization, and without eliminating the limitations previously authorized by the voters of each metropolitan district pursuant to Article X, Section 20 of the Colorado Constitution?

OPERATIONS AND MAINTENANCE MILL LEVY QUESTION:

ASSUMING VOTER APPROVAL OF BALLOT QUESTION [#1], SHALL TALLYN'S REACH METROPOLITAN DISTRICT TAXES BE INCREASED ANNUALLY IN ORDER TO REPLACE THE CURRENT OPERATIONS AND MAINTENANCE MILL LEVY BY THE IMPOSITION OF AN AD VALOREM PROPERTY TAX LEVY OF: (A) 5.500 MILLS IN FISCAL YEARS 2022, 2023 AND 2024, WHICH IS ANTICIPATED TO GENERATE [\$501,624] IN ANNUAL TAX REVENUE; (B) 7.500 MILLS IN FISCAL YEARS 2025, 2026 AND 2027, WHICH IS ANTICIPATED TO GENERATE [\$684,032] IN ANNUAL TAX REVENUE; AND (C) 9.500 MILLS IN FISCAL YEAR 2028 AND EACH FISCAL YEAR THEREAFTER, WHICH IS ANTICIPATED TO GENERATE [\$866,440] IN ANNUAL TAX REVENUE PROVIDED, HOWEVER, THAT IF, AFTER NOVEMBER 8, 2022, THERE IS A CHANGE IN THE RATIO OF ACTUAL VALUATION TO ASSESSED VALUATION OR OTHER CHANGE IN THE METHOD OF CALCULATING ASSESSED VALUATION, SUCH AD VALOREM PROPERTY TAX LEVIES MAY BE INCREASED OR DECREASED TO REFLECT SUCH CHANGES, SUCH INCREASES OR DECREASES TO BE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS IN GOOD FAITH (SUCH DETERMINATION TO BE BINDING AND FINAL), SO THAT TO THE EXTENT POSSIBLE, THE ACTUAL TAX REVENUES GENERATED BY THE AD VALOREM PROPERTY TAX LEVIES, AS ADJUSTED, ARE NEITHER DIMINISHED NOR ENHANCED AS A RESULT OF SUCH CHANGES; OR BY SUCH LESSER AMOUNT AS NECESSARY TO PAY THE DISTRICT'S ADMINISTRATION, COVENANT ENFORCEMENT, DESIGN REVIEW, OPERATIONS, MAINTENANCE, CAPITAL RESERVE FUND AND OTHER SIMILAR EXPENSES; AND SHALL THE PROCEEDS OF SUCH TAXES AND ANY INVESTMENT INCOME THEREON BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT IN FISCAL YEAR 2022 AND IN EACH FISCAL YEAR THEREAFTER AS A VOTER-APPROVED REVENUE CHANGE WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, THE LIMITS IMPOSED ON INCREASES IN PROPERTY TAXATION BY SECTION 29-1-301, C.R.S., IN ANY YEAR, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, ALL WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

3. The Board authorizes the Designated Election Official to take all action necessary or appropriate to effectuate the provisions of this resolution including, but not limited to, certifying and recertifying the ballot pursuant to § 1-13.5-511, C.R.S.

4. All resolutions, or parts thereof, in conflict with this resolution, are hereby repealed.

5. If any section, paragraph, clause, or provision of this resolution shall for any reason be held invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this resolution.

6. This resolution shall be effective upon its approval by the Board.

[Remainder of Page Intentionally Left Blank]

ADOPTED THIS 19th DAY OF JULY, 2022.

TALLYN'S REACH METROPOLITAN DISTRICT
NO. 3

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 Submitting Ballot Titles

**TALLYN'S REACH METROPOLITAN DISTRICT NOS . 2 AND 3
JOINT ANNUAL ADMINISTRATIVE RESOLUTION
(2023)**

WHEREAS, Tallyn's Reach Metropolitan District Nos. 2 and 3 (each a "**District**"), were organized as a special districts pursuant to an Order and Decree of the District Court in and for the County of Arapahoe, Colorado (the "**County**") and is located entirely within the City of Aurora, Colorado; and

WHEREAS, the Board of Directors (the "**Board**") of each District has a duty to perform certain obligations in order to assure the efficient operation of the District and hereby directs its consultants to take the following actions.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

1. The Board directs the District's Manager to cause an accurate map of the District's boundaries to be prepared in accordance with the standards specified by the Division of Local Government ("**Division**") and to be filed in accordance with §32-1-306, C.R.S.

2. The Board directs the District's Manager to notify the Board of County Commissioners, the County Assessor, the County Treasurer, the County Clerk and Recorder, the governing body of any municipality in which the District is located, and the Division of the name of the chairman of the Board, the contact person, telephone number, and business address of the District, as required by §32-1-104(2), C.R.S.

3. The Board directs the District's Manager to prepare and file with the Division, within thirty (30) days of a written request from the Division, an informational listing of all contracts in effect with other political subdivisions, in accordance with §29-1-205, C.R.S.

4. The Board directs the District's accountant to cause the preparation of and to file with the Department of Local Affairs the annual public securities report for nonrated public securities issued by the District within sixty (60) days of the close of the fiscal year, as required by §§11-58-101, et seq., C.R.S.

5. The Board directs the District's accountant to: (a) obtain proposals for auditors to be presented to the Board; (b) cause an audit of the annual financial statements of the District to be prepared and submitted to the Board on or before June 30; and (c) cause the audit to be filed with the State Auditor by July 31st, or by the filing deadline permitted under any extension thereof, all in accordance with §§29-1-603(1) and 29-1-606, C.R.S. Alternatively, if warranted by §29-1-604, C.R.S., the Board directs the District's accountant to apply for and obtain an audit exemption from the State Auditor on or before March 31st in accordance with §29-1-604, C.R.S.

6. The Board directs the District's accountant, if the District has authorized but unissued general obligation debt as of the end of the fiscal year, to cause to be submitted to the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the District the District's audit report or a copy of its application for exemption from audit in accordance with §29-1-606(7), C.R.S.

7. The Board directs the District's accountant to submit a proposed budget to the Board by October 15th, to prepare the final budget and budget message, including any amendments thereto, if necessary, and directs the District's Manager to schedule a public hearing on the proposed budget and/or amendments, and to post or publish notices thereof, and file the budget, budget resolution and budget message with the Division on or before January 30th, all in accordance with §§29-1-101, et seq., C.R.S.

8. The Board directs the District's accountant to monitor all expenditures and, if necessary, to notify the District's legal counsel, Manager, and the Board when expenditures are expected to exceed appropriated amounts, and directs legal counsel to prepare all budget amendment resolutions and directs District Manager to schedule a public hearing on a proposed budget amendment and to post or publish notices thereof and to file the amended budget with the Division on or before the date of making such expenditure or contracting for such expenditure, all in accordance with §§29-1-101, et seq., C.R.S.

9. The Board directs legal counsel to cause the preparation of the Unclaimed Property Act report and submission of the same to the State Treasurer by November 1st if there is property presumed abandoned and subject to custody as unclaimed property, in accordance with §38-13-110, C.R.S.

10. The Board directs the District's accountant to prepare the mill levy certification form and directs the District's accountant to file the mill levy certification form with the Board of County Commissioners on or before December 15th, in accordance with §39-5-128, C.R.S.

11. The Board directs that all legal notices shall be published in accordance with §32-1-103(15), C.R.S.

12. The Board determines that each director shall not receive compensation for their services as directors subject to the limitations set forth in §§32-1-902(3)(a)(I) & (II), C.R.S.

13. The District hereby acknowledges, in accordance with §32-1-902, C.R.S., the following officers for the District:

District No. 2

Chairman/President:	BJ Pell
Vice President/Treasurer:	William Barcus
Secretary:	Brian Baisch
Recording Secretary:	District Manager

District No. 3

Chairman/President:	Mike Dell'Orfano
Vice President/Treasurer:	Harry Yosten
Secretary:	David Patterson
Assistant Secretary:	Julie Huygen
Assistant Secretary:	Brian Crandall
Recording Secretary:	District Manager

14. The Board hereby determines that each member of the Board shall, for any potential or actual conflicts of interest, complete conflicts of interest disclosures and directs legal counsel to file the conflicts of interest disclosures with the Board and with the Colorado Secretary of State at least seventy-two (72) hours prior to every regular and special meeting of the Board, in accordance with §32-1-902(3)(b) and §18-8-308, C.R.S. Written disclosures provided by Board members required to be filed with the governing body in accordance with §18-8-308, C.R.S., shall be deemed filed with the Board when filed with the Secretary of State. Additionally, at the beginning of each year, each Board member shall submit information to legal counsel regarding any actual or potential conflicts of interest and, throughout the year, each Board member shall provide legal counsel with any revisions, additions, corrections, or deletions to said conflicts of interest disclosures.

15. The Board confirms its obligations under §24-10-110(1), C.R.S., with regards to the defense and indemnification of its public employees, which, by definition, includes elected and appointed officers.

16. The Board hereby appoints the District's Manager as the official custodian for the maintenance, care, and keeping of all public records of the District, in accordance with §§24-72-202, et seq., C.R.S. The Board hereby directs its legal counsel, accountant, manager, and all other consultants to adhere to the Colorado Special District Records Retention Schedule as adopted by the District.

17. The Board directs the District's Manager to post notice of all regular and special meetings in accordance with §32-1-903(2) and §24-6-402(2)(c), C.R.S. The Board hereby designates <http://www.tallynsreachmetrodistrict.com/> as the District's website for the posting of its regular and special meeting notices. The Board also hereby designates, unless otherwise designated by the Board, Tallyn's Reach Clubhouse, 24900 E. Park Crescent Drive, Aurora, as the location the District will post notices of meetings in the event of exigent or emergency circumstances which prevent the District from posting notice of the meeting on the District's website. The Board directs the District's Manager to provide the website address set forth above to the Department of Local Affairs for inclusion in the inventory maintained pursuant to §24-32-116, C.R.S.

18. The Board determines to hold regular meetings on the third Tuesday of November, 2023, at 5:30 p.m. at 24900 E. Park Crescent Drive, Aurora, and by telephone, electronic, or other means not including physical presence. All notices of meetings shall designate whether such meeting will be held by electronic means, at a physical location, or both, and shall designate how members of the public may attend such meeting, including the conference number or link by which members of the public can attend the meeting electronically, if applicable.

19. In the event of an emergency, the Board may conduct a meeting outside of the limitations prescribed in §24-6-402(2)(c), C.R.S., provided that any actions taken at such emergency meeting are ratified at the next regular meeting of the Board or at a special meeting conducted after proper notice has been given to the public.

20. For the convenience of the electors of the District, and pursuant to its authority set forth in §1-13.5-1101, C.R.S., the Board hereby deems that all regular and special elections of the District shall be conducted as independent mail ballot elections in accordance with §§1-13.5-1101, et seq., C.R.S., unless otherwise deemed necessary and expressed in a separate election resolution adopted by the Board.

21. Pursuant to the authority set forth in §1-1-111, C.R.S., the Board hereby appoints Ashley B. Frisbie, as the Designated Election Official (the “DEO”) of the District for any elections called by the Board, or called on behalf of the Board by the DEO, and hereby authorizes and directs the DEO to take all actions necessary for the proper conduct of the election, including, if applicable, cancellation of the election in accordance with §1-13.5-513, C.R.S.

22. In accordance with §1-11-103(3), C.R.S., the Board hereby directs the DEO to certify to the Division the results of any elections held by the District and, pursuant to §32-1-1101.5(1), C.R.S., to certify results of any ballot issue election to incur general obligation indebtedness to the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the District and file a copy of such certification with the Division of Securities.

23. The Board directs legal counsel to cause a notice of authorization of or notice to incur general obligation debt to be recorded with the County Clerk and Recorder within thirty (30) days of authorizing or incurring any indebtedness, in accordance with §32-1-1604, C.R.S.

24. Pursuant to the authority set forth in §24-12-103, C.R.S., the Board hereby designates, in addition to any officer of the District, Emilee D. Hansen of the law firm of White Bear Ankele Tanaka & Waldron, Attorneys at Law, as a person with the power to administer all oaths or affirmations of office and other oaths or affirmations required to be taken by any person upon any lawful occasion.

25. The Board directs legal counsel to cause the preparation of and filing with the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the District, if requested, the application for quinquennial finding of reasonable diligence in accordance with §§32-1-1101.5(1.5) and (2), C.R.S.

26. The Board directs the District's Manager to cause the preparation of and the filing with the Board of County Commissioners or the governing body of any municipality in which the

District is located, the Division, the State Auditor, the County Clerk and Recorder, and any interested parties entitled to notice pursuant to §32-1-204(1), C.R.S., an annual report in accordance with §32-1-207(3)(c), C.R.S.

27. The Board directs the District's Manager to obtain proposals and/or renewals for insurance, as applicable, to insure the District against all or any part of the District's liability, in accordance with §§24-10-115, et seq., C.R.S. The Board directs the District's accountant to pay the annual SDA membership dues, agency fees, and insurance premiums, as applicable, in a timely manner. The Board appoints the District's Manager to designate the proxy for the SDA Annual meeting for voting and quorum purposes.

28. The Board hereby opts to include elected or appointed officials as employees within the meaning of §8-40-202(1)(a)(I)(A), C.R.S., and hereby directs the District's Manager to obtain workers' compensation coverage for the District.

29. The Board hereby directs the District's Manager to prepare the disclosure notice required by §32-1-809, C.R.S., and to disseminate the information to the electors of the District accordingly. Further, the Board hereby designates the following website as the District's official website for the purposes thereof: <http://www.tallynsreachmetrodistrict.com/>.

30. The Board hereby directs legal counsel to prepare and record with the County Clerk and Recorder updates to the disclosure statement notice and map required by §32-1-104.8, C.R.S., if additional property is included within the District's boundaries.

31. In accordance with §38-35-109.5(2), C.R.S., the District hereby designates the President of the Board as the official who shall record any instrument conveying title of real property to the District within thirty (30) days of any such conveyance.

32. The Board hereby affirms the adoption of the corporate seal in substantially the form appearing on the signature page of this resolution in accordance with §32-1-902, C.R.S., regardless of whether initially produced electronically or manually. The requirement of any District resolution, proceeding or other document to "affix" the District seal thereto, including for the purpose of satisfying any applicable State law, shall be satisfied by manual impression or print, facsimile reproduction or electronic reproduction, or inclusion of the image of such seal. Without limiting the foregoing, any electronic production or reproduction of the image of the seal shall constitute an electronic record of information, as defined in the Uniform Electronic Transactions Act, and the Board hereby authorizes its use in accordance with the authority provided by §24-71.3-118, C.R.S.

33. The Board directs the District's Accountant to prepare and submit the documentation required by any continuing disclosure obligation signed in conjunction with the issuance of debt by the District.

34. The Board directs legal counsel to monitor, and inform the Board of, any legislative changes that may occur throughout the year.

[Remainder of Page Intentionally Left Blank, Signature Page Follows]

ADOPTED NOVEMBER 15, 2022.

(SEAL)

DISTRICTS :

TALLYN’S REACH METROPOLITAN DISTRICT NO. 2 , a quasi-municipal corporation and political subdivision of the State of Colorado

By: _____

Officer of the District

Attest:

By: _____

TALLYN’S REACH METROPOLITAN DISTRICT NO. 3, a quasi-municipal corporation and political subdivision of the State of Colorado

By: _____
Officer of the District

Attest:

By: _____

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the Districts

CERTIFICATION OF RESOLUTION

I hereby certify that the foregoing constitutes a true and correct copy of the resolution of the Board adopted at a meeting held on November 15, 2022, at the Tallyn's Reach Clubhouse, 24900 E. Park Crescent Drive, Aurora, CO 80016, Colorado and via teleconference.

IN WITNESS WHEREOF, I have hereunto subscribed my name this ___ day of November, 2022.

Signature

Printed Name

TALLYN'S REACH METROPOLITAN DISTRICT NO. 2
FINANCIAL STATEMENTS
PERIODS ENDED SEPTEMBER 30, 2022

TALLYN'S REACH METROPOLITAN DISTRICT NO. 2
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General	Debt Service	Total
ASSETS			
PNC Bank	\$ 15,666	\$ 623,298	\$ 638,964
Colotrust	-	517	517
Receivable from County Treasurer	1,247	4,478	5,725
TOTAL ASSETS	\$ 16,913	\$ 628,293	\$ 645,206
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Total Liabilities			
FUND BALANCES			
Total Fund Balances	16,913	628,293	645,206
TOTAL LIABILITIES AND FUND BALANCES	\$ 16,913	\$ 628,293	\$ 645,206

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

GENERAL FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 161,313	\$ 161,320	\$ 7
Specific ownership tax	11,292	7,668	(3,624)
Interest income	-	323	323
TOTAL REVENUES	<u>172,605</u>	<u>169,311</u>	<u>(3,294)</u>
EXPENDITURES			
County Treasurer's fee	2,420	2,421	(1)
Transfers to TRA	250,000	250,000	-
TOTAL EXPENDITURES	<u>252,420</u>	<u>252,421</u>	<u>(1)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(79,815)	(83,110)	(3,295)
OTHER FINANCING SOURCES (USES)			
Transfers from Debt Service Fund	100,022	100,022	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>100,022</u>	<u>100,022</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	20,207	16,912	(3,295)
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 20,207</u>	<u>\$ 16,912</u>	<u>\$ (3,295)</u>

Supplementary Information

TALLYN'S REACH METROPOLITAN DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

DEBT SERVICE FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 579,376	\$ 579,361	\$ (15)
Specific ownership tax	40,556	27,539	(13,017)
Interest income	1,000	1,938	938
TOTAL REVENUES	<u>620,932</u>	<u>608,838</u>	<u>(12,094)</u>
EXPENDITURES			
County Treasurer's fee	8,691	8,694	(3)
Paying agent fees	2,000	-	2,000
Loan interest - 2012	14,384	6,958	7,426
Loan principal - 2012	620,000	-	620,000
Yield maintenance fee	8,000	-	8,000
TOTAL EXPENDITURES	<u>653,075</u>	<u>15,652</u>	<u>637,423</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(32,143)	593,186	625,329
OTHER FINANCING SOURCES (USES)			
Transfers to General Fund	(100,022)	(100,022)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(100,022)</u>	<u>(100,022)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(132,165)	493,164	625,329
FUND BALANCES - BEGINNING	<u>132,165</u>	<u>135,129</u>	<u>2,964</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 628,293</u>	<u>\$ 628,293</u>

**TALLYNS REACH METROPOLITAN DISTRICT NO. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Tallyns Reach Metro District No. 2 was organized on November 6, 1998, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to provide water, street, traffic and safety control, television relay and translator, transportation, parks and recreation and sanitation improvements that benefit the citizens of the District. At the time of formation, Tallyn's Reach Metropolitan District No. 1 ("District No. 1") and the Tallyn's Reach Metropolitan District No. 3 ("District No. 3") were also formed. All three districts are governed by the same Service Plan, which provides that District No. 1 is the "Operating District" and the District and District No. 3 are the "Taxing Districts". The Taxing Districts are to provide funding to the Operating District for the construction, operation and maintenance of various public improvements and the Operating District is expected to manage such construction, operation and maintenance. During 2018 the District and District No. 3 formed Tallyn's Reach Authority to perform the duties and obligations of the Operating District. Subsequently all contracts and agreements were modified such that all responsibilities and obligations of Tallyn's Reach Metropolitan District No. 1 were assigned to Tallyn's Reach Authority and Tallyn's Reach Metropolitan District No. 1 was subsequently dissolved. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

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

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

Revenues

Property Taxes

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

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

**TALLYNS REACH METROPOLITAN DISTRICT NO. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7.00% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.25%.

Expenditures

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.50% of property taxes.

Intergovernmental expenditure

Property taxes generated from the 3.660 mills levied by the District for general operating expenses, net of fees, are expected to be transferred to the Authority in the amount of \$250,000 to fund the administrative expenses of the Authority and the District.

Debt Service

Amounts budgeted for debt service are based on the amortization schedule for the 2012 Loan which is attached. The District anticipates making a prepayment on the loan in 2022 to pay down the remaining principal balance.

Debt and Leases

\$5,905,000 General Obligation Refunding Loan - 2012

On August 6, 2012 ("Closing Date"), the District entered into a Loan Agreement ("2012 Loan") with Compass Bank ("Lender") for a loan of \$5,905,000. The 2012 Loan is evidenced by a promissory note. The 2012 Loan was issued to provide funds to refund the District's Series 2004 Bonds. The 2012 Loan matures on December 1, 2023. Principal payments are due on December 1 of each year beginning December 1, 2012. Interest is payable on June 1 and December 1 of each year beginning December 1, 2012. The 2012 Loan bears interest at a fixed rate of 2.32% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The District may, at its option, prepay the 2012 Loan in whole or in part on any interest payment date at a prepayment price equal to the sum of the (a) the principal so prepaid; (b) accrued interest thereon at the rate then borne by the 2012 Loan to the date of such prepayment; (c) a Prepayment Penalty, if any, equal to 3.00% of the outstanding principal, and (d) a Yield Maintenance Fee, if any.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

The Pledged Revenue for the repayment of the 2012 Loan is a debt service mill levy fixed at 48.96 mills (which can be adjusted to account for changes in law) and specific ownership taxes. The 2012 Loan requires that a Loan Payment Fund be credited an amount of Pledged Revenue each loan year which is equal to the loan requirements for the then current year. The 2012 Loan is secured by collateral made up of (a) the Pledged Revenue, (b) all amounts on deposit in the Loan Payment Fund; and (c) all monies of the District legally available.

The District advance refunded the Series 2004 Bonds to reduce its total debt service payments over the next 11 years by almost \$765,000 and to obtain an economic gain (difference between the present values of the debt service payments between the old and new debt) of almost \$670,000. In the governmental-wide financial statements, the District incurred a cost of refunding of \$473,108 which has been deferred and is being amortized over the life of the debt.

The District has no operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending for 2022 as defined under TABOR.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$5,905,000 General Obligation Refunding Loan 2012
Dated August 6, 2012
Principal due December 1
Interest Rate 2.32% Payable
June 1 and December 1**

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 620,000	\$ 14,384	\$ 634,384
	<u>\$ 620,000</u>	<u>\$ 14,384</u>	<u>\$ 634,384</u>

TALLYNS REACH METROPOLITAN DISTRICT NO. 2
Schedule of Cash Position
As of September 30, 2022
Updated as of November 1, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<u>PNC Bank</u>			
Balance as of 09/30/22	\$ 15,666.12	\$ 623,298.19	\$ 638,964.31
Subsequent activities:			
10/10/22 - Property/SO tax	1,246.96	4,478.28	5,725.24
10/31/22 - Loan Payoff	-	(626,073.24)	(626,073.24)
<i>Anticipated transfer to Colotrust</i>	(16,913.08)	(1,703.23)	(18,616.31)
<i>Anticipated Balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>ColoTrust</u>			
Balance as of 09/30/22	\$ -	\$ 516.63	\$ 516.63
Subsequent activities: None			
<i>Anticipated transfer from PNC</i>	16,913.08	1,703.23	18,616.31
<i>Anticipated interfund transfer</i>	2,219.86	(2,219.86)	-
<i>Anticipated Balance</i>	<u>\$ 19,132.94</u>	<u>\$ -</u>	<u>\$ 19,132.94</u>
<i>Total Anticipated Balances</i>	<u>\$ 19,132.94</u>	<u>\$ -</u>	<u>\$ 19,132.94</u>

Yield Information as of 09/30/22:

Colotrust Plus - 2.6205%

PNC Bank - 1.16%

**TALLYNS REACH MEETROPOLITAN DISTRICT No. 2
Property Taxes Reconciliation
2022**

	Current Year							Prior Year			
	Property Taxes	Delinquent Taxes, Rebates and Abatements	Specific Ownership Taxes	Interest	Treasurer's Fees	Net Amount Received	% of Total Property Taxes Received		Total Cash Received	% of Total Property Taxes Received	
							Monthly	Y-T-D		Monthly	Y-T-D
January	\$ 2,115.41	\$ -	\$ 3,662.95	\$ -	\$ (31.73)	\$ 5,746.63	0.29%	0.29%	\$ 16,465.99	0.79%	0.79%
February	166,788.89	-	4,214.87	-	(2,501.83)	168,501.93	22.52%	22.80%	260,614.53	22.24%	23.04%
March	14,715.26	-	4,178.64	-	(220.73)	18,673.17	1.99%	24.79%	290,379.71	24.64%	47.68%
April	364,509.99	-	3,594.91	-	(5,467.65)	362,637.25	49.21%	74.00%	60,530.33	4.70%	52.38%
May	37,624.06	-	3,448.25	19.32	(564.65)	40,526.98	5.08%	79.08%	30,553.16	2.14%	54.53%
June	146,573.60	-	3,700.57	21.55	(2,198.93)	148,096.79	19.79%	98.87%	519,600.26	44.70%	99.22%
July	6,693.62	-	3,633.85	185.35	(103.18)	10,409.64	0.90%	99.77%	14,998.73	0.67%	99.89%
August	-	-	4,765.16	-	-	4,765.16	0.00%	99.77%	6,431.16	0.00%	99.89%
September	1,660.80	-	4,007.56	83.04	(26.16)	5,725.24	0.22%	100.00%	8,640.84	0.11%	100.00%
October	-	-	-	-	-	-	0.00%	100.00%	6,406.44	0.00%	100.00%
November	-	-	-	-	-	-	0.00%	100.00%	6,568.42	0.00%	100.00%
December (Accrued)	-	-	-	-	-	-	0.00%	100.00%	6,550.17	0.00%	100.00%
	\$ 740,681.63	\$ -	\$ 35,206.76	\$ 309.26	\$ (11,114.86)	\$ 765,082.79	100.00%	100.00%	\$ 1,227,739.74	100.00%	100.00%

	Taxes Levied	% of Levied	Property Taxes Collected	% Collected to Amount Levied
Property Tax				
General Fund	\$ 161,313.00	21.78%	\$ 161,320.46	100.00%
Debt Service Fund	579,376.00	78.22%	579,361.17	100.00%
	\$ 740,689.00	100.00%	\$ 740,681.63	100.00%

Specific Ownership Tax

General Fund	\$ 11,292.00	21.78%	\$ 7,668.03	67.90%
Debt Service Fund	40,556.00	78.22%	27,538.73	67.90%
	\$ 51,848.00	100.00%	\$ 35,206.76	67.90%

Treasurer's Fees

General Fund	\$ 2,420.00	21.78%	\$ 2,420.81	100.03%
Debt Service Fund	8,691.00	78.22%	8,694.05	100.03%
	\$ 11,111.00	100.00%	\$ 11,114.86	100.03%

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

TALLYN'S REACH METROPOLITAN DISTRICT NO. 3
FINANCIAL STATEMENTS
PERIODS ENDED SEPTEMBER 30, 2022

TALLYN'S REACH METROPOLITAN DISTRICT NO. 3
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General	Debt Service	Total
ASSETS			
PNC Bank - Series 2020A & 2020B	\$ -	\$ 1	\$ 1
PNC Bank - Series 2021A-1	-	1	1
PNC Bank - Series 2021A-2	-	1	1
C - Safe	-	40	40
Colotrust	7,112	3,151,694	3,158,806
Colotrust - 2019 Bonds	-	2	2
Receivable from County Treasurer	1,515	16,500	18,015
TOTAL ASSETS	\$ 8,627	\$ 3,168,239	\$ 3,176,866
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Total Liabilities			
FUND BALANCES			
Total Fund Balances	8,627	3,168,239	3,176,866
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,627	\$ 3,168,239	\$ 3,176,866

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

GENERAL FUND

	Annual Budget	Year to Date Actual	Variance
REVENUES			
Property taxes	\$ 250,523	\$ 250,061	\$ (462)
Specific ownership tax	17,537	11,944	(5,593)
Interest income	-	375	375
TOTAL REVENUES	268,060	262,380	(5,680)
EXPENDITURES			
County Treasurer's fee	3,758	3,753	5
Transfers to Tallyn's Reach Authority	250,000	250,000	-
TOTAL EXPENDITURES	253,758	253,753	5
NET CHANGE IN FUND BALANCES	14,302	8,627	(5,675)
FUND BALANCES - BEGINNING	-	-	-
FUND BALANCES - ENDING	\$ 14,302	\$ 8,627	\$ (5,675)

Supplementary Information

TALLYN'S REACH METROPOLITAN DISTRICT NO. 3
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

DEBT SERVICE FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 2,727,688	\$ 2,723,319	\$ (4,369)
Specific ownership tax	190,938	130,074	(60,864)
Interest income	3,400	22,536	19,136
TOTAL REVENUES	<u>2,922,026</u>	<u>2,875,929</u>	<u>(46,097)</u>
EXPENDITURES			
County Treasurer's fee	40,915	40,868	47
Paying agent fees	6,000	-	6,000
Bond interest - Series 2019	267,200	133,600	133,600
Bond principal - Series 2019	310,000	-	310,000
Loan interest - 2020A	181,940	95,984	85,956
Loan principal - 2020A	508,000	-	508,000
Loan interest - 2020B	467,443	233,722	233,721
Loan principal - 2020B	299,000	-	299,000
Bond principal - Series 2021A-1	410,000	-	410,000
Bond interest - Series 2021A-1	162,893	81,447	81,446
Bond principal - Series 2021A-2	325,000	-	325,000
Bond interest - Series 2021A-2	201,930	101,031	100,899
Contingency	9,679	-	9,679
TOTAL EXPENDITURES	<u>3,190,000</u>	<u>686,652</u>	<u>2,503,348</u>
NET CHANGE IN FUND BALANCES	(267,974)	2,189,277	2,457,251
FUND BALANCES - BEGINNING	<u>958,353</u>	<u>978,961</u>	<u>20,608</u>
FUND BALANCES - ENDING	<u>\$ 690,379</u>	<u>\$ 3,168,238</u>	<u>\$ 2,477,859</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Tallyns Reach Metro District No. 3 was organized on November 6, 1998, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to provide water, street, traffic and safety control, television relay and translator, transportation, parks and recreation and sanitation improvements that benefit the citizens of the District. At the time of formation, Tallyn's Reach Metropolitan District No. 1 ("District No. 1") and the Tallyn's Reach Metropolitan District No. 2 ("District No. 2") were also formed. All three districts are governed by the same Service Plan, which provides that District No. 1 is the "Operating District" and the District and District No. 2 are the "Taxing Districts". The Taxing Districts are to provide funding to the Operating District for the construction, operation and maintenance of various public improvements and the Operating District is expected to manage such construction, operation and maintenance. During 2018 the District and District No. 2 formed Tallyn's Reach Authority to perform the duties and obligations of the Operating District. Subsequently all contracts and agreements were modified such that all responsibilities and obligations of Tallyn's Reach Metropolitan District No. 1 were assigned to Tallyn's Reach Authority and Tallyn's Reach Metropolitan District No. 1 was subsequently dissolved. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

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

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

Revenues

Property Taxes

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

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

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately .10%.

Expenditures

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.50% of property taxes.

Intergovernmental expenditure

Property taxes generated from the 3.660 mills levied by the District for general operating expenses, net of fees, are expected to be transferred to the Authority in the amount of \$250,000 to fund the administrative expenses of the Authority and the District.

Debt Service

Amounts budgeted for debt service are based on the amortization schedule for the 2021A-1, 2021A-2, 2020A, and 2020B Loans and 2019 Bond, which are attached.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

\$6,220,000 Taxable (Converting to Tax-Exempt) Refunding Loan - 2021A-1

On May 12, 2021 ("Closing Date"), the District entered into a Loan Agreement ("2021A-1 Loan") with BBVA Mortgage Corporation ("Lender") for a loan of \$6,220,000. The 2021A-1 Taxable (Converting to Tax-Exempt) Loan is evidenced by a promissory note. The 2021A-1 Loan was issued to provide funds to refund the District's previous Bonds. The 2021A-1 Loan matures on December 1, 2037. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2021A-1 Loan bears interest at a rate of 2.74% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The District may, at its option, prepay the 2021A-1 Loan in whole on any interest payment date before June 1, 2026 at a prepayment price equal to par plus accrued interest thereon together with any applicable Yield Maintenance Fee that may apply. If such prepayment occurs on or after December 1, 2026, the prepayment price shall equal par plus accrued interest thereon together with any applicable Yield Maintenance Fee but only through and including June 1, 2029. The District may, at its option, prepay the 2021A-1 loan in part by up to 10% of the initial par amount each year at a prepayment price equal to such principal amount plus accrued interest thereon without Premium or Yield Maintenance Fee. Any partial prepayment in excess of such permitted partial prepayment amount each year shall also be permitted but shall be subject only to any applicable Yield Maintenance Fee that may apply to such additional partial prepayment amount and then only if such additional partial prepayments occur prior to December 1, 2029. Upon an Event of Default, the Loans shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the Loans plus 4.00%. If interest on the Loans (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the Loans, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on each of the Loans divided by 79%.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

\$8,020,000 Tax-Exempt Refunding Loan - 2021A-2

On May 12, 2021 (“Closing Date”), the District entered into a Loan Agreement (“2021A-2 Loan”) with BBVA Mortgage Corporation (“Lender”) for a loan of \$8,020,000. The 2021A-2 Tax-Exempt Loan is evidenced by a promissory note. The 2021A-2 Loan was issued to provide funds to refund the District’s previous Bonds. The 2021A-2 Loan matures on December 1, 2035. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2021A-2 Loan bears interest at a rate of 2.65% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The District may, at its option, prepay the 2021A-2 Loan in whole on any interest payment date before June 1, 2026 at a prepayment price equal to par plus accrued interest thereon together with any applicable Yield Maintenance Fee that may apply. If such prepayment occurs on or after December 1, 2026, the prepayment price shall equal par plus accrued interest thereon together with any applicable Yield Maintenance Fee but only through and including June 1, 2028. The District may, at its option, prepay the 2021A-2 loan in part by up to 10% of the initial par amount each year at a prepayment price equal to such principal amount plus accrued interest thereon without Premium or Yield Maintenance Fee. Any partial prepayment in excess of such permitted partial prepayment amount each year shall also be permitted but shall be subject only to any applicable Yield Maintenance Fee that may apply to such additional partial prepayment amount and then only if such additional partial prepayments occur prior to December 1, 2028. Upon an Event of Default, the Loans shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the Loans plus 4.00%. If interest on the Loans (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the Loans, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on each of the Loans divided by 79%.

\$7,645,000 Taxable Refunding Loan - 2020A

On November 20, 2020 (“Closing Date”), the District entered into a Loan Agreement (“2020A Loan”) with BBVA Mortgage Corporation (“Lender”) for a loan of \$7,645,000. The 2020A Taxable (Convertible to Tax-Exempt) Loan is evidenced by a promissory note. The 2020A Loan was issued to provide funds to refund the District’s previous Bonds. The 2020A Loan matures on December 1, 2033. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2020A Loan bears interest at a rate of 2.68% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The 2020A Loan will become tax-exempt on September 1, 2022, and the interest rate will be converted to 2.12% per annum. The District may, at its option, prepay the 2020A Loan in whole or in part on any interest payment date at a prepayment price equal to the sum of the (a) the principal so prepaid; (b) accrued interest thereon at the rate then borne by the 2020A Loan to the date of such prepayment. Upon an Event of Default, the Loans shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the Loans plus 4.00%. If interest on the Loans (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the Loans, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on each of the Loans divided by 79%.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

\$16,030,000 Taxable Refunding Loan - 2020B

On November 20, 2020 (“Closing Date”), the District entered into a Loan Agreement (“2020B Loan”) with BBVA Mortgage Corporation (“Lender”) for a loan of \$16,030,000. The 2020B Taxable (Convertible to Tax-Exempt) Loan is evidenced by a promissory note. The 2020B Loan was issued to provide funds to refund the District’s previous Bonds. The 2020B Loan matures on December 1, 2038. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2020B Loan bears interest at a rate of 2.96% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The 2020A Loan will become tax-exempt on September 1, 2023, and the interest rate will be converted to 2.34% per annum. The District may, at its option, prepay the 2020B Loan in whole or in part on any interest payment date at a prepayment price equal to the sum of the (a) the principal so prepaid; (b) accrued interest thereon at the rate then borne by the 2020B Loan to the date of such prepayment. Upon an Event of Default, the Loans shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the Loans plus 4.00%. If interest on the Loans (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the Loans, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on each of the Loans divided by 79%.

\$7,255,000 General Obligation Refunding Bonds - 2019

On June 12, 2019, the District issued \$7,255,000 General Obligation Refunding Bonds Series 2019 (“Series 2019 Bonds”) at a premium of \$867,660 with maturities through December 1, 2036. Interest rates on the Series 2019 Bonds range between 2.00% and 5.00% with yields ranging between 1.70% and 3.12%. Interest is payable on June 1 and December 1 of each year beginning December 1, 2019. Proceeds of the bond issue were used to fully refund the outstanding Series 2007 bonds and pay costs of issuance of the Series 2019 Bonds.

The Series 2019 Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2034, and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, commencing on December 1, 2029, upon payment of the principal amount thereof (without redemption premium) plus accrued interest.

The Pledged Revenue for the repayment of all debt is a debt service mill levy fixed at 54.500 mills (which can be adjusted to account for changes in law) and specific ownership taxes.

The District refunded the Series 2007 Bonds to reduce its total future debt service payments by \$1,843,270 and to obtain an economic gain (difference between the present values of the debt service payments between the old and new debt) of \$1,476,431.

The District has no operating or capital leases.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending for 2022 as defined under TABOR.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$6,220,000 Taxable (Convertible to Tax-Exempt) Refunding Loan 2021A-1
Dated May 12, 2021
Principal due December 1
Interest Rate 2.74% - 3.47% Payable
June 1 and December 1**

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 410,000	\$ 162,893	\$ 572,893
2023	425,000	151,659	576,659
2024	445,000	140,014	585,014
2025	365,000	127,821	492,821
2026	290,000	117,820	407,820
2027	295,000	109,874	404,874
2028	310,000	101,791	411,791
2029	320,000	93,297	413,297
2030	340,000	84,529	424,529
2031	350,000	75,213	425,213
2032	365,000	65,623	430,623
2033	375,000	55,622	430,622
2034	395,000	45,347	440,347
2035	405,000	34,524	439,524
2036	425,000	23,427	448,427
2037	430,000	11,782	441,782
	<u>\$ 5,945,000</u>	<u>\$ 1,401,236</u>	<u>\$ 7,346,236</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

\$8,020,000 Tax-Exempt Refunding Loan 2021A-2

Dated May 12, 2021

Principal due December 1

Interest Rate 2.65% Payable

June 1 and December 1

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 325,000	\$ 201,930	\$ 526,930
2023	330,000	193,318	523,318
2024	350,000	184,573	534,573
2025	510,000	175,298	685,298
2026	640,000	161,783	801,783
2027	660,000	144,823	804,823
2028	690,000	127,333	817,333
2029	715,000	109,048	824,048
2030	715,000	90,100	805,100
2031	495,000	71,153	566,153
2032	520,000	58,035	578,035
2033	535,000	44,255	579,255
2034	560,000	30,078	590,078
2035	575,000	15,238	590,238
	<u>\$ 7,620,000</u>	<u>\$ 1,606,960</u>	<u>\$ 9,226,960</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$7,645,000 Taxable Refunding Loan 2020A
Dated November 20, 2020
Principal due December 1
Interest Rate 2.12% - 2.68% Payable
June 1 and December 1**

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 508,000	\$ 181,940	\$ 689,940
2023	545,000	141,086	686,086
2024	553,000	129,532	682,532
2025	566,000	117,808	683,808
2026	577,000	105,809	682,809
2027	603,000	93,577	696,577
2028	603,000	80,793	683,793
2029	625,000	68,010	693,010
2030	625,000	54,760	679,760
2031	639,000	41,510	680,510
2032	658,000	27,963	685,963
2033	661,000	14,013	675,013
	<u>\$ 7,163,000</u>	<u>\$ 1,056,801</u>	<u>\$ 8,219,801</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$16,030,000 Taxable Refunding Loan 2020B
Dated November 20, 2020
Principal due December 1
Interest Rate 2.34% - 2.96% Payable
June 1 and December 1**

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 299,000	\$ 467,443	\$ 766,443
2023	336,000	434,579	770,579
2024	456,000	354,674	810,674
2025	468,000	344,003	812,003
2026	523,000	333,052	856,052
2027	521,000	320,814	841,814
2028	584,000	308,623	892,623
2029	591,000	294,957	885,957
2030	662,000	281,128	943,128
2031	673,000	265,637	938,637
2032	730,000	249,888	979,888
2033	757,000	232,806	989,806
2034	1,495,000	215,093	1,710,093
2035	1,531,000	180,110	1,711,110
2036	1,609,000	144,285	1,753,285
2037	2,229,000	106,634	2,335,634
2038	2,328,000	54,475	2,382,475
	<u>\$ 15,792,000</u>	<u>\$ 4,588,201</u>	<u>\$ 20,380,201</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$7,255,000 General Refunding Loan 2019
Dated June 5, 2019
Principal due December 1
Interest Rate 2.00% - 5.00% Payable
June 1 and December 1**

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 310,000	\$ 267,200	\$ 577,200
2023	325,000	251,700	576,700
2024	345,000	235,450	580,450
2025	360,000	218,200	578,200
2026	365,000	211,000	576,000
2027	380,000	196,400	576,400
2028	400,000	181,200	581,200
2029	415,000	163,950	578,950
2030	435,000	143,200	578,200
2031	460,000	121,450	581,450
2032	480,000	98,450	578,450
2033	505,000	74,450	579,450
2034	530,000	49,200	579,200
2035	545,000	33,300	578,300
2036	565,000	16,950	581,950
	<u>\$ 6,420,000</u>	<u>\$ 2,262,100</u>	<u>\$ 8,682,100</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

Year Ended	Grand Totals		
	Principal	Interest	Total
2022	\$ 1,852,000	\$ 1,281,406	\$ 3,133,406
2023	1,961,000	1,172,342	3,133,342
2024	2,149,000	1,044,243	3,193,243
2025	2,269,000	983,130	3,252,130
2026	2,395,000	929,464	3,324,464
2027	2,459,000	865,488	3,324,488
2028	2,587,000	799,740	3,386,740
2029	2,666,000	729,262	3,395,262
2030	2,777,000	653,717	3,430,717
2031	2,617,000	574,963	3,191,963
2032	2,753,000	499,959	3,252,959
2033	2,833,000	421,146	3,254,146
2034	2,980,000	339,718	3,319,718
2035	3,056,000	263,172	3,319,172
2036	2,599,000	184,662	2,783,662
2037	2,659,000	118,416	2,777,416
2038	2,328,000	54,475	2,382,475
	\$ 42,940,000	\$ 10,915,298	\$ 53,855,298

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

TALLYNS REACH METROPOLITAN DISTRICT NO. 3
Schedule of Cash Position
As of September 30, 2022
Updated as of November 2, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<u>ColoTrust</u>			
Balance as of 09/30/22	\$ 7,112.39	\$ 3,151,693.81	\$ 3,158,806.20
Subsequent activities:			
10/10/22 - Property/SO tax	1,515.05	16,499.83	18,014.88
<i>Anticipated Balance</i>	<u>\$ 8,627.44</u>	<u>\$ 3,168,193.64</u>	<u>\$ 3,176,821.08</u>
<u>ColoTrust - 8002 (2019 Bonds)</u>			
Balance as of 09/30/22	\$ -	\$ 2.31	\$ 2.31
Subsequent activities: None			
<i>Anticipated Balance</i>	<u>\$ -</u>	<u>\$ 2.31</u>	<u>\$ 2.31</u>
<u>CSAFE</u>			
Balance as of 09/30/22	\$ -	\$ 40.10	\$ 40.10
Subsequent activities: None			
<i>Anticipated Balance</i>	<u>\$ -</u>	<u>\$ 40.10</u>	<u>\$ 40.10</u>
<u>PNC - Series 2020A & 2020B</u>			
Balance as of 09/30/22	\$ -	\$ 1.40	\$ 1.40
Subsequent activities: None			
<i>Anticipated Balance</i>	<u>\$ -</u>	<u>\$ 1.40</u>	<u>\$ 1.40</u>
<u>PNC - Series 2021A-1</u>			
Balance as of 09/30/22	\$ -	\$ 0.83	\$ 0.83
Subsequent activities: None			
<i>Anticipated Balance</i>	<u>\$ -</u>	<u>\$ 0.83</u>	<u>\$ 0.83</u>
<u>PNC - Series 2021A-2</u>			
Balance as of 09/30/22	\$ -	\$ 0.92	\$ 0.92
Subsequent activities: None			
<i>Anticipated Balance</i>	<u>\$ -</u>	<u>\$ 0.92</u>	<u>\$ 0.92</u>
<i>Total Anticipated Balances</i>	<u>\$ 8,627.44</u>	<u>\$ 3,168,239.20</u>	<u>\$ 3,176,866.64</u>

Yield Information as of 09/30/22:

Colostrust Plus - 2.6205%

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3
Property Taxes Reconciliation
2022**

	Current Year							Prior Year			
	Property Taxes	Delinquent Taxes, Rebates and Abatements	Specific Ownership Taxes	Interest	Treasurer's Fees	Net Amount Received	% of Total Property Taxes Received		Total Cash Received	% of Total Property Taxes Received	
							Monthly	Y-T-D		Monthly	Y-T-D
January	\$ 31,992.34	\$ -	\$ 14,728.23	\$ (21.60)	\$ (479.56)	\$ 46,219.41	1.07%	1.07%	\$ 60,011.59	1.04%	1.04%
February	1,291,818.21	-	16,947.40	-	(19,377.27)	1,289,388.34	43.38%	44.45%	1,498,367.18	41.49%	42.53%
March	106,325.29	-	16,801.77	25.05	(1,595.26)	121,556.85	3.57%	48.02%	271,561.59	6.93%	49.45%
April	189,859.09	-	14,910.67	25.00	(2,848.26)	201,946.50	6.37%	54.39%	246,480.57	6.33%	55.78%
May	184,947.47	-	13,864.96	192.30	(2,783.95)	196,220.78	6.21%	60.60%	139,064.15	3.37%	59.16%
June	1,154,933.49	-	14,879.51	160.56	(17,326.41)	1,152,647.15	38.78%	99.38%	1,440,789.02	39.75%	98.90%
July	8,302.07	-	14,611.20	230.42	(127.99)	23,015.70	0.28%	99.66%	40,917.90	0.51%	99.41%
August	3,364.49	-	19,160.08	134.58	(52.49)	22,606.66	0.11%	99.78%	28,070.59	0.22%	99.63%
September	1,838.03	-	16,113.89	91.91	(28.95)	18,014.88	0.06%	99.84%	27,102.09	0.12%	99.74%
October	-	-	-	-	-	-	0.00%	99.84%	23,780.62	0.10%	99.85%
November	-	-	-	-	-	-	0.00%	99.84%	26,289.68	0.15%	100.00%
December (Accrued)	-	-	-	-	-	-	0.00%	99.84%	20,390.95	0.00%	100.00%
	\$ 2,973,380.48	\$ -	\$ 142,017.71	\$ 838.22	\$ (44,620.14)	\$ 3,071,616.27	99.84%	99.84%	\$ 3,822,825.93	100.00%	100.00%

Taxes Levied	% of Levied	Property Taxes Collected	% Collected to Amount Levied
Property Tax			
General Fund	8.41%	\$ 250,061.30	99.84%
Debt Service Fund	91.59%	2,723,319.18	99.84%
\$ 2,978,211.00	100.00%	\$ 2,973,380.48	99.84%

Specific Ownership Tax

General Fund	8.41%	\$ 11,943.69	68.12%
Debt Service Fund	91.59%	130,074.02	68.12%
\$ 208,475.00	100.00%	\$ 142,017.71	68.12%

Treasurer's Fees

General Fund	8.41%	\$ 3,752.55	99.88%
Debt Service Fund	91.59%	40,867.59	99.88%
\$ 44,673.00	100.00%	\$ 44,620.14	99.88%

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

TALLYNS REACH METROPOLITAN DISTRICT NO. 2

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2023

TALLYNS REACH METROPOLITAN DISTRICT NO. 2
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

10/6/22

	ACTUAL 2021	BUDGET 2022	ACTUAL 8/31/2022	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 104,776	\$ 132,165	\$ 135,129	\$ 135,129	\$ 25,139
REVENUES					
Property taxes	1,164,479	740,689	739,021	740,689	224,437
Specific ownership taxes	80,255	51,848	31,199	51,848	13,466
Interest income	518	1,000	1,574	2,500	1,000
Total revenues	<u>1,245,252</u>	<u>793,537</u>	<u>771,794</u>	<u>795,037</u>	<u>238,903</u>
TRANSFERS IN	<u>-</u>	<u>100,022</u>	<u>100,022</u>	<u>104,454</u>	<u>-</u>
Total funds available	<u>1,350,028</u>	<u>1,025,724</u>	<u>1,006,945</u>	<u>1,034,620</u>	<u>264,042</u>
EXPENDITURES					
General Fund	-	252,420	252,415	252,420	253,367
Debt Service Fund	1,214,899	653,075	15,632	652,607	-
Total expenditures	<u>1,214,899</u>	<u>905,495</u>	<u>268,047</u>	<u>905,027</u>	<u>253,367</u>
TRANSFERS OUT	<u>-</u>	<u>100,022</u>	<u>100,022</u>	<u>104,454</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>1,214,899</u>	<u>1,005,517</u>	<u>368,069</u>	<u>1,009,481</u>	<u>253,367</u>
ENDING FUND BALANCES	<u>\$ 135,129</u>	<u>\$ 20,207</u>	<u>\$ 638,876</u>	<u>\$ 25,139</u>	<u>\$ 10,675</u>
EMERGENCY RESERVE	\$ -	\$ 5,200	\$ 5,100	\$ 5,200	\$ 7,200
AVAILABLE FOR FUTURE DEBT SERVICE	9,266	-	622,614	-	-
AVAILABLE FOR OPERATIONS	125,863	-	610	-	-
TOTAL RESERVE	<u>\$ 135,129</u>	<u>\$ 5,200</u>	<u>\$ 628,324</u>	<u>\$ 5,200</u>	<u>\$ 7,200</u>

No assurance provided. See summary of significant assumption.

TALLYS REACH METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

10/6/22

	ACTUAL 2021	BUDGET 2022	ACTUAL 8/31/2022	ESTIMATED 2022	BUDGET 2023
ASSESSED VALUATION					
Residential single-family	\$ 20,619,182	\$ 22,003,724	\$ 22,003,724	\$ 22,003,724	\$ 11,828,147
Residential multi-family	-	-	-	-	9,363,600
Commercial	112,392	104,266	104,266	104,266	97,343
Natural resources	273	273	273	273	273
State assessed	634,730	647,150	647,150	647,150	606,890
Certified Assessed Value	<u>\$ 21,366,577</u>	<u>\$ 22,755,413</u>	<u>\$ 22,755,413</u>	<u>\$ 22,755,413</u>	<u>\$ 21,896,253</u>
MILL LEVY					
General	0.000	7.089	7.089	7.089	10.250
Debt Service	54.500	25.461	25.461	25.461	0.000
Total mill levy	<u>54.500</u>	<u>32.550</u>	<u>32.550</u>	<u>32.550</u>	<u>10.250</u>
PROPERTY TAXES					
General	\$ -	\$ 161,313	\$ 161,313	\$ 161,313	\$ 224,437
Debt Service	1,164,478	579,376	579,376	579,376	-
Levied property taxes	1,164,478	740,689	740,689	740,689	224,437
Adjustments to actual/rounding	1	-	(1,668)	-	-
Budgeted property taxes	<u>\$ 1,164,479</u>	<u>\$ 740,689</u>	<u>\$ 739,021</u>	<u>\$ 740,689</u>	<u>\$ 224,437</u>
BUDGETED PROPERTY TAXES					
General	\$ -	\$ 161,313	\$ 160,959	\$ 161,313	\$ 224,437
Debt Service	1,164,479	579,376	578,062	579,376	-
	<u>\$ 1,164,479</u>	<u>\$ 740,689</u>	<u>\$ 739,021</u>	<u>\$ 740,689</u>	<u>\$ 224,437</u>

No assurance provided. See summary of significant assumption.

TALLYNS REACH METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ending December 31,

10/6/22

	ACTUAL 2021	BUDGET 2022	ACTUAL 8/31/2022	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ 25,139
REVENUES					
Property taxes	-	161,313	160,959	161,313	224,437
Specific ownership tax	-	11,292	6,795	11,292	13,466
Interest income	-	-	291	500	1,000
Total revenues	-	172,605	168,045	173,105	238,903
TRANSFERS IN					
Transfers from Debt Service Fund	-	100,022	100,022	104,454	-
Total funds available	-	272,627	268,067	277,559	264,042
EXPENDITURES					
General and administrative					
County Treasurer's fee	-	2,420	2,415	2,420	3,367
Transfers to TRA	-	250,000	250,000	250,000	250,000
Total expenditures	-	252,420	252,415	252,420	253,367
Total expenditures requiring appropriation	-	252,420	252,415	252,420	253,367
ENDING FUND BALANCE	\$ -	\$ 20,207	\$ 15,652	\$ 25,139	\$ 10,675
EMERGENCY RESERVE	\$ -	\$ 5,200	\$ 5,100	\$ 5,200	\$ 7,200
TOTAL RESERVE	\$ -	\$ 5,200	\$ 5,100	\$ 5,200	\$ 7,200

No assurance provided. See summary of significant assumption.

TALLYNS REACH METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

10/6/22

	ACTUAL 2021	BUDGET 2022	ACTUAL 8/31/2022	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 104,776	\$ 132,165	\$ 135,129	\$ 135,129	\$ -
REVENUES					
Property taxes	1,164,479	579,376	578,062	579,376	-
Specific ownership tax	80,255	40,556	24,404	40,556	-
Interest income	518	1,000	1,283	2,000	-
Total revenues	<u>1,245,252</u>	<u>620,932</u>	<u>603,749</u>	<u>621,932</u>	<u>-</u>
Total funds available	<u>1,350,028</u>	<u>753,097</u>	<u>738,878</u>	<u>757,061</u>	<u>-</u>
EXPENDITURES					
General and administrative					
County Treasurer's fee	17,474	8,691	8,674	8,691	-
Transfers to TRA	250,000	-	-	-	-
Paying agent fees	-	2,000	-	2,000	-
Debt Service					
Loan interest - 2012	35,871	14,384	6,958	13,916	-
Loan principal - 2012	905,000	565,000	-	565,000	-
Loan principal - 2012 prepayment	-	55,000	-	55,000	-
Yield maintenance fee	6,554	8,000	-	8,000	-
Total expenditures	<u>1,214,899</u>	<u>653,075</u>	<u>15,632</u>	<u>652,607</u>	<u>-</u>
TRANSFERS OUT					
Transfers to General Fund	<u>-</u>	<u>100,022</u>	<u>100,022</u>	<u>104,454</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>1,214,899</u>	<u>753,097</u>	<u>115,654</u>	<u>757,061</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 135,129</u>	<u>\$ -</u>	<u>\$ 623,224</u>	<u>\$ -</u>	<u>\$ -</u>
AVAILABLE FOR FUTURE DEBT SERVICE	\$ 9,266	\$ -	\$ 622,614	\$ -	\$ -
AVAILABLE FOR OPERATIONS	125,863	-	610	-	-
TOTAL RESERVE	<u>\$ 135,129</u>	<u>\$ -</u>	<u>\$ 623,224</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumption.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Tallyn's Reach Metropolitan District No. 2 was organized on November 6, 1998, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to provide water, street, traffic and safety control, television relay and translator, transportation, parks and recreation and sanitation improvements that benefit the citizens of the District. At the time of formation, Tallyn's Reach Metropolitan District No. 1 ("District No. 1") and the Tallyn's Reach Metropolitan District No. 3 ("District No. 3") were also formed. All three districts are governed by the same Service Plan, which provides that District No. 1 is the "Operating District" and the District and District No. 3 are the "Taxing Districts". The Taxing Districts are to provide funding to the Operating District for the construction, operation and maintenance of various public improvements and the Operating District is expected to manage such construction, operation and maintenance. During 2018 the District and District No. 3 formed Tallyn's Reach Authority to perform the duties and obligations of the Operating District. Subsequently all contracts and agreements were modified such that all responsibilities and obligations of Tallyn's Reach Metropolitan District No. 1 were assigned to Tallyn's Reach Authority and Tallyn's Reach Metropolitan District No. 1 was subsequently dissolved. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

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

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

Revenues

Property Taxes

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

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.4% from 29.0%. Producing oil and gas remains at 87.5%. All other nonresidential property stays at 29%.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 6.00% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on historical interest earnings.

Expenditures

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.50% of property taxes.

Intergovernmental expenditure

Property taxes generated from the 10.250 mills levied by the District for general operating expenses, net of fees, are expected to be transferred to the Authority in the amount of \$250,000 to fund the administrative expenses of the Authority and the District.

Debt and Leases

The District has no debt nor operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending for 2023 as defined under TABOR.

This information is an integral part of the accompanying budget.

RESOLUTION
ADOPTING BUDGET, APPROPRIATING FUNDS AND CERTIFYING MILL LEVIES
FOR THE CALENDAR YEAR 2023

The Board of Directors of Tallyn’s Reach Metropolitan District No. 2 (the “**Board**”), City of Aurora, Arapahoe County, Colorado (the “**District**”), held a regular meeting, via teleconference and at 24900 E. Park Crescent Drive, Aurora, CO 80016 on November 15, 2022, at the hour of 5:30 p.m.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with §29-1-106, C.R.S.

[Remainder of Page Intentionally Left Blank]

NOTICE AS TO PROPOSED 2023 BUDGET

WHEREAS, the Board has designated its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held and interested electors were given the opportunity to register their protest to the proposed budget prior to the adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2023. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2023 budget year, there is hereby levied a tax of 10.250 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 3. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Mill Levy Adjustment. When developing the attached budget, consideration was given to any changes in the method of calculating assessed valuation, including any changes to the assessment ratios, or any constitutionally mandated tax credit, cut or abatement, as authorized in the District's service plan. The Board hereby determines in good faith (such determination to be binding and final), that to the extent possible, the adjustments to the mill levies made to account for changes in Colorado law described in the prior sentence, and the actual tax revenues generated by the mill levies, are neither diminished nor enhanced as a result of those changes.

Section 7. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Arapahoe County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 8. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated.

Section 9. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 10. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

[Remainder of Page Intentionally Left Blank]

ADOPTED NOVEMBER 15, 2022.

DISTRICT:

TALLYN’S REACH METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado

By: _____
Officer of the District

Attest:

By: _____

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

STATE OF COLORADO
COUNTY OF ARAPAHOE
TALLYN’S REACH METROPOLITAN DISTRICT NO. 2

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held at 24900 E. Park Crescent Drive, Aurora, CO 80016 and via teleconference on November 15, 2022, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this ____ day of November 2022.

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE

TALLYNS REACH METROPOLITAN DISTRICT NO. 3

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2023

TALLYNS REACH METROPOLITAN DISTRICT NO. 3
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

11/8/22

	ACTUAL 2021	BUDGET 2022	ACTUAL 8/31/2022	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 42,055	\$ 958,353	\$ 978,961	\$ 978,961	\$ 747,607
REVENUES					
Property taxes	3,625,071	2,978,211	2,971,543	2,978,211	3,009,036
Specific ownership taxes	249,838	208,475	125,904	208,475	180,542
Interest income	2,973	3,400	16,034	20,500	10,500
Loan issuance - 2021A-1	6,220,000	-	-	-	-
Loan issuance - 2021A-2	8,025,000	-	-	-	-
Total revenues	<u>18,122,882</u>	<u>3,190,086</u>	<u>3,113,481</u>	<u>3,207,186</u>	<u>3,200,078</u>
Total funds available	<u>18,164,937</u>	<u>4,148,439</u>	<u>4,092,442</u>	<u>4,186,147</u>	<u>3,947,685</u>
EXPENDITURES					
General Fund	-	253,758	253,750	253,758	253,761
Debt Service Fund	17,185,976	3,190,000	686,625	3,184,782	3,185,000
Total expenditures	<u>17,185,976</u>	<u>3,443,758</u>	<u>940,375</u>	<u>3,438,540</u>	<u>3,438,761</u>
Total expenditures and transfers out requiring appropriation	<u>17,185,976</u>	<u>3,443,758</u>	<u>940,375</u>	<u>3,438,540</u>	<u>3,438,761</u>
ENDING FUND BALANCES	<u>\$ 978,961</u>	<u>\$ 704,681</u>	<u>\$ 3,152,067</u>	<u>\$ 747,607</u>	<u>\$ 508,924</u>
EMERGENCY RESERVE	\$ -	\$ 8,100	\$ 7,900	\$ 8,100	\$ 8,000
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 8,100</u>	<u>\$ 7,900</u>	<u>\$ 8,100</u>	<u>\$ 8,000</u>

No assurance provided. See summary of significant assumptions.

TALLYNS REACH METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

11/8/22

	ACTUAL 2021	BUDGET 2022	ACTUAL 8/31/2022	ESTIMATED 2022	BUDGET 2023
ASSESSED VALUATION					
Residential	\$ 64,808,290	\$ 66,721,032	\$ 66,721,032	\$ 66,721,032	\$ 64,997,347
Commercial	440,889	493,053	493,053	493,053	487,490
State assessed	1,118,910	1,160,030	1,160,030	1,160,030	12,810
Vacant land	146,975	74,765	74,765	74,765	74,765
Personal property	-	-	-	-	1,295,057
Certified Assessed Value	<u>\$ 66,515,064</u>	<u>\$ 68,448,880</u>	<u>\$ 68,448,880</u>	<u>\$ 68,448,880</u>	<u>\$ 66,867,469</u>
MILL LEVY					
General	0.000	3.660	3.660	3.660	3.750
Debt Service	54.500	39.850	39.850	39.850	41.250
Total mill levy	<u>54.500</u>	<u>43.510</u>	<u>43.510</u>	<u>43.510</u>	<u>45.000</u>
PROPERTY TAXES					
General	\$ -	\$ 250,523	\$ 250,523	\$ 250,523	\$ 250,753
Debt Service	3,625,071	2,727,688	2,727,688	2,727,688	2,758,283
Levied property taxes	3,625,071	2,978,211	2,978,211	2,978,211	3,009,036
Adjustments to actual/rounding	-	-	(6,669)	-	-
Budgeted property taxes	<u>\$ 3,625,071</u>	<u>\$ 2,978,211</u>	<u>\$ 2,971,542</u>	<u>\$ 2,978,211</u>	<u>\$ 3,009,036</u>
BUDGETED PROPERTY TAXES					
General	\$ -	\$ 250,523	\$ 249,907	\$ 250,523	\$ 250,753
Debt Service	3,625,071	2,727,688	2,721,636	2,727,688	2,758,283
	<u>\$ 3,625,071</u>	<u>\$ 2,978,211</u>	<u>\$ 2,971,543</u>	<u>\$ 2,978,211</u>	<u>\$ 3,009,036</u>

No assurance provided. See summary of significant assumptions.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

11/8/22

	ACTUAL 2021	BUDGET 2022	ACTUAL 8/31/2022	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ 14,802
REVENUES					
Property taxes	-	250,523	249,907	250,523	250,753
Specific ownership tax	-	17,537	10,589	17,537	15,045
Interest income	-	-	356	500	500
Total revenues	-	268,060	260,852	268,560	266,298
Total funds available	-	268,060	260,852	268,560	281,100
EXPENDITURES					
General and administrative					
County Treasurer's fee	-	3,758	3,750	3,758	3,761
Transfers to Tallyn's Reach Authority	-	250,000	250,000	250,000	250,000
Total expenditures	-	253,758	253,750	253,758	253,761
Total expenditures and transfers out requiring appropriation	-	253,758	253,750	253,758	253,761
ENDING FUND BALANCE	\$ -	\$ 14,302	\$ 7,102	\$ 14,802	\$ 27,339
EMERGENCY RESERVE	\$ -	\$ 8,100	\$ 7,900	\$ 8,100	\$ 8,000
TOTAL RESERVE	\$ -	\$ 8,100	\$ 7,900	\$ 8,100	\$ 8,000

No assurance provided. See summary of significant assumptions.

TALLYNS REACH METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

11/8/22

	ACTUAL 2021	BUDGET 2022	ACTUAL 8/31/2022	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 42,055	\$ 958,353	\$ 978,961	\$ 978,961	\$ 732,805
REVENUES					
Property taxes	3,625,071	2,727,688	2,721,636	2,727,688	2,758,283
Specific ownership tax	249,838	190,938	115,315	190,938	165,497
Interest income	2,973	3,400	15,678	20,000	10,000
Loan issuance - 2021A-1	6,220,000	-	-	-	-
Loan issuance - 2021A-2	8,025,000	-	-	-	-
Total revenues	<u>18,122,882</u>	<u>2,922,026</u>	<u>2,852,629</u>	<u>2,938,626</u>	<u>2,933,780</u>
Total funds available	<u>18,164,937</u>	<u>3,880,379</u>	<u>3,831,590</u>	<u>3,917,587</u>	<u>3,666,585</u>
EXPENDITURES					
General and administrative					
County Treasurer's fee	54,411	40,915	40,841	40,915	41,374
Contingency	-	9,679	-	-	9,852
Paying agent fees	300	6,000	-	300	300
Debt Service					
Bond interest - Series 2019	281,950	267,200	133,600	267,200	251,700
Bond principal - Series 2019	295,000	310,000	-	310,000	325,000
Cost of issuance	210,873	-	-	-	-
Loan interest - 2020A	211,146	181,940	95,984	191,968	141,086
Loan principal - 2020A	482,000	508,000	-	508,000	545,000
Loan principal - 2020B	238,000	299,000	-	299,000	336,000
Loan interest - 2020B	488,986	467,443	233,722	467,443	434,579
Loan refunding - escrow payment	14,028,048	-	-	-	-
Loan principal - Series 2021A-1	275,000	410,000	-	410,000	425,000
Loan interest - Series 2021A-1	106,251	162,893	81,447	162,894	151,659
Loan principal - Series 2021A-2	400,000	325,000	-	325,000	330,000
Loan interest - Series 2021A-2	114,011	201,930	101,031	202,062	193,450
Total expenditures	<u>17,185,976</u>	<u>3,190,000</u>	<u>686,625</u>	<u>3,184,782</u>	<u>3,185,000</u>
Total expenditures and transfers out requiring appropriation	<u>17,185,976</u>	<u>3,190,000</u>	<u>686,625</u>	<u>3,184,782</u>	<u>3,185,000</u>
ENDING FUND BALANCE	<u>\$ 978,961</u>	<u>\$ 690,379</u>	<u>\$ 3,144,965</u>	<u>\$ 732,805</u>	<u>\$ 481,585</u>

No assurance provided. See summary of significant assumptions.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Tallyn's Reach Metropolitan District No. 3 was organized on November 6, 1998, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to provide water, street, traffic and safety control, television relay and translator, transportation, parks and recreation and sanitation improvements that benefit the citizens of the District. At the time of formation, Tallyn's Reach Metropolitan District No. 1 ("District No. 1") and the Tallyn's Reach Metropolitan District No. 2 ("District No. 2") were also formed. All three districts are governed by the same Service Plan, which provides that District No. 1 is the "Operating District" and the District and District No. 2 are the "Taxing Districts". The Taxing Districts are to provide funding to the Operating District for the construction, operation and maintenance of various public improvements and the Operating District is expected to manage such construction, operation and maintenance. During 2018 the District and District No. 2 formed Tallyn's Reach Authority to perform the duties and obligations of the Operating District. Subsequently all contracts and agreements were modified such that all responsibilities and obligations of Tallyn's Reach Metropolitan District No. 1 were assigned to Tallyn's Reach Authority and Tallyn's Reach Metropolitan District No. 1 was subsequently dissolved. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

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

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

Revenues

Property Taxes

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

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

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Property Taxes (continued)

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.4% from 29.0%. Producing oil and gas remains at 87.5%. All other nonresidential property stays at 29%.

Specific Ownership Taxes

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

Interest Income

Interest earned on the District's available funds have been estimated at historical interest rates earnings.

Expenditures

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.50% of property taxes.

Intergovernmental expenditure

Property taxes generated from the 3.750 mills levied by the District for general operating expenses, net of fees, are expected to be transferred to the Authority in the amount of \$250,000 to fund the administrative expenses of the Authority and the District.

Debt Service

Amounts budgeted for debt service are based on the amortization schedule for the 2021A-1, 2021A-2, 2020A, and 2020B Loans and 2019 Bond, which are attached.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

\$6,220,000 Taxable (Converting to Tax-Exempt) Refunding Loan - 2021A-1

On May 12, 2021 (“Closing Date”), the District entered into a Loan Agreement (“2021A-1 Loan”) with BBVA Mortgage Corporation (“Lender”) for a loan of \$6,220,000. The 2021A-1 Taxable (Converting to Tax-Exempt) Loan is evidenced by a promissory note. The 2021A-1 Loan was issued to provide funds to refund the District’s previous Bonds. The 2021A-1 Loan matures on December 1, 2037. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2021A-1 Loan bears interest at a rate of 2.74% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The District may, at its option, prepay the 2021A-1 Loan in whole on any interest payment date before June 1, 2026 at a prepayment price equal to par plus accrued interest thereon together with any applicable Yield Maintenance Fee that may apply. If such prepayment occurs on or after December 1, 2026, the prepayment price shall equal par plus accrued interest thereon together with any applicable Yield Maintenance Fee but only through and including June 1, 2029. The District may, at its option, prepay the 2021A-1 loan in part by up to 10% of the initial par amount each year at a prepayment price equal to such principal amount plus accrued interest thereon without Premium or Yield Maintenance Fee. Any partial prepayment in excess of such permitted partial prepayment amount each year shall also be permitted but shall be subject only to any applicable Yield Maintenance Fee that may apply to such additional partial prepayment amount and then only if such additional partial prepayments occur prior to December 1, 2029. Upon an Event of Default, the Loans shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the Loans plus 4.00%. If interest on the Loans (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the Loans, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on each of the Loans divided by 79%.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

\$8,020,000 Tax-Exempt Refunding Loan - 2021A-2

On May 12, 2021 (“Closing Date”), the District entered into a Loan Agreement (“2021A-2 Loan”) with BBVA Mortgage Corporation (“Lender”) for a loan of \$8,020,000. The 2021A-2 Tax-Exempt Loan is evidenced by a promissory note. The 2021A-2 Loan was issued to provide funds to refund the District’s previous Bonds. The 2021A-2 Loan matures on December 1, 2035. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2021A-2 Loan bears interest at a rate of 2.65% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The District may, at its option, prepay the 2021A-2 Loan in whole on any interest payment date before June 1, 2026 at a prepayment price equal to par plus accrued interest thereon together with any applicable Yield Maintenance Fee that may apply. If such prepayment occurs on or after December 1, 2026, the prepayment price shall equal par plus accrued interest thereon together with any applicable Yield Maintenance Fee but only through and including June 1, 2028. The District may, at its option, prepay the 2021A-2 loan in part by up to 10% of the initial par amount each year at a prepayment price equal to such principal amount plus accrued interest thereon without Premium or Yield Maintenance Fee. Any partial prepayment in excess of such permitted partial prepayment amount each year shall also be permitted but shall be subject only to any applicable Yield Maintenance Fee that may apply to such additional partial prepayment amount and then only if such additional partial prepayments occur prior to December 1, 2028. Upon an Event of Default, the Loans shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the Loans plus 4.00%. If interest on the Loans (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the Loans, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on each of the Loans divided by 79%.

\$7,645,000 Taxable Refunding Loan - 2020A

On November 20, 2020 (“Closing Date”), the District entered into a Loan Agreement (“2020A Loan”) with BBVA Mortgage Corporation (“Lender”) for a loan of \$7,645,000. The 2020A Taxable (Convertible to Tax-Exempt) Loan is evidenced by a promissory note. The 2020A Loan was issued to provide funds to refund the District’s previous Bonds. The 2020A Loan matures on December 1, 2033. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2020A Loan bears interest at a rate of 2.68% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The 2020A Loan will become tax-exempt on September 1, 2022, and the interest rate will be converted to 2.12% per annum. The District may, at its option, prepay the 2020A Loan in whole or in part on any interest payment date at a prepayment price equal to the sum of the (a) the principal so prepaid; (b) accrued interest thereon at the rate then borne by the 2020A Loan to the date of such prepayment. Upon an Event of Default, the Loans shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the Loans plus 4.00%. If interest on the Loans (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the Loans, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on each of the Loans divided by 79%.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

\$16,030,000 Taxable Refunding Loan - 2020B

On November 20, 2020 (“Closing Date”), the District entered into a Loan Agreement (“2020B Loan”) with BBVA Mortgage Corporation (“Lender”) for a loan of \$16,030,000. The 2020B Taxable (Convertible to Tax-Exempt) Loan is evidenced by a promissory note. The 2020B Loan was issued to provide funds to refund the District’s previous Bonds. The 2020B Loan matures on December 1, 2038. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2020B Loan bears interest at a rate of 2.96% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The 2020A Loan will become tax-exempt on September 1, 2023, and the interest rate will be converted to 2.34% per annum. The District may, at its option, prepay the 2020B Loan in whole or in part on any interest payment date at a prepayment price equal to the sum of the (a) the principal so prepaid; (b) accrued interest thereon at the rate then borne by the 2020B Loan to the date of such prepayment. Upon an Event of Default, the Loans shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the Loans plus 4.00%. If interest on the Loans (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the Loans, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on each of the Loans divided by 79%.

\$7,255,000 General Obligation Refunding Bonds - 2019

On June 12, 2019, the District issued \$7,255,000 General Obligation Refunding Bonds Series 2019 (“Series 2019 Bonds”) at a premium of \$867,660 with maturities through December 1, 2036. Interest rates on the Series 2019 Bonds range between 2.00% and 5.00% with yields ranging between 1.70% and 3.12%. Interest is payable on June 1 and December 1 of each year beginning December 1, 2019. Proceeds of the bond issue were used to fully refund the outstanding Series 2007 bonds and pay costs of issuance of the Series 2019 Bonds.

The Series 2019 Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2034, and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, commencing on December 1, 2029, upon payment of the principal amount thereof (without redemption premium) plus accrued interest.

The Pledged Revenue for the repayment of all debt is a debt service mill levy fixed at 54.500 mills (which can be adjusted to account for changes in law) and specific ownership taxes.

The District refunded the Series 2007 Bonds to reduce its total future debt service payments by \$1,843,270 and to obtain an economic gain (difference between the present values of the debt service payments between the old and new debt) of \$1,476,431.

The District has no operating or capital leases.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending for 2022 as defined under TABOR.

This information is an integral part of the accompanying budget.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$6,220,000 Tax-Exempt Refunding Loan 2021A-1
Dated May 12, 2021
Principal due December 1
Interest Rate 2.74% Payable
June 1 and December 1**

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 425,000	\$ 151,659	\$ 576,659
2024	445,000	140,014	585,014
2025	365,000	127,821	492,821
2026	290,000	117,820	407,820
2027	295,000	109,874	404,874
2028	310,000	101,791	411,791
2029	320,000	93,297	413,297
2030	340,000	84,529	424,529
2031	350,000	75,213	425,213
2032	365,000	65,623	430,623
2033	375,000	55,622	430,622
2034	395,000	45,347	440,347
2035	405,000	34,524	439,524
2036	425,000	23,427	448,427
2037	430,000	11,782	441,782
	<u>\$ 5,535,000</u>	<u>\$ 1,238,343</u>	<u>\$ 6,773,343</u>

No assurance provided. See summary of significant assumption.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$8,020,000 Tax-Exempt Refunding Loan 2021A-2
Dated May 12, 2021
Principal due December 1
Interest Rate 2.65% Payable
June 1 and December 1**

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 330,000	\$ 193,318	\$ 523,318
2024	350,000	184,573	534,573
2025	510,000	175,298	685,298
2026	640,000	161,783	801,783
2027	660,000	144,823	804,823
2028	690,000	127,333	817,333
2029	715,000	109,048	824,048
2030	715,000	90,100	805,100
2031	495,000	71,153	566,153
2032	520,000	58,035	578,035
2033	535,000	44,255	579,255
2034	560,000	30,078	590,078
2035	575,000	15,238	590,238
	<u>\$ 7,295,000</u>	<u>\$ 1,405,030</u>	<u>\$ 8,700,030</u>

No assurance provided. See summary of significant assumption.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$7,645,000 Taxable Refunding Loan 2020A
Dated November 20, 2020
Principal due December 1
Interest Rate 2.12% - 2.68% Payable
June 1 and December 1**

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 545,000	\$ 141,086	\$ 686,086
2024	553,000	129,532	682,532
2025	566,000	117,808	683,808
2026	577,000	105,809	682,809
2027	603,000	93,577	696,577
2028	603,000	80,793	683,793
2029	625,000	68,010	693,010
2030	625,000	54,760	679,760
2031	639,000	41,510	680,510
2032	658,000	27,963	685,963
2033	661,000	14,013	675,013
	<u>\$ 6,655,000</u>	<u>\$ 874,861</u>	<u>\$ 7,529,861</u>

No assurance provided. See summary of significant assumption.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$16,030,000 Taxable Refunding Loan 2020B
Dated November 20, 2020
Principal due December 1
Interest Rate 2.34% - 2.96% Payable
June 1 and December 1**

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 336,000	\$ 434,579	\$ 770,579
2024	456,000	354,674	810,674
2025	468,000	344,003	812,003
2026	523,000	333,052	856,052
2027	521,000	320,814	841,814
2028	584,000	308,623	892,623
2029	591,000	294,957	885,957
2030	662,000	281,128	943,128
2031	673,000	265,637	938,637
2032	730,000	249,888	979,888
2033	757,000	232,806	989,806
2034	1,495,000	215,093	1,710,093
2035	1,531,000	180,110	1,711,110
2036	1,609,000	144,285	1,753,285
2037	2,229,000	106,634	2,335,634
2038	2,328,000	54,475	2,382,475
	<u>\$ 15,493,000</u>	<u>\$ 4,120,758</u>	<u>\$ 19,613,758</u>

No assurance provided. See summary of significant assumption.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

\$7,255,000 General Refunding Loan 2019

Dated June 5, 2019

Principal due December 1

Interest Rate 2.00% - 5.00% Payable

June 1 and December 1

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 325,000	\$ 251,700	\$ 576,700
2024	345,000	235,450	580,450
2025	360,000	218,200	578,200
2026	365,000	211,000	576,000
2027	380,000	196,400	576,400
2028	400,000	181,200	581,200
2029	415,000	163,950	578,950
2030	435,000	143,200	578,200
2031	460,000	121,450	581,450
2032	480,000	98,450	578,450
2033	505,000	74,450	579,450
2034	530,000	49,200	579,200
2035	545,000	33,300	578,300
2036	565,000	16,950	581,950
	<u>\$ 6,110,000</u>	<u>\$ 1,994,900</u>	<u>\$ 8,104,900</u>

No assurance provided. See summary of significant assumption.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

<u>Year Ended</u>	Grand Totals		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,961,000	\$ 1,172,342	\$ 3,133,342
2024	2,149,000	1,044,243	3,193,243
2025	2,269,000	983,130	3,252,130
2026	2,395,000	929,464	3,324,464
2027	2,459,000	865,488	3,324,488
2028	2,587,000	799,740	3,386,740
2029	2,666,000	729,262	3,395,262
2030	2,777,000	653,717	3,430,717
2031	2,617,000	574,963	3,191,963
2032	2,753,000	499,959	3,252,959
2033	2,833,000	421,146	3,254,146
2034	2,980,000	339,718	3,319,718
2035	3,056,000	263,172	3,319,172
2036	2,599,000	184,662	2,783,662
2037	2,659,000	118,416	2,777,416
2038	2,328,000	54,475	2,382,475
	<u>\$ 41,088,000</u>	<u>\$ 9,633,892</u>	<u>\$ 50,721,892</u>

No assurance provided. See summary of significant assumption.

RESOLUTION
ADOPTING BUDGET, APPROPRIATING FUNDS AND CERTIFYING MILL LEVIES
FOR THE CALENDAR YEAR 2023

The Board of Directors of Tallyn’s Reach Metropolitan District No. 3 (the “**Board**”), City of Aurora, Arapahoe County, Colorado (the “**District**”), held a regular meeting, via teleconference and at 24900 E. Park Crescent Drive, Aurora, CO 80016 on November 15, 2022, at the hour of 5:30 p.m.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with §29-1-106, C.R.S.

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NOTICE AS TO PROPOSED 2023 BUDGET

WHEREAS, the Board has designated its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held and interested electors were given the opportunity to register their protest to the proposed budget prior to the adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2023. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2023 budget year, there is hereby levied a tax of 3.750 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 3. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2023 budget year, there is hereby levied a tax of 41.250 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Mill Levy Adjustment. When developing the attached budget, consideration was given to any changes in the method of calculating assessed valuation, including any changes to the assessment ratios, or any constitutionally mandated tax credit, cut or abatement, as authorized in the District's service plan. The Board hereby determines in good faith (such determination to be binding and final), that to the extent possible, the adjustments to the mill levies made to account for changes in Colorado law described in the prior sentence, and the actual tax revenues generated by the mill levies, are neither diminished nor enhanced as a result of those changes.

Section 7. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Arapahoe County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 8. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated.

Section 9. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 10. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

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ADOPTED NOVEMBER 15, 2022.

DISTRICT:

TALLYN’S REACH METROPOLITAN DISTRICT NO. 3, a quasi-municipal corporation and political subdivision of the State of Colorado

By: _____
Officer of the District

Attest:

By: _____

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

STATE OF COLORADO
COUNTY OF ARAPAHOE
TALLYN’S REACH METROPOLITAN DISTRICT NO. 3

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held at 24900 E. Park Crescent Drive, Aurora, CO 80016 and via teleconference on November 15, 2022, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this ____ day of November 2022.

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE

November 7, 2022

Tallyn's Reach Metropolitan District No. 2
c/o CliftonLarsonAllen LP
8390 E. Crescent Pkwy, Suite 300
Greenwood Village, CO 80111

We are pleased to serve as the independent auditors for Tallyn's Reach Metropolitan District No. 2 ("Client") for the year ended December 31, 2022. This letter, together with the attached Professional Services Terms and Conditions – Attest Engagements, confirms the terms of our engagement, and are collectively referred to herein as the "Letter" or the "Engagement Letter".

Fees

Our fees for this engagement will be billed as work progresses, and progress billings may be submitted. Based upon our discussions with representatives of Client, the fee for this engagement will be \$4,000. Expenses for items such as travel, telephone, postage, clerical time, printing, and reproduction of financial statements are included in the fee. Our fee has been determined based on our understanding obtained through discussions with you regarding your preparation for the engagement and your current business operations. To the extent we encounter circumstances outside of our expectations that warrant additional procedures and time, we will communicate that fact and advise you of options and the additional fees necessary to complete the engagement. We expect payment of our billings within 30 days after submission.

Our fees for the services described below are based upon the value of the services performed and the time required by the individuals assigned to the engagement. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from Client personnel
2. Timely responses to our inquiries
3. Timely completion and delivery of client assistance requests
4. Timely communication of all significant accounting and financial reporting matters
5. The assumption that unexpected circumstances will not be encountered during the engagement.

If any of the aforementioned criteria are not met, then the fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred.

Audit Scope and Objectives

We will audit Client's financial statements, as of and for the year ended December 31, 2022, and the disclosures (collectively, the "financial statements"), and if applicable, supplementary information.

The objectives of our audit are to obtain reasonable assurance about whether Client's financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion about whether Client's financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America ("GAAP"). 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 auditing standards generally accepted in the United States of America ("GAAS") will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they could influence the judgment of a reasonable user made based on the financial statements.

The supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole.

The other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

Auditor's Responsibilities for the Audit of the Financial Statements

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

An audit includes an evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as an evaluation of the overall presentation of the financial statements, including the disclosures, to assess whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. To express an opinion, we are required to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to Client or to acts by management or employees acting on behalf of Client.

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

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

In performing our audit, we will consider and conclude whether, based on the audit evidence obtained, there are conditions or events, considered in the aggregate, which raise substantial doubt about Client's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include tests of the physical existence of inventories, and direct confirmation of cash, receivables, loan balances, and certain assets and liabilities by correspondence with selected customers, funding sources, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement, and they may submit an invoice for responding to this inquiry.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that management acknowledges and understands its responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with GAAP. Management is also responsible for making available to us drafts of financial statements, all financial records, and related information, and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). Management is also responsible for providing us with (1) access to all information of which it is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within Client from whom we determine it necessary to obtain audit evidence.

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

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting Client involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting Client received in communications from employees, former employees, regulators, or others. In addition, management is responsible for identifying and ensuring that Client complies with applicable laws and regulations.

Management is responsible for the preparation of the supplementary information in conformity with GAAP. Management agrees to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. Management also agrees to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

We cannot perform management functions or make management decisions on behalf of Client. However, we may provide advice and recommendations to assist management in performing its functions and fulfilling its responsibilities. We may advise management about appropriate accounting principles and their application, but the responsibility for the financial statements remains with management.

At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters. Because of the importance of management's representations to an effective audit, Client agrees to release and indemnify Wipfli LLP ("Wipfli"), its partners, employees, agents, and assigns from any claim, liability, cost, or expense relating to our services under this Engagement Letter attributable in any respect to any knowing misrepresentation by management. The preceding sentence shall not apply and shall be of no effect in the event its application, in the judgment of any government body or regulatory agency, would impair our independence as your auditor.

Reporting

We will issue a written report upon completion of our audit of Client's financial statements. Our report will be addressed to the board of directors. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

If Client intends to reproduce or publish these financial statements or any portion thereof, whether in paper or electronic form, subsequent to anticipated year-end filings, and make reference to our firm name in connection therewith, management agrees to provide us with proofs in sufficient time for our review and written approval before printing. If in our professional judgment the circumstances require, we may withhold our approval. Client agrees to compensate Wipfli for the time associated with such review.

Client acknowledges and agrees that any advice, recommendations, information, or work product provided to Client by Wipfli in connection with this engagement is for the sole use of Client and may not be relied upon by any third party. Wipfli has no liability or responsibility to any third parties as a result of this engagement.

Management Assistance

Assistance to be supplied by Client personnel, including the preparation of schedules and analysis of accounts, has been discussed with appropriate personnel. Timely completion of this work will facilitate the completion of our engagement.

Engagement Partner

Greg Livin will be your audit engagement partner.

Other Services

We may prepare (or assist in preparing) Client financial statements in conformity with GAAP based on information provided by management, but the responsibility for the financial statements remains with management.

Management agrees to assume all management responsibilities for these services; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Workers without Authorization

We certify that Wipfli LLP shall comply with the provisions of C.R.S. 8-17.5-101, et seq.

- A. *Employment or Contracting with Workers without Authorization.* We certify that Wipfli LLP does not knowingly employ or contract with a worker without authorization to perform work under this engagement letter or will enter into a contract with a subcontractor that fails to certify to Wipfli LLP that such subcontractor does not knowingly employ or contract with a worker without authorization to perform work under this engagement letter.
- B. *Verification Regarding Workers without Authorization.* We certify that Wipfli LLP has verified the employment eligibility of all employees who are newly hired for employment, to perform the work under this engagement letter, through participation in either the Electronic Employment Verification Program, or Employment Verification Program which is established pursuant to Section 8-17.5-102 (5)(c), C.R.S., (collectively referred to as "Verification Programs").
- C. *Limitation Regarding Verification Programs.* We agree that Wipfli LLP will use the Verification Programs to undertake pre-employment screening of job applicants while performing professional services on behalf of the District.
- D. *Duty to Terminate Subcontractor:* If Wipfli LLP obtains actual knowledge that a subcontractor performing work pursuant to this engagement letter knowingly employs or contracts with a worker without authorization, Wipfli LLP shall:

(i) notify the subcontractor and the District within three (3) days that Wipfli LLP has actual knowledge that the subcontractor is employing or contracting with a worker without authorization; and

(ii) terminate the subcontract with the subcontractor if, within three (3) days of receiving notice required pursuant to C.R.S. 8-17.5-102(2)(b)(III)(A) that Wipfli LLP has actual knowledge that the subcontractor is employing or contracting with a worker without authorization, the subcontractor does not stop employing or contracting with the worker without authorization.

Wipfli LLP shall not terminate the contract with the subcontractor if during such three (3) days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with a worker without authorization.

- E. *Duty to Comply with Investigation.* Wipfli LLP shall comply with any reasonable request of the Colorado Department of Labor and Employment made in the course of an investigation that the Colorado Department of Labor and Employment is undertaking pursuant to the authority established by C.R.S. 8-17.5-102(5).
- F. *Notification.* The District shall notify the office of the Colorado Secretary of State if Wipfli LLP violates a provision of C.R.S. 8-17.5-102(2), and the District terminates the engagement for such breach. The District will notify the Colorado Secretary of State if a court made such a determination.
- G. *Participation in Employment Verification Program.* Wipfli LLP shall notify the District of its participation in the Employment Verification Program and shall comply with the requirements of C.R.S § 8-17.5-102(5)(c).

Conclusion and Approval to Proceed

If the terms of this Engagement Letter are acceptable to you and the services outlined are in accordance with your requirements, please return a signed copy of this Letter to us.

We look forward to our continued association with you and management and appreciate the opportunity to serve you. Please do not hesitate to call us if you have any questions about the work we are to perform or any other aspect of the services we can provide.

Wipfli LLP

Wipfli LLP

ACCEPTED: **TALLYN'S REACH METROPOLITAN DISTRICT NO. 2**

By: _____

(Print Name and Title)

Date: _____

GL/tp

Enc.

Cc: BJ Pell, Board of Directors

Professional Services Terms and Conditions – Attest Engagements

1. Entire Agreement

These Terms and Conditions, together with the engagement letter (“Engagement Letter”) to which these Terms and Conditions are attached, and the Engagement Letter’s other appendixes and applicable Change Orders, if any, constitute the entire agreement between the parties on the subject matter thereof and supersede and merge all prior proposals (including prior proposals of Wipfli regarding the engagement), understandings, and agreements (oral or written) between the parties relating to the subject matter, including, without limitation, the terms of any request for proposal issued to Client or the standard printed terms on any purchase order issued by Client and any non-disclosure or confidentiality agreement between Wipfli and Client dated prior to the date of the Engagement Letter. No modification, amendment, supplement to, or waiver of these Terms and Conditions or Engagement Letter shall be binding upon the parties unless made in writing and duly signed by both parties. To the greatest extent reasonably possible, the provisions of the Engagement Letter, its Appendixes (including these Terms and Conditions), Implementation Plan, Change Orders, and any other exhibit, attachment, schedule, or other document referenced in or by the Engagement Letter shall be read together and harmonized to give effect to the parties’ intent. In the event of a direct conflict among the express provisions of the foregoing, the Engagement Letter shall be given controlling effect. No provision of these terms and conditions will apply to any attest services that may be performed by Wipfli for Client if such provision would impair Wipfli’s independence from Client requiring pursuant to applicable professional standards, such services being governed exclusively by the Engagement Letters issued with respect thereto. Wipfli may be referred to herein as “we” or “us” or in a similar manner, and Client may be referred to as “you” or in a similar manner, and such references shall be read in context.

2. Commencement and Term

The Engagement Letter shall become effective when signed by duly authorized representatives of both parties and shall remain in full force and effect until the services to be delivered under the Engagement Letter are complete (as reasonably determined by Wipfli) unless earlier terminated by either party as provided in the Engagement Letter or these Terms and Conditions. Each person executing an Engagement Letter on behalf of a party represents and warrants to the other that he or she has all power and authority to bind the party on whose behalf he or she is executing same.

3. Termination of Agreement

The Engagement Letter may be terminated as follows: (i) by either party immediately upon written notice to the other if either party hereto becomes the subject of voluntary or involuntary bankruptcy or other insolvency proceeding, (ii) by Wipfli or Client if either party defaults in the performance of any of its covenants and agreements set forth in the Engagement Letter or Change Order (except when such default is due to a cause beyond the control of the party) and such default is not cured within thirty (30) days after notice from either party specifying the nature of such default, and (iii) by Wipfli or Client with or without cause upon providing thirty (30) days written notice. Termination of the Engagement Letter shall have no effect on either party’s obligation to pay any amount due and owing with respect to such periods prior to the effective date of such termination.

Wipfli has the right to withdraw from this engagement with immediate effect if Client does not provide us with the information we request in a timely manner, refuses to cooperate with our reasonable requests, or misrepresents any facts. Our withdrawal will release us from any obligation to complete the engagement and will constitute completion of our engagement. Client agrees to compensate us for our time and out-of-pocket expenses through the date of our withdrawal.

4. Fee Estimates and Change Orders

Wipfli’s Engagement Letter may set forth certain ranges for Wipfli’s fees charged on any project or services. Wipfli provides fee estimates as an accommodation to Client. These estimates depend on certain assumptions, including: (a) anticipated cooperation from Client personnel, (b) timely responses to our inquiries, (c) timely completion and delivery of Client assistance requests, (d) timely communication of all significant accounting and financial reporting matters, (e) the assumption that unexpected circumstances will not be encountered during the engagement, and (f) where applicable, the assumption that Client’s hardware platform/computer system will, at the commencement of the services, be fully operable as intended and designed, functioning as necessary and available to Wipfli without material restriction for the duration of the services. Unless otherwise indicated in the Engagement Letter, fee estimates shall not be construed as or deemed to be a minimum or maximum fee quotation. Although Wipfli reasonably believes suggested fee ranges are accurate, Wipfli’s actual fees may vary from its fee estimates.

Services that fall outside the agreed-upon scope of Wipfli’s engagement shall be covered by a Change Order, or, if the nature and amount of such services are not material to the overall engagement, shall be delineated and included on Wipfli’s invoice for such services. A “Change Order” means a mutually agreed-upon change in the schedule or the time for Wipfli’s performance of the services on a project, the scope of specifications of a project, and/or the fees chargeable by Wipfli to Client, which is reduced to writing using an agreed-upon form that is executed by an authorized representative of each for Wipfli and Client.

Unless otherwise agreed in the Engagement Letter, miscellaneous expenses incurred by Wipfli in the course of performing the service will be charged in addition to Wipfli’s professional fees. Miscellaneous expenses may include, but are not limited to: travel, lodging, transportation, and meals for projects requiring travel; clerical processing; telecommunications charges; technology fees; delivery expenses; and all sales, use, ad valorem, excise, or other taxes or other governmental charges.

5. Payment of Fees

Unless otherwise agreed, all invoices are due and payable within thirty (30) days of the invoice date. All business or commercial accounts will be charged interest at the lesser of one percent (1%) per month or the maximum rate permitted by law, except where prohibited by law, on Client’s balance due to Wipfli that is outstanding over thirty (30) days. At our discretion, services may be suspended if Client’s account becomes overdue and will not be resumed until Client’s account is paid in full. Client acknowledges and agrees that we are not required to continue services in the event of a failure to pay on a timely basis for services rendered as required. Client further acknowledges and agrees that in the event Wipfli stops services or withdraws from this engagement as a result of Client’s failure to pay on a timely basis for services rendered as required by this Engagement Letter, Wipfli shall not be liable to Client for any damages that occur whether direct or indirect, foreseen or unforeseen, and whether or not the parties have been advised of the possibility of such damages.

In the event Wipfli is required to respond to a subpoena, court order, government regulatory inquiries, or other legal process related to Client or its management (other than a matter in which Wipfli is named as a party) for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this or any prior engagements, Client agrees to compensate us for all time we expend in connection with such response, at our regular rates, and to reimburse us for all related out-of-pocket costs, including attorney’s fees, that we incur. Any services under this paragraph will be deemed a separate engagement and, to the extent permitted by law and applicable professional standards, we will promptly notify you of the matter.

Professional Services Terms and Conditions – Attest Engagements

6. Privacy and Engagement Staffing

Wipfli expressly reserves the right to replace, in its sole discretion, any of our professional project team members, as necessary, to provide quality and timely service to Client. From time to time, and depending upon circumstances, Wipfli may use third-party service providers, such as independent contractors, specialists, or vendors to assist us in providing professional services, including tax services. These parties and their personnel may be located within or outside the United States. We may also use personnel from affiliates of Wipfli and other Wipfli-related entities (including our wholly-owned subsidiary based in India and contractors in the Philippines) or any of their respective affiliates. In addition, Wipfli may utilize third-party service providers, including cloud-based service providers, who may collect, use, transfer, transmit, store, or otherwise process Client information in connection with the delivery of certain services. Wipfli is committed to maintaining the confidentiality and security of Client's information, and accordingly, Wipfli maintains policies, procedures and safeguards to protect the confidentiality of Client information. In addition, our agreements with all service providers appropriately maintain and protect the confidentiality of Client information, provided we may use electronic media to transmit Client information and such use in itself will not constitute a breach of any confidentiality obligation. We remain responsible to Client for the supervision of all service providers, entities, and personnel who assist us in rendering professional services hereunder and for protecting the confidentiality of Client information. Client hereby consents and authorizes us to disclose Client information to the foregoing entities and parties for the purpose of providing professional services, including tax services, to Client.

Wipfli is committed to protecting personal information that can be linked to specific individuals, including health information ("Personal Data") and will maintain such Personal Data in confidence in accordance with professional standards and governing laws. Client will not provide any Personal Data to Wipfli unless necessary to perform professional services described in the Engagement Letter. When providing any Personal Data to us, Client will comply with all applicable laws (both foreign and domestic) and will anonymize, mask, obfuscate, and/or de-identify, if reasonably possible, all Personal Data that is not necessary to perform the professional services described in the Engagement Letter. Any Personal Data provided to us by Client will be kept confidential and not disclosed to any third party not described above (parties providing us assistance in rendering professional services) unless expressly permitted by Client or required by law, regulation, legal process, or to comply with professional standards applicable to Wipfli. Client is responsible for obtaining, pursuant to law or regulation, consents from parties that provided Client with their personal information, which will be obtained, used, and disclosed by Wipfli for its required purposes, and Wipfli may rely on the representation that Client has obtained such consents.

Please see Wipfli's Privacy Statement located at www.wipfli.com/privacy-statement for further information.

Applicable rules in some states require that we advise you that some persons who own an interest in Wipfli may not be licensed as Certified Public Accountants and may provide services related to this engagement.

7. Intellectual Property Rights

Client acknowledges that Wipfli owns all intellectual property rights, title, and interest to all materials and information produced or developed by Wipfli throughout the duration of this engagement, excluding any pre-existing ownership right of Client and without implying any ownership interest in any Client materials, data or other information, all of which shall remain the property of Client. Upon completion of the services contemplated by the Engagement Letter, Wipfli grants to Client a perpetual paid-up license to use or modify, for internal purposes only, any deliverable produced by Wipfli and actually delivered to Client, provided that any use or modification of such deliverable, other

than for the stated purposes in the Engagement Letter, is not authorized. In addition, Client shall not alter or remove any of Wipfli's trademarks, copyright registration marks, patent, or other intellectual property notices applicable to any of Wipfli's goods, marketing material, or advertising media, and shall not in any way alter any of Wipfli's products. Client shall promptly notify Wipfli in writing of any infringement of Wipfli's intellectual property by third parties of which Client becomes aware. Neither party shall acquire any right, title, or interest in or to the other party's code, data, business processes, or other information to which such party may have access during the term of the engagement hereunder. All such code, data, business process and other information shall be solely and exclusively the property of the originating party.

8. Mutual Confidentiality

During the course of performing services, the parties may have access to information that is confidential to one another, including, without limitation, source code, documentation, specifications, databases, system design, file layouts, tool combinations, development methods, or business or financial affairs, which may incorporate business methods, marketing strategies, pricing, competitor information, product development strategies and methods, customer lists, customer information, and financial results (collectively "Confidential Information"). Confidential Information may include information received from third parties, both written and oral, that each party is obligated to treat as confidential.

Confidential Information shall not include any information that (i) is already known by the recipient party or its affiliates, free of any obligation to keep it confidential, (ii) is or becomes publicly known through no wrongful act of the receiving party or its affiliates, (iii) is received by the receiving party from a third party without any restriction on confidentiality, (iv) is independently developed by the receiving party or its affiliates, (v) is disclosed to third parties by the disclosing party without any obligation of confidentiality, or (vi) is approved for release by prior written authorization of the disclosing party.

Without the advance written consent of the other party, except as required by law, regulation, or to comply with professional standards applicable to a party or for the performance of the services, neither party shall disclose to a third party Confidential Information of the other party. Each party agrees to maintain at least the same procedures regarding Confidential Information that it maintains with respect to its own Confidential Information. Each party may use the Confidential Information received from the other party only in connection with fulfilling its obligations under this Agreement. The parties further agree that expiration or termination of this Agreement, for any reason, shall not relieve either party, nor minimize their obligations with respect to Confidential Information, as set forth herein.

9. Independent Contractor

The relationship between Wipfli and Client is solely and exclusively that of independently contracting parties.

10. Non-Exclusivity

No right of exclusivity is granted, guaranteed, or implied by Wipfli and Client entering into any engagement letter. Client acknowledges that Wipfli regularly performs the same or similar services as are being provided hereunder to third parties.

11. Dispute Resolution

If any dispute arises among the parties regarding the subject matter hereof and such dispute cannot be resolved through informal negotiations and discussion, the parties agree to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its applicable rules for resolving professional accounting and related services disputes before resorting to arbitration or litigation. Costs of any mediation proceeding shall be shared equally by all parties. Except for an action by us to collect payment of our invoices, Wipfli and Client

Professional Services Terms and Conditions – Attest Engagements

agree that no claim arising out of services rendered pursuant to the Engagement Letter or any Change Order shall be filed: (i) in the case of any report or deliverable issued by Wipfli under the Engagement Letter, no later than two years from the date of such report or deliverable (or if no report or deliverable is issued, two years from the date of the Engagement Letter), or (ii) in the case of any tax form or similar governmental filing, no later than two years after the initial due date of such tax form or filing.

12. **Governing Law**

Any and all claims relating to agreements between Wipfli and Client for any service shall be governed by and construed in accordance with the internal laws of the state in which the Wipfli office which issues the Engagement Letter related to the services is located.

13. **Severability**

In the event that any term or provision of the Engagement Letter or these Terms and Conditions shall be held to be invalid, void, or unenforceable, then the remainder shall not be affected and each remaining term or condition shall be valid and enforceable to the fullest extent permitted by law.

14. **Notices**

All notices required to be given to either party under the Engagement Letter shall be in writing and sent by traceable carrier to each party's address indicated on the Engagement Letter, or such other address as a party may indicate by at least ten (10) business days' prior written notice to the other party. Notices shall be effective upon receipt. A copy of such notice should be provided to Wipfli's General Counsel at wipfli-legal@wipfli.com.

15. **Electronic Signature**

Each party hereto agrees that any electronic signature of a party to the Engagement Letter or any electronic signature to a document contemplated hereby is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to: (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities, or (iv) a digital signature. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

16. **Record Retention**

We will retain records related to this engagement pursuant to our record retention policy. At the end of the relevant time period, we will destroy our records related to this engagement. However, Client's original records will be returned to Client upon the completion of the engagement. When records are returned, it is Client's responsibility to retain and protect the records for possible future use, including potential examination by governmental or regulatory agencies.

17. **Assignment**

The Engagement Letter to which these Terms and Conditions are attached shall be binding on the parties hereto and their respective successors and assigns. Neither party may assign this Engagement Letter without prior written consent of the other, except that Wipfli may assign its rights and obligations under this Engagement Letter without the approval of Client to an entity that acquires all or substantially all of the assets of Wipfli or to any subsidiary or affiliate or successor in a merger, acquisition, or change of control

of Wipfli; provided that in no event shall such assignment relieve Wipfli of its obligations under this Engagement Letter.

18. **Force Majeure**

Either party may suspend (or if such suspension continues for more than thirty (30) days, terminate) its obligations (except the obligation to pay for services previously rendered) under the Engagement Letter or any amendment or Change Order, if such obligations are delayed, prevented, or rendered impractical or impossible due to circumstances beyond its reasonable control, including, without limitation, fires, floods, storms, washouts, tsunamis, earthquakes, wars (declared or undeclared), civil disturbances, accidents, terrorist acts (including biochemical attacks), health pandemics, acts of any governmental body, damage to its plants and equipment, computer network problems caused by any Internet Service Provider or telecommunications company servicing Wipfli and/or Client, or acts of God or events beyond a party's control (collectively referred to herein as "Force Majeure"). Each party will use reasonable efforts to promptly minimize the duration and consequences of any failure of or delay in performance resulting from a Force Majeure event. In such event, the affected party will not be liable to the other for delay or failure to perform its obligations under this Engagement Letter.

November 7, 2022

Tallyn's Reach Metropolitan District No. 3
c/o CliftonLarsonAllen LP
8390 E. Crescent Pkwy, Suite 300
Greenwood Village, CO 80111

We are pleased to serve as the independent auditors for Tallyn's Reach Metropolitan District No. 3 ("Client") for the year ended December 31, 2022. This letter, together with the attached Professional Services Terms and Conditions – Attest Engagements, confirms the terms of our engagement, and are collectively referred to herein as the "Letter" or the "Engagement Letter".

Fees

Our fees for this engagement will be billed as work progresses, and progress billings may be submitted. Based upon our discussions with representatives of Client, the fee for this engagement will be \$4,000. Expenses for items such as travel, telephone, postage, clerical time, printing, and reproduction of financial statements are included in the fee. Our fee has been determined based on our understanding obtained through discussions with you regarding your preparation for the engagement and your current business operations. To the extent we encounter circumstances outside of our expectations that warrant additional procedures and time, we will communicate that fact and advise you of options and the additional fees necessary to complete the engagement. We expect payment of our billings within 30 days after submission.

Our fees for the services described below are based upon the value of the services performed and the time required by the individuals assigned to the engagement. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from Client personnel
2. Timely responses to our inquiries
3. Timely completion and delivery of client assistance requests
4. Timely communication of all significant accounting and financial reporting matters
5. The assumption that unexpected circumstances will not be encountered during the engagement.

If any of the aforementioned criteria are not met, then the fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred.

Audit Scope and Objectives

We will audit Client's financial statements, as of and for the year ended December 31, 2022, and the disclosures (collectively, the "financial statements"), and if applicable, supplementary information.

The objectives of our audit are to obtain reasonable assurance about whether Client's financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion about whether Client's financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America ("GAAP"). 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 auditing standards generally accepted in the United States of America ("GAAS") will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they could influence the judgment of a reasonable user made based on the financial statements.

The supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole.

The other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

Auditor's Responsibilities for the Audit of the Financial Statements

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

An audit includes an evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as an evaluation of the overall presentation of the financial statements, including the disclosures, to assess whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. To express an opinion, we are required to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to Client or to acts by management or employees acting on behalf of Client.

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

Tallyn's Reach Metropolitan District No. 3

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November 7, 2022

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

In performing our audit, we will consider and conclude whether, based on the audit evidence obtained, there are conditions or events, considered in the aggregate, which raise substantial doubt about Client's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include tests of the physical existence of inventories, and direct confirmation of cash, receivables, loan balances, and certain assets and liabilities by correspondence with selected customers, funding sources, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement, and they may submit an invoice for responding to this inquiry.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that management acknowledges and understands its responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with GAAP. Management is also responsible for making available to us drafts of financial statements, all financial records, and related information, and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). Management is also responsible for providing us with (1) access to all information of which it is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within Client from whom we determine it necessary to obtain audit evidence.

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

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting Client involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting Client received in communications from employees, former employees, regulators, or others. In addition, management is responsible for identifying and ensuring that Client complies with applicable laws and regulations.

Management is responsible for the preparation of the supplementary information in conformity with GAAP. Management agrees to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. Management also agrees to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

We cannot perform management functions or make management decisions on behalf of Client. However, we may provide advice and recommendations to assist management in performing its functions and fulfilling its responsibilities. We may advise management about appropriate accounting principles and their application, but the responsibility for the financial statements remains with management.

At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters. Because of the importance of management's representations to an effective audit, Client agrees to release and indemnify Wipfli LLP ("Wipfli"), its partners, employees, agents, and assigns from any claim, liability, cost, or expense relating to our services under this Engagement Letter attributable in any respect to any knowing misrepresentation by management. The preceding sentence shall not apply and shall be of no effect in the event its application, in the judgment of any government body or regulatory agency, would impair our independence as your auditor.

Reporting

We will issue a written report upon completion of our audit of Client's financial statements. Our report will be addressed to the board of directors. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

If Client intends to reproduce or publish these financial statements or any portion thereof, whether in paper or electronic form, subsequent to anticipated year-end filings, and make reference to our firm name in connection therewith, management agrees to provide us with proofs in sufficient time for our review and written approval before printing. If in our professional judgment the circumstances require, we may withhold our approval. Client agrees to compensate Wipfli for the time associated with such review.

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Client acknowledges and agrees that any advice, recommendations, information, or work product provided to Client by Wipfli in connection with this engagement is for the sole use of Client and may not be relied upon by any third party. Wipfli has no liability or responsibility to any third parties as a result of this engagement.

Management Assistance

Assistance to be supplied by Client personnel, including the preparation of schedules and analysis of accounts, has been discussed with appropriate personnel. Timely completion of this work will facilitate the completion of our engagement.

Engagement Partner

Greg Livin will be your audit engagement partner.

Other Services

We may prepare (or assist in preparing) Client financial statements in conformity with GAAP based on information provided by management, but the responsibility for the financial statements remains with management.

Management agrees to assume all management responsibilities for these services; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Workers without Authorization

We certify that Wipfli LLP shall comply with the provisions of C.R.S. 8-17.5-101, et seq.

- A. *Employment or Contracting with Workers without Authorization.* We certify that Wipfli LLP does not knowingly employ or contract with a worker without authorization to perform work under this engagement letter or will enter into a contract with a subcontractor that fails to certify to Wipfli LLP that such subcontractor does not knowingly employ or contract with a worker without authorization to perform work under this engagement letter.
- B. *Verification Regarding Workers without Authorization.* We certify that Wipfli LLP has verified the employment eligibility of all employees who are newly hired for employment, to perform the work under this engagement letter, through participation in either the Electronic Employment Verification Program, or Employment Verification Program which is established pursuant to Section 8-17.5-102 (5)(c), C.R.S., (collectively referred to as "Verification Programs").
- C. *Limitation Regarding Verification Programs.* We agree that Wipfli LLP will use the Verification Programs to undertake pre-employment screening of job applicants while performing professional services on behalf of the District.
- D. *Duty to Terminate Subcontractor:* If Wipfli LLP obtains actual knowledge that a subcontractor performing work pursuant to this engagement letter knowingly employs or contracts with a worker without authorization, Wipfli LLP shall:

(i) notify the subcontractor and the District within three (3) days that Wipfli LLP has actual knowledge that the subcontractor is employing or contracting with a worker without authorization; and

(ii) terminate the subcontract with the subcontractor if, within three (3) days of receiving notice required pursuant to C.R.S. 8-17.5-102(2)(b)(III)(A) that Wipfli LLP has actual knowledge that the subcontractor is employing or contracting with a worker without authorization, the subcontractor does not stop employing or contracting with the worker without authorization.

Wipfli LLP shall not terminate the contract with the subcontractor if during such three (3) days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with a worker without authorization.

- E. *Duty to Comply with Investigation.* Wipfli LLP shall comply with any reasonable request of the Colorado Department of Labor and Employment made in the course of an investigation that the Colorado Department of Labor and Employment is undertaking pursuant to the authority established by C.R.S. 8-17.5-102(5).
- F. *Notification.* The District shall notify the office of the Colorado Secretary of State if Wipfli LLP violates a provision of C.R.S. 8-17.5-102(2), and the District terminates the engagement for such breach. The District will notify the Colorado Secretary of State if a court made such a determination.
- G. *Participation in Employment Verification Program.* Wipfli LLP shall notify the District of its participation in the Employment Verification Program and shall comply with the requirements of C.R.S § 8-17.5-102(5)(c).

Conclusion and Approval to Proceed

If the terms of this Engagement Letter are acceptable to you and the services outlined are in accordance with your requirements, please return a signed copy of this Letter to us.

We look forward to our continued association with you and management and appreciate the opportunity to serve you. Please do not hesitate to call us if you have any questions about the work we are to perform or any other aspect of the services we can provide.

Wipfli LLP

Wipfli LLP

ACCEPTED: **TALLYN'S REACH METROPOLITAN DISTRICT NO. 3**

By: _____

(Print Name and Title)

Date: _____

GL/tp

Enc.

Cc: Mike Dellorfano, Board of Directors

Professional Services Terms and Conditions – Attest Engagements

1. Entire Agreement

These Terms and Conditions, together with the engagement letter (“Engagement Letter”) to which these Terms and Conditions are attached, and the Engagement Letter’s other appendixes and applicable Change Orders, if any, constitute the entire agreement between the parties on the subject matter thereof and supersede and merge all prior proposals (including prior proposals of Wipfli regarding the engagement), understandings, and agreements (oral or written) between the parties relating to the subject matter, including, without limitation, the terms of any request for proposal issued to Client or the standard printed terms on any purchase order issued by Client and any non-disclosure or confidentiality agreement between Wipfli and Client dated prior to the date of the Engagement Letter. No modification, amendment, supplement to, or waiver of these Terms and Conditions or Engagement Letter shall be binding upon the parties unless made in writing and duly signed by both parties. To the greatest extent reasonably possible, the provisions of the Engagement Letter, its Appendixes (including these Terms and Conditions), Implementation Plan, Change Orders, and any other exhibit, attachment, schedule, or other document referenced in or by the Engagement Letter shall be read together and harmonized to give effect to the parties’ intent. In the event of a direct conflict among the express provisions of the foregoing, the Engagement Letter shall be given controlling effect. No provision of these terms and conditions will apply to any attest services that may be performed by Wipfli for Client if such provision would impair Wipfli’s independence from Client requiring pursuant to applicable professional standards, such services being governed exclusively by the Engagement Letters issued with respect thereto. Wipfli may be referred to herein as “we” or “us” or in a similar manner, and Client may be referred to as “you” or in a similar manner, and such references shall be read in context.

2. Commencement and Term

The Engagement Letter shall become effective when signed by duly authorized representatives of both parties and shall remain in full force and effect until the services to be delivered under the Engagement Letter are complete (as reasonably determined by Wipfli) unless earlier terminated by either party as provided in the Engagement Letter or these Terms and Conditions. Each person executing an Engagement Letter on behalf of a party represents and warrants to the other that he or she has all power and authority to bind the party on whose behalf he or she is executing same.

3. Termination of Agreement

The Engagement Letter may be terminated as follows: (i) by either party immediately upon written notice to the other if either party hereto becomes the subject of voluntary or involuntary bankruptcy or other insolvency proceeding, (ii) by Wipfli or Client if either party defaults in the performance of any of its covenants and agreements set forth in the Engagement Letter or Change Order (except when such default is due to a cause beyond the control of the party) and such default is not cured within thirty (30) days after notice from either party specifying the nature of such default, and (iii) by Wipfli or Client with or without cause upon providing thirty (30) days written notice. Termination of the Engagement Letter shall have no effect on either party’s obligation to pay any amount due and owing with respect to such periods prior to the effective date of such termination.

Wipfli has the right to withdraw from this engagement with immediate effect if Client does not provide us with the information we request in a timely manner, refuses to cooperate with our reasonable requests, or misrepresents any facts. Our withdrawal will release us from any obligation to complete the engagement and will constitute completion of our engagement. Client agrees to compensate us for our time and out-of-pocket expenses through the date of our withdrawal.

4. Fee Estimates and Change Orders

Wipfli’s Engagement Letter may set forth certain ranges for Wipfli’s fees charged on any project or services. Wipfli provides fee estimates as an accommodation to Client. These estimates depend on certain assumptions, including: (a) anticipated cooperation from Client personnel, (b) timely responses to our inquiries, (c) timely completion and delivery of Client assistance requests, (d) timely communication of all significant accounting and financial reporting matters, (e) the assumption that unexpected circumstances will not be encountered during the engagement, and (f) where applicable, the assumption that Client’s hardware platform/computer system will, at the commencement of the services, be fully operable as intended and designed, functioning as necessary and available to Wipfli without material restriction for the duration of the services. Unless otherwise indicated in the Engagement Letter, fee estimates shall not be construed as or deemed to be a minimum or maximum fee quotation. Although Wipfli reasonably believes suggested fee ranges are accurate, Wipfli’s actual fees may vary from its fee estimates.

Services that fall outside the agreed-upon scope of Wipfli’s engagement shall be covered by a Change Order, or, if the nature and amount of such services are not material to the overall engagement, shall be delineated and included on Wipfli’s invoice for such services. A “Change Order” means a mutually agreed-upon change in the schedule or the time for Wipfli’s performance of the services on a project, the scope of specifications of a project, and/or the fees chargeable by Wipfli to Client, which is reduced to writing using an agreed-upon form that is executed by an authorized representative of each for Wipfli and Client.

Unless otherwise agreed in the Engagement Letter, miscellaneous expenses incurred by Wipfli in the course of performing the service will be charged in addition to Wipfli’s professional fees. Miscellaneous expenses may include, but are not limited to: travel, lodging, transportation, and meals for projects requiring travel; clerical processing; telecommunications charges; technology fees; delivery expenses; and all sales, use, ad valorem, excise, or other taxes or other governmental charges.

5. Payment of Fees

Unless otherwise agreed, all invoices are due and payable within thirty (30) days of the invoice date. All business or commercial accounts will be charged interest at the lesser of one percent (1%) per month or the maximum rate permitted by law, except where prohibited by law, on Client’s balance due to Wipfli that is outstanding over thirty (30) days. At our discretion, services may be suspended if Client’s account becomes overdue and will not be resumed until Client’s account is paid in full. Client acknowledges and agrees that we are not required to continue services in the event of a failure to pay on a timely basis for services rendered as required. Client further acknowledges and agrees that in the event Wipfli stops services or withdraws from this engagement as a result of Client’s failure to pay on a timely basis for services rendered as required by this Engagement Letter, Wipfli shall not be liable to Client for any damages that occur whether direct or indirect, foreseen or unforeseen, and whether or not the parties have been advised of the possibility of such damages.

In the event Wipfli is required to respond to a subpoena, court order, government regulatory inquiries, or other legal process related to Client or its management (other than a matter in which Wipfli is named as a party) for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this or any prior engagements, Client agrees to compensate us for all time we expend in connection with such response, at our regular rates, and to reimburse us for all related out-of-pocket costs, including attorney’s fees, that we incur. Any services under this paragraph will be deemed a separate engagement and, to the extent permitted by law and applicable professional standards, we will promptly notify you of the matter.

Professional Services Terms and Conditions – Attest Engagements

6. Privacy and Engagement Staffing

Wipfli expressly reserves the right to replace, in its sole discretion, any of our professional project team members, as necessary, to provide quality and timely service to Client. From time to time, and depending upon circumstances, Wipfli may use third-party service providers, such as independent contractors, specialists, or vendors to assist us in providing professional services, including tax services. These parties and their personnel may be located within or outside the United States. We may also use personnel from affiliates of Wipfli and other Wipfli-related entities (including our wholly-owned subsidiary based in India and contractors in the Philippines) or any of their respective affiliates. In addition, Wipfli may utilize third-party service providers, including cloud-based service providers, who may collect, use, transfer, transmit, store, or otherwise process Client information in connection with the delivery of certain services. Wipfli is committed to maintaining the confidentiality and security of Client's information, and accordingly, Wipfli maintains policies, procedures and safeguards to protect the confidentiality of Client information. In addition, our agreements with all service providers appropriately maintain and protect the confidentiality of Client information, provided we may use electronic media to transmit Client information and such use in itself will not constitute a breach of any confidentiality obligation. We remain responsible to Client for the supervision of all service providers, entities, and personnel who assist us in rendering professional services hereunder and for protecting the confidentiality of Client information. Client hereby consents and authorizes us to disclose Client information to the foregoing entities and parties for the purpose of providing professional services, including tax services, to Client.

Wipfli is committed to protecting personal information that can be linked to specific individuals, including health information ("Personal Data") and will maintain such Personal Data in confidence in accordance with professional standards and governing laws. Client will not provide any Personal Data to Wipfli unless necessary to perform professional services described in the Engagement Letter. When providing any Personal Data to us, Client will comply with all applicable laws (both foreign and domestic) and will anonymize, mask, obfuscate, and/or de-identify, if reasonably possible, all Personal Data that is not necessary to perform the professional services described in the Engagement Letter. Any Personal Data provided to us by Client will be kept confidential and not disclosed to any third party not described above (parties providing us assistance in rendering professional services) unless expressly permitted by Client or required by law, regulation, legal process, or to comply with professional standards applicable to Wipfli. Client is responsible for obtaining, pursuant to law or regulation, consents from parties that provided Client with their personal information, which will be obtained, used, and disclosed by Wipfli for its required purposes, and Wipfli may rely on the representation that Client has obtained such consents.

Please see Wipfli's Privacy Statement located at www.wipfli.com/privacy-statement for further information.

Applicable rules in some states require that we advise you that some persons who own an interest in Wipfli may not be licensed as Certified Public Accountants and may provide services related to this engagement.

7. Intellectual Property Rights

Client acknowledges that Wipfli owns all intellectual property rights, title, and interest to all materials and information produced or developed by Wipfli throughout the duration of this engagement, excluding any pre-existing ownership right of Client and without implying any ownership interest in any Client materials, data or other information, all of which shall remain the property of Client. Upon completion of the services contemplated by the Engagement Letter, Wipfli grants to Client a perpetual paid-up license to use or modify, for internal purposes only, any deliverable produced by Wipfli and actually delivered to Client, provided that any use or modification of such deliverable, other

than for the stated purposes in the Engagement Letter, is not authorized. In addition, Client shall not alter or remove any of Wipfli's trademarks, copyright registration marks, patent, or other intellectual property notices applicable to any of Wipfli's goods, marketing material, or advertising media, and shall not in any way alter any of Wipfli's products. Client shall promptly notify Wipfli in writing of any infringement of Wipfli's intellectual property by third parties of which Client becomes aware. Neither party shall acquire any right, title, or interest in or to the other party's code, data, business processes, or other information to which such party may have access during the term of the engagement hereunder. All such code, data, business process and other information shall be solely and exclusively the property of the originating party.

8. Mutual Confidentiality

During the course of performing services, the parties may have access to information that is confidential to one another, including, without limitation, source code, documentation, specifications, databases, system design, file layouts, tool combinations, development methods, or business or financial affairs, which may incorporate business methods, marketing strategies, pricing, competitor information, product development strategies and methods, customer lists, customer information, and financial results (collectively "Confidential Information"). Confidential Information may include information received from third parties, both written and oral, that each party is obligated to treat as confidential.

Confidential Information shall not include any information that (i) is already known by the recipient party or its affiliates, free of any obligation to keep it confidential, (ii) is or becomes publicly known through no wrongful act of the receiving party or its affiliates, (iii) is received by the receiving party from a third party without any restriction on confidentiality, (iv) is independently developed by the receiving party or its affiliates, (v) is disclosed to third parties by the disclosing party without any obligation of confidentiality, or (vi) is approved for release by prior written authorization of the disclosing party.

Without the advance written consent of the other party, except as required by law, regulation, or to comply with professional standards applicable to a party or for the performance of the services, neither party shall disclose to a third party Confidential Information of the other party. Each party agrees to maintain at least the same procedures regarding Confidential Information that it maintains with respect to its own Confidential Information. Each party may use the Confidential Information received from the other party only in connection with fulfilling its obligations under this Agreement. The parties further agree that expiration or termination of this Agreement, for any reason, shall not relieve either party, nor minimize their obligations with respect to Confidential Information, as set forth herein.

9. Independent Contractor

The relationship between Wipfli and Client is solely and exclusively that of independently contracting parties.

10. Non-Exclusivity

No right of exclusivity is granted, guaranteed, or implied by Wipfli and Client entering into any engagement letter. Client acknowledges that Wipfli regularly performs the same or similar services as are being provided hereunder to third parties.

11. Dispute Resolution

If any dispute arises among the parties regarding the subject matter hereof and such dispute cannot be resolved through informal negotiations and discussion, the parties agree to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its applicable rules for resolving professional accounting and related services disputes before resorting to arbitration or litigation. Costs of any mediation proceeding shall be shared equally by all parties. Except for an action by us to collect payment of our invoices, Wipfli and Client

Professional Services Terms and Conditions – Attest Engagements

agree that no claim arising out of services rendered pursuant to the Engagement Letter or any Change Order shall be filed: (i) in the case of any report or deliverable issued by Wipfli under the Engagement Letter, no later than two years from the date of such report or deliverable (or if no report or deliverable is issued, two years from the date of the Engagement Letter), or (ii) in the case of any tax form or similar governmental filing, no later than two years after the initial due date of such tax form or filing.

12. **Governing Law**

Any and all claims relating to agreements between Wipfli and Client for any service shall be governed by and construed in accordance with the internal laws of the state in which the Wipfli office which issues the Engagement Letter related to the services is located.

13. **Severability**

In the event that any term or provision of the Engagement Letter or these Terms and Conditions shall be held to be invalid, void, or unenforceable, then the remainder shall not be affected and each remaining term or condition shall be valid and enforceable to the fullest extent permitted by law.

14. **Notices**

All notices required to be given to either party under the Engagement Letter shall be in writing and sent by traceable carrier to each party's address indicated on the Engagement Letter, or such other address as a party may indicate by at least ten (10) business days' prior written notice to the other party. Notices shall be effective upon receipt. A copy of such notice should be provided to Wipfli's General Counsel at wipfli-legal@wipfli.com.

15. **Electronic Signature**

Each party hereto agrees that any electronic signature of a party to the Engagement Letter or any electronic signature to a document contemplated hereby is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to: (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities, or (iv) a digital signature. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

16. **Record Retention**

We will retain records related to this engagement pursuant to our record retention policy. At the end of the relevant time period, we will destroy our records related to this engagement. However, Client's original records will be returned to Client upon the completion of the engagement. When records are returned, it is Client's responsibility to retain and protect the records for possible future use, including potential examination by governmental or regulatory agencies.

17. **Assignment**

The Engagement Letter to which these Terms and Conditions are attached shall be binding on the parties hereto and their respective successors and assigns. Neither party may assign this Engagement Letter without prior written consent of the other, except that Wipfli may assign its rights and obligations under this Engagement Letter without the approval of Client to an entity that acquires all or substantially all of the assets of Wipfli or to any subsidiary or affiliate or successor in a merger, acquisition, or change of control

of Wipfli; provided that in no event shall such assignment relieve Wipfli of its obligations under this Engagement Letter.

18. **Force Majeure**

Either party may suspend (or if such suspension continues for more than thirty (30) days, terminate) its obligations (except the obligation to pay for services previously rendered) under the Engagement Letter or any amendment or Change Order, if such obligations are delayed, prevented, or rendered impractical or impossible due to circumstances beyond its reasonable control, including, without limitation, fires, floods, storms, washouts, tsunamis, earthquakes, wars (declared or undeclared), civil disturbances, accidents, terrorist acts (including biochemical attacks), health pandemics, acts of any governmental body, damage to its plants and equipment, computer network problems caused by any Internet Service Provider or telecommunications company servicing Wipfli and/or Client, or acts of God or events beyond a party's control (collectively referred to herein as "Force Majeure"). Each party will use reasonable efforts to promptly minimize the duration and consequences of any failure of or delay in performance resulting from a Force Majeure event. In such event, the affected party will not be liable to the other for delay or failure to perform its obligations under this Engagement Letter.

**JOINT RESOLUTION OF BOARDS OF DIRECTORS
CALLING ELECTION**

TALLYN’S REACH METROPOLITAN DISTRICT NOS. 2 AND 3

§§ 32-1-804, 1-1-111(2), 1-13.5-1103(1), and 1-13.5-513(1), C.R.S.

At a joint meeting of the Boards of Directors of the Tallyn’s Reach Metropolitan District Nos. 2 and 3 (each a “**District**,” and each Board of Directors of a District, a “**Board**”), it was moved to adopt the following Resolution:

WHEREAS, the District was organized as a special district pursuant to §§ 32-1-101, *et seq.*, C.R.S. (the “**Special District Act**”); and

WHEREAS, the District is located entirely within Arapahoe County, Colorado (the “**County**”); and

WHEREAS, pursuant to § 32-1-804, C.R.S., the Board governs the conduct of regular and special elections for the District; and

WHEREAS, the Board anticipates holding a regular election on May 2, 2023, for the purpose of electing directors, and desires to take all actions necessary and proper for the conduct thereof (the “**Election**”); and

WHEREAS, the Election shall be conducted pursuant to the Special District Act, the Colorado Local Government Election Code and the Uniform Election Code of 1992, to the extent not in conflict with the Colorado Local Government Election Code, including any amendments thereto, and shall also comply with Article X, § 20 of the Colorado Constitution (“**TABOR**”), as necessary; and

WHEREAS, pursuant to § 1-1-111(2), C.R.S., the Board is authorized to designate an election official (the “**Designated Election Official**”) to exercise authority of the Board in conducting the Election; and

WHEREAS, pursuant to § 1-13.5-513(1), C.R.S., the Board can authorize the Designated Election Official to cancel the Election upon certain conditions.

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

1. The Board hereby calls the Election for the purpose of electing directors. The Election shall be conducted as an independent mail ballot election in accordance with §§ 1-13.5-1101, *et seq.*, C.R.S.

2. The Board names Ashley B. Frisbie as the Designated Election Official for the Election. The Designated Election Official shall act as the primary contact with the County and shall be primarily responsible for ensuring the proper conduct of the Election.

3. Without limiting the foregoing, the following specific determinations also are made:
 - a. The Board hereby directs general counsel to the District to approve the final form of the ballot to be submitted to the eligible electors of the District and authorizes the Designated Election Official to certify those questions and take any required action therewith.
 - b. The Board hereby determines that: in addition to publication, notice of the call for nominations will be by posting on the District's website.
 - c. The Board hereby directs general counsel to the District to oversee the general conduct of the Election and authorizes the Designated Election Official to take all action necessary for the proper conduct thereof and to exercise the authority of the Board in conducting the Election, including, but not limited to, causing the call for nominations; appointment, training and setting compensation of election judges and a board of canvassers, as necessary; all required notices of election, including notices required pursuant to TABOR; printing of ballots; supervision of the counting of ballots and certification of election results; and all other appropriate actions.
4. The District shall be responsible for the payment of any and all costs associated with the conduct of the Election, including its cancellation, if permitted.
5. The Board hereby ratifies any and all actions taken to date by general counsel and the Designated Election Official in connection with the Election.
6. The Board hereby authorizes and directs the Designated Election Official to cancel the Election and to declare the candidates elected if, at the close of business on the sixty-third day before the Election, or at any time thereafter, there are not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates, and so long as the only ballot questions are for the election of candidates. The Board further authorizes and directs the Designated Election Official to publish and post notice of the cancellation as necessary and file such notice and cancellation resolutions with the County Clerk and Recorder and with the Division of Local Government, as required. The Designated Election Official shall also notify the candidates that the Election was canceled and that they were elected by acclamation.
7. This Resolution shall remain in full force and effect until repealed or superseded by subsequent official action of the Board.

[Remainder of Page Intentionally Left Blank]

ADOPTED NOVEMBER 15, 2022.

DISTRICT:

TALLYN’S REACH METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado

By: _____
Officer of the District

ATTEST:

DISTRICT:

TALLYN’S REACH METROPOLITAN DISTRICT NO. 3, a quasi-municipal corporation and political subdivision of the State of Colorado

By: _____
Officer of the District

ATTEST:

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the Districts

Signature Page to Joint Resolution Calling Election

Renewal Documents and Invoice 1/1/2023 to EOD 12/31/2023

Acceptance of this coverage is evidenced only by payment of the enclosed invoice by January 1, 2023.

The following renewal documents are attached where applicable:

1. Invoice: Payment is due upon receipt. Please return a copy of the invoice with your payment to ensure that it is applied correctly. We have attached a Coverage Contribution instructions sheet which provides details about your payment.
2. Comparison of Annual Contributions.
3. Deductible Options:
 - Provides the difference in cost by coverage line if you were to increase or decrease the deductible for that specific coverage.
4. Quote for Excess Liability limits for your consideration:
 - Limits of up to \$8 million, in excess of the primary \$2 million Liability limit, are available. Although the primary \$2 million Liability limit is sufficient to cover the CGIA tort cap, we do recommend you consider purchasing higher limits primarily due to special districts' unlimited liability to federal civil rights, discrimination, harassment, whistle blowing, and other employment-related practices claims.
5. Coverage Declaration Pages: Informational page summarizing the key points about the coverage provided including limits and deductible descriptions for all coverage provided. Full coverage forms will be available at csdpool.org/documents by January 1, 2023.
6. Schedules: Lists of exposures and values.
7. Certificates of coverage: Originals are mailed directly to the Certificate Holders.
8. Automobile identification cards: Hard copies will be mailed.



Payment Instructions

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

We accept the following payment methods:

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

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

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

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

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

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

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

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

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

Property and Liability Coverage Invoice

Named Member:

Tallyn's Reach Metropolitan District No. 2
c/o CliftonLarsonAllen LLP
8390 East Crescent Parkway, Suite 300
Greenwood Village, CO 801112814

Broker of Record:

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

Coverage No.	Entity ID	Effective Date	Expiration Date	Invoice Date
23PL-60095-1544	60095	1/1/2023	EOD 12/31/2023	9/6/2022

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

Total Contribution	\$1,941
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Please note: where included above, Hired Auto Physical Damage, Non-Owned Auto Liability, and No-Fault Water Intrusion & Sewer Backup are mandatory coverages and may not be removed.

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

- 11.39% Continuity Credit Discount
- 10% Direct Discount
- 8% Multi Program Discount for WC Program Participation

Payment Due Upon Receipt

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

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

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



Public Entity Liability and Auto Physical Damage Certificate Holder Declaration

Master Coverage Document Number: CSD Pool CTC 01 01 22 and CSD Pool PEL 01 01 23

Certificate Number: 23PL-60095-1544

Named Member:

Tallyn's Reach Metropolitan District No. 2
c/o CliftonLarsonAllen LLP
8390 East Crescent Parkway, Suite 300
Greenwood Village, CO 80112814

Coverage Period: 1/1/2023 to EOD 12/31/2023

Broker of Record:

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

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

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

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

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

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

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

Additional Endorsements applicable to Member:

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

Countersigned by: _____

Authorized Representative

**General Liability Schedule
Metropolitan District**

Policy Number: 23PL-60095-1544
Named Member: Tallyn's Reach Metropolitan District
No. 2

Coverage Period: 1/1/2023 – EOD 12/31/2023
Broker: TCW Risk Management

Code	Description	Unit	Amount	Effective Date	Expiration Date
1	1-Number of Skate Board Parks	Total		1/1/2023	12/31/2023
2	2-Number of Diving Boards	Total		1/1/2023	12/31/2023
3	3-Number of Water Slides	Total		1/1/2023	12/31/2023
4	4-Maximum Bond Issued	Dollars	7,740,000.00	1/1/2023	12/31/2023
5	5-Number of Bonds Issued	Total	3.00	1/1/2023	12/31/2023
20	20-Day Care Operations - Total Annual Payroll	Dollars	0.00	1/1/2023	12/31/2023
30	30-Number of EMT Personnel	Total		1/1/2023	12/31/2023
32	32-Paid Firefighters - Non-EMT	Total		1/1/2023	12/31/2023
37	37-Pipe Line - Under Drain	Miles	0.00	1/1/2023	12/31/2023
39	39-Pipe Line	Miles		1/1/2023	12/31/2023
43	43-Pipe Line - Sewer / Storm Drainage Combined	Miles		1/1/2023	12/31/2023
50	50-Number of Teachers	Total		1/1/2023	12/31/2023
70	70-Number of Golf Courses	Total		1/1/2023	12/31/2023
80	80-Number of Go Cart Tracks	Total	0.00	1/1/2023	12/31/2023
98	98-Additional First Named Members	Total	0.00	1/1/2023	12/31/2023
105	105-Total Operating Expenses - Any other	Dollars	15,000.00	1/1/2023	12/31/2023
130	130-Total Operating Expenses - Park & Recreation	Dollars		1/1/2023	12/31/2023
131	131-Total Operating Expenses - Cemetery	Dollars		1/1/2023	12/31/2023
132	132-Total Operating Expenses - Soil & Water Conservation	Dollars		1/1/2023	12/31/2023

133	133-Total Operating Expenses - Pest Control	Dollars		1/1/2023	12/31/2023
134	134-Total Operating Expenses - Hospital / Health	Dollars		1/1/2023	12/31/2023
135	135-Total Operating Expenses - Drainage	Dollars		1/1/2023	12/31/2023
136	136-Total Operating Expenses - Library	Dollars		1/1/2023	12/31/2023
137	137-Total Operating Expenses - Water Control	Dollars		1/1/2023	12/31/2023
138	138-Total Operating Expenses - Fire / Ambulance	Dollars		1/1/2023	12/31/2023
139	139-Total Operating Expenses - Water	Dollars		1/1/2023	12/31/2023
140	140-Total Operating Expenses - Irrigation	Dollars		1/1/2023	12/31/2023
141	141-Total Operating Expenses - Sanitation	Dollars		1/1/2023	12/31/2023
142	142-Total Operating Expenses - Transit	Dollars		1/1/2023	12/31/2023
143	143-Total Operating Expenses - Improvement	Dollars		1/1/2023	12/31/2023
151	151-Total Operating Expenses - Sanitation MW Discounted	Dollars	0.00	1/1/2023	12/31/2023
215	215-Buildings & Premises Occupied by District	Sq. Ft.		1/1/2023	12/31/2023
250	250-Number of Homes – Covenant Enforcement/Design Review Services under District Authority	Total		1/1/2023	12/31/2023
270	270-Number of Aboveground Storage Tanks (excluding water tanks)	Total	0.00	1/1/2023	12/31/2023
331	331-Number of Paid Firefighters - Full-Time	Total		1/1/2023	12/31/2023
332	332-Number of Paid Firefighters - Part-Time	Total		1/1/2023	12/31/2023
333	333-Number of Volunteer Firefighters	Total		1/1/2023	12/31/2023
334	334-Number of Paid EMT - Full-Time	Total	0.00	1/1/2023	12/31/2023
335	335-Number of Paid EMT - Part-Time	Total	0.00	1/1/2023	12/31/2023
341	341-Time Spent by Club/Recreation/Camp Volunteers	Hours	0.00	1/1/2023	12/31/2023
342	342-Time Spent by Day Care Volunteers	Hours	0.00	1/1/2023	12/31/2023
344	344-Time Spent by Event Organizer Volunteers	Hours	0.00	1/1/2023	12/31/2023
345	345-Time Spent by General Volunteers	Hours	0.00	1/1/2023	12/31/2023

348	348-Number of Board Members	Total	5.00	1/1/2023	12/31/2023
350	350-Number of Permanent Employees - Full-Time	Total		1/1/2023	12/31/2023
351	351-Number of Permanent Employees - Part-Time	Total	0.00	1/1/2023	12/31/2023
366	366-Total Payroll	Dollars		1/1/2023	12/31/2023
400	400-Number of Boats - Under 26'	Total		1/1/2023	12/31/2023
411	411-Total Water Delivered Annually - Millions of Gallons (MGAL)	MGAL		1/1/2023	12/31/2023
414	414-Playground/parks (Area)	Acres		1/1/2023	12/31/2023
415	415-Number of Grandstands/Stadiums	Total		1/1/2023	12/31/2023
420	420-Vacant Land	Acres		1/1/2023	12/31/2023
450	450-Miles of Road Maintained	Miles	0.00	1/1/2023	12/31/2023
522	522-Number of Ponds, Lakes & Reservoirs	Total		1/1/2023	12/31/2023
550	550-Fire Department Area Served	Sq Miles		1/1/2023	12/31/2023
671	671-Number of Parks	Total		1/1/2023	12/31/2023
710	710-Dams - Class 1 - Low Hazard - Total Acre-Feet	Acre Ft.	0.00	1/1/2023	12/31/2023
712	712-Dams - Class 1 - Low Hazard - Number of Dams	Count	0.00	1/1/2023	12/31/2023
720	720-Dams - Class 2 - Med Hazard - Total Acre-Feet	Acre Ft.	0.00	1/1/2023	12/31/2023
722	722-Dams - Class 2 - Med Hazard - Number of Dams	Count	0.00	1/1/2023	12/31/2023
730	730-Dams - Class 3 - High Hazard - Total Acre-Feet	Acre Ft.	0.00	1/1/2023	12/31/2023
732	732-Dams - Class 3 - High Hazard - Number of Dams	Count	0.00	1/1/2023	12/31/2023
811	811-Number of Spillways	Total		1/1/2023	12/31/2023
900	900-Services Contracted out to Others	Dollars	0.00	1/1/2023	12/31/2023
924	924-Revenue from use of Swimming Pools	Dollars		1/1/2023	12/31/2023
925	925-Number of Swimming Pools	Total		1/1/2023	12/31/2023
945	945-Number of Sewage Taps	Total		1/1/2023	12/31/2023
946	946-Number of Water Mains or Connections	Total		1/1/2023	12/31/2023

947	947-Sewer and/or Sanitation Line Maintenance (budget)	Dollars		1/1/2023	12/31/2023
948	948-Water Line Maintenance (budget)	Dollars		1/1/2023	12/31/2023
997	997-Number of district sponsored Events/Fundraisers - No Alcohol Served	Total		1/1/2023	12/31/2023
998	998-Number of District sponsored Events/Fundraisers – With Alcohol Served	Total		1/1/2023	12/31/2023
999	999-Prior Acts Coverage Under a Previous "Claims Made" Policy	Premium		1/1/2023	12/31/2023

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

Annual Comparison of 2023 and 2022 contributions.
Loss Ratios based on participation years from 2015 to 2022

Tallyn's Reach Metropolitan District No. 2

Year	Contribution
2023	\$1,941.00
2022	\$1,895.00
Difference	\$46.00
% Difference	2.43%

General Liability	Contribution	TOE
Yr. 2023	\$546.00	\$15,000.00
Yr. 2022	\$520.00	\$15,000.00
Difference	\$26.00	\$0.00
% Difference	5.00%	0.00%
Loss Ratio	0.00%	

Equipment Breakdown	Contribution
Yr. 2023	\$0.00
Yr. 2022	\$0.00
Difference	\$0.00
% Difference	0.00%
Loss Ratio	0.00%

Auto Liability	Contribution	Auto Count
Yr. 2023	\$132.00	0
Yr. 2022	\$132.00	0
Difference		0
% Difference	NaN	0.00%
Loss Ratio	0.00%	

Crime	Contribution
Yr. 2023	\$0.00
Yr. 2022	\$0.00
Difference	\$0.00
% Difference	0.00%
Loss Ratio	0.00%

Auto Physical Damage	Contribution	TIV
Yr. 2023	\$65.00	\$0.00
Yr. 2022	\$65.00	\$0.00
Difference		\$0.00
% Difference	NaN	0.00%
Loss Ratio	0.00%	

Public Officials Liability	Contribution	EE Count
Yr. 2023	\$1,163.00	0
Yr. 2022	\$1,163.00	0
Difference	\$0.00	0
% Difference	0.00%	0.00%
Loss Ratio	0.00%	

Property/Inland Marine	Contribution	TIV
Yr. 2023	\$0.00	\$0.00
Yr. 2022	\$0.00	\$0.00
Difference	\$0.00	\$0.00
% Difference	0.00%	0.00%
Loss Ratio	0.00%	

Excess Liability	Contribution
Yr. 2023	\$0.00
Yr. 2022	\$0.00
Difference	\$0.00
% Difference	0.00%
Loss Ratio	0.00%

Earthquake	Contribution
Yr. 2023	\$0.00
Yr. 2022	\$0.00
Difference	\$0.00
% Difference	0.00%
Loss Ratio	0.00%

Flood	Contribution
Yr. 2023	\$0.00
Yr. 2022	\$0.00
Difference	\$0.00
% Difference	0.00%
Loss Ratio	0.00%

No Fault	Contribution
Yr. 2023	\$35.00
Yr. 2022	\$15.00
Difference	\$20.00
% Difference	133.33%
Loss Ratio	0.00%



2023 Excess Liability Options Proposal

This Proposal Does Not Bind Coverage

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

Named Member: Tallyn's Reach Metropolitan District No. 2

Certificate Number: 23PL-60095-1544

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

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

9/6/2022



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

Invoice # 11698		Page 22 1 of 1
Account Number	Date	
TALLREA-01	10/1/2022	
BALANCE DUE ON		
1/1/2023		
AMOUNT PAID	Amount Due	
	\$495.00	

Tallyn's Reach Metropolitan District No. 2
 c/o Clifton Larson Allen LLP
 8390 E Crescent Parkway, Suite 300
 Greenwood Village, CO 80111

Commercial Package	PolicyNumber: .	Effective: 1/1/2023	to 1/1/2024
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Item #	Trans Eff Date	Due Date	Trans	Description	Amount
75045	1/1/2023	1/1/2023	FEEA	2023 Agency Fee	\$495.00
Total Invoice Balance:					\$495.00

Renewal Documents and Invoice 1/1/2023 to EOD 12/31/2023

Acceptance of this coverage is evidenced only by payment of the enclosed invoice by January 1, 2023.

The following renewal documents are attached where applicable:

1. Invoice: Payment is due upon receipt. Please return a copy of the invoice with your payment to ensure that it is applied correctly. We have attached a Coverage Contribution instructions sheet which provides details about your payment.
2. Comparison of Annual Contributions.
3. Deductible Options:
 - Provides the difference in cost by coverage line if you were to increase or decrease the deductible for that specific coverage.
4. Quote for Excess Liability limits for your consideration:
 - Limits of up to \$8 million, in excess of the primary \$2 million Liability limit, are available. Although the primary \$2 million Liability limit is sufficient to cover the CGIA tort cap, we do recommend you consider purchasing higher limits primarily due to special districts' unlimited liability to federal civil rights, discrimination, harassment, whistle blowing, and other employment-related practices claims.
5. Coverage Declaration Pages: Informational page summarizing the key points about the coverage provided including limits and deductible descriptions for all coverage provided. Full coverage forms will be available at csdpool.org/documents by January 1, 2023.
6. Schedules: Lists of exposures and values.
7. Certificates of coverage: Originals are mailed directly to the Certificate Holders.
8. Automobile identification cards: Hard copies will be mailed.



Payment Instructions

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

We accept the following payment methods:

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

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

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

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

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

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

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

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

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



Property and Liability Coverage Invoice

Named Member:

Tallyn's Reach Metropolitan District No. 3
c/o CliftonLarsonAllen LLP
8390 East Crescent Parkway, Suite 300
Greenwood Village, CO 801112814

Broker of Record:

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

Coverage No.	Entity ID	Effective Date	Expiration Date	Invoice Date
23PL-60096-1585	60096	1/1/2023	EOD 12/31/2023	9/6/2022

Coverage	Contribution
General Liability	\$ 546.00
Non-Owned Auto Liability	\$ 132.00
Hired Auto Physical Damage	\$ 65.00
No-Fault Water Intrusion & Sewer Backup	\$ 35.00
Public Officials Liability	\$1,163.00
Pollution	\$ 0.00
Total Contribution	\$1,941

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

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

11.39% Continuity Credit Discount

10% Direct Discount

8% Multi Program Discount for WC Program Participation

Payment Due Upon Receipt

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

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

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



Public Entity Liability and Auto Physical Damage Certificate Holder Declaration

Master Coverage Document Number: CSD Pool CTC 01 01 22 and CSD Pool PEL 01 01 23

Certificate Number: 23PL-60096-1585

Coverage Period: 1/1/2023 to EOD 12/31/2023

Named Member:

Tallyn's Reach Metropolitan District No. 3
c/o CliftonLarsonAllen LLP
8390 East Crescent Parkway, Suite 300
Greenwood Village, CO 80112814

Broker of Record:

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

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

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

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

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

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

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

Additional Endorsements applicable to Member:

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

Countersigned by: _____

Authorized Representative

**General Liability Schedule
Metropolitan District**

Policy Number: 23PL-60096-1585
Named Member: Tallyn's Reach Metropolitan District
No. 3

Coverage Period: 1/1/2023 – EOD 12/31/2023
Broker: TCW Risk Management

Code	Description	Unit	Amount	Effective Date	Expiration Date
1	1-Number of Skate Board Parks	Total		1/1/2023	12/31/2023
2	2-Number of Diving Boards	Total		1/1/2023	12/31/2023
3	3-Number of Water Slides	Total		1/1/2023	12/31/2023
4	4-Maximum Bond Issued	Dollars	10,000,000.00	1/1/2023	12/31/2023
5	5-Number of Bonds Issued	Total	3.00	1/1/2023	12/31/2023
20	20-Day Care Operations - Total Annual Payroll	Dollars	0.00	1/1/2023	12/31/2023
30	30-Number of EMT Personnel	Total		1/1/2023	12/31/2023
32	32-Paid Firefighters - Non-EMT	Total		1/1/2023	12/31/2023
37	37-Pipe Line - Under Drain	Miles	0.00	1/1/2023	12/31/2023
39	39-Pipe Line	Miles		1/1/2023	12/31/2023
43	43-Pipe Line - Sewer / Storm Drainage Combined	Miles		1/1/2023	12/31/2023
50	50-Number of Teachers	Total		1/1/2023	12/31/2023
70	70-Number of Golf Courses	Total		1/1/2023	12/31/2023
80	80-Number of Go Cart Tracks	Total	0.00	1/1/2023	12/31/2023
98	98-Additional First Named Members	Total	0.00	1/1/2023	12/31/2023
105	105-Total Operating Expenses - Any other	Dollars	15,000.00	1/1/2023	12/31/2023
130	130-Total Operating Expenses - Park & Recreation	Dollars		1/1/2023	12/31/2023
131	131-Total Operating Expenses - Cemetery	Dollars		1/1/2023	12/31/2023
132	132-Total Operating Expenses - Soil & Water Conservation	Dollars		1/1/2023	12/31/2023

133	133-Total Operating Expenses - Pest Control	Dollars		1/1/2023	12/31/2023
134	134-Total Operating Expenses - Hospital / Health	Dollars		1/1/2023	12/31/2023
135	135-Total Operating Expenses - Drainage	Dollars		1/1/2023	12/31/2023
136	136-Total Operating Expenses - Library	Dollars		1/1/2023	12/31/2023
137	137-Total Operating Expenses - Water Control	Dollars		1/1/2023	12/31/2023
138	138-Total Operating Expenses - Fire / Ambulance	Dollars		1/1/2023	12/31/2023
139	139-Total Operating Expenses - Water	Dollars		1/1/2023	12/31/2023
140	140-Total Operating Expenses - Irrigation	Dollars		1/1/2023	12/31/2023
141	141-Total Operating Expenses - Sanitation	Dollars		1/1/2023	12/31/2023
142	142-Total Operating Expenses - Transit	Dollars		1/1/2023	12/31/2023
143	143-Total Operating Expenses - Improvement	Dollars		1/1/2023	12/31/2023
151	151-Total Operating Expenses - Sanitation MW Discounted	Dollars	0.00	1/1/2023	12/31/2023
215	215-Buildings & Premises Occupied by District	Sq. Ft.		1/1/2023	12/31/2023
250	250-Number of Homes – Covenant Enforcement/Design Review Services under District Authority	Total		1/1/2023	12/31/2023
270	270-Number of Aboveground Storage Tanks (excluding water tanks)	Total	0.00	1/1/2023	12/31/2023
331	331-Number of Paid Firefighters - Full-Time	Total		1/1/2023	12/31/2023
332	332-Number of Paid Firefighters - Part-Time	Total		1/1/2023	12/31/2023
333	333-Number of Volunteer Firefighters	Total		1/1/2023	12/31/2023
334	334-Number of Paid EMT - Full-Time	Total	0.00	1/1/2023	12/31/2023
335	335-Number of Paid EMT - Part-Time	Total	0.00	1/1/2023	12/31/2023
341	341-Time Spent by Club/Recreation/Camp Volunteers	Hours	0.00	1/1/2023	12/31/2023
342	342-Time Spent by Day Care Volunteers	Hours	0.00	1/1/2023	12/31/2023
344	344-Time Spent by Event Organizer Volunteers	Hours	0.00	1/1/2023	12/31/2023
345	345-Time Spent by General Volunteers	Hours	0.00	1/1/2023	12/31/2023

348	348-Number of Board Members	Total	5.00	1/1/2023	12/31/2023
350	350-Number of Permanent Employees - Full-Time	Total		1/1/2023	12/31/2023
351	351-Number of Permanent Employees - Part-Time	Total	0.00	1/1/2023	12/31/2023
366	366-Total Payroll	Dollars		1/1/2023	12/31/2023
400	400-Number of Boats - Under 26'	Total		1/1/2023	12/31/2023
411	411-Total Water Delivered Annually - Millions of Gallons (MGAL)	MGAL		1/1/2023	12/31/2023
414	414-Playground/parks (Area)	Acres		1/1/2023	12/31/2023
415	415-Number of Grandstands/Stadiums	Total		1/1/2023	12/31/2023
420	420-Vacant Land	Acres		1/1/2023	12/31/2023
450	450-Miles of Road Maintained	Miles	0.00	1/1/2023	12/31/2023
522	522-Number of Ponds, Lakes & Reservoirs	Total		1/1/2023	12/31/2023
550	550-Fire Department Area Served	Sq Miles		1/1/2023	12/31/2023
671	671-Number of Parks	Total		1/1/2023	12/31/2023
710	710-Dams - Class 1 - Low Hazard - Total Acre-Feet	Acre Ft.	0.00	1/1/2023	12/31/2023
712	712-Dams - Class 1 - Low Hazard - Number of Dams	Count	0.00	1/1/2023	12/31/2023
720	720-Dams - Class 2 - Med Hazard - Total Acre-Feet	Acre Ft.	0.00	1/1/2023	12/31/2023
722	722-Dams - Class 2 - Med Hazard - Number of Dams	Count	0.00	1/1/2023	12/31/2023
730	730-Dams - Class 3 - High Hazard - Total Acre-Feet	Acre Ft.	0.00	1/1/2023	12/31/2023
732	732-Dams - Class 3 - High Hazard - Number of Dams	Count	0.00	1/1/2023	12/31/2023
811	811-Number of Spillways	Total		1/1/2023	12/31/2023
900	900-Services Contracted out to Others	Dollars		1/1/2023	12/31/2023
924	924-Revenue from use of Swimming Pools	Dollars		1/1/2023	12/31/2023
925	925-Number of Swimming Pools	Total		1/1/2023	12/31/2023
945	945-Number of Sewage Taps	Total		1/1/2023	12/31/2023
946	946-Number of Water Mains or Connections	Total		1/1/2023	12/31/2023

947	947-Sewer and/or Sanitation Line Maintenance (budget)	Dollars		1/1/2023	12/31/2023
948	948-Water Line Maintenance (budget)	Dollars		1/1/2023	12/31/2023
997	997-Number of district sponsored Events/Fundraisers - No Alcohol Served	Total		1/1/2023	12/31/2023
998	998-Number of District sponsored Events/Fundraisers – With Alcohol Served	Total		1/1/2023	12/31/2023
999	999-Prior Acts Coverage Under a Previous "Claims Made" Policy	Premium		1/1/2023	12/31/2023

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

Annual Comparison of 2023 and 2022 contributions.
Loss Ratios based on participation years from 2015 to 2022

Tallyn's Reach Metropolitan District No. 3

Year	Contribution
2023	\$1,941.00
2022	\$1,895.00
Difference	\$46.00
% Difference	2.43%

General Liability	Contribution	TOE
Yr. 2023	\$546.00	\$15,000.00
Yr. 2022	\$520.00	\$15,000.00
Difference	\$26.00	\$0.00
% Difference	5.00%	0.00%
Loss Ratio	0.00%	

Equipment Breakdown	Contribution
Yr. 2023	\$0.00
Yr. 2022	\$0.00
Difference	\$0.00
% Difference	0.00%
Loss Ratio	0.00%

Auto Liability	Contribution	Auto Count
Yr. 2023	\$132.00	0
Yr. 2022	\$132.00	0
Difference		0
% Difference	NaN	0.00%
Loss Ratio	0.00%	

Crime	Contribution
Yr. 2023	\$0.00
Yr. 2022	\$0.00
Difference	\$0.00
% Difference	0.00%
Loss Ratio	0.00%

Auto Physical Damage	Contribution	TIV
Yr. 2023	\$65.00	\$0.00
Yr. 2022	\$65.00	\$0.00
Difference		\$0.00
% Difference	NaN	0.00%
Loss Ratio	0.00%	

Public Officials Liability	Contribution	EE Count
Yr. 2023	\$1,163.00	0
Yr. 2022	\$1,163.00	0
Difference	\$0.00	0
% Difference	0.00%	0.00%
Loss Ratio	0.00%	

Property/Inland Marine	Contribution	TIV
Yr. 2023	\$0.00	\$0.00
Yr. 2022	\$0.00	\$0.00
Difference	\$0.00	\$0.00
% Difference	0.00%	0.00%
Loss Ratio	0.00%	

Excess Liability	Contribution
Yr. 2023	\$0.00
Yr. 2022	\$0.00
Difference	\$0.00
% Difference	0.00%
Loss Ratio	0.00%

Earthquake	Contribution
Yr. 2023	\$0.00
Yr. 2022	\$0.00
Difference	\$0.00
% Difference	0.00%
Loss Ratio	0.00%

Flood	Contribution
Yr. 2023	\$0.00
Yr. 2022	\$0.00
Difference	\$0.00
% Difference	0.00%
Loss Ratio	0.00%

No Fault	Contribution
Yr. 2023	\$35.00
Yr. 2022	\$15.00
Difference	\$20.00
% Difference	133.33%
Loss Ratio	0.00%



2023 Excess Liability Options Proposal

This Proposal Does Not Bind Coverage

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

Named Member: Tallyn's Reach Metropolitan District No. 3

Certificate Number: 23PL-60096-1585

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

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

9/6/2022



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

Invoice # 11699		Page 33 1 of 1
Account Number	Date	
TALLREA-02	10/1/2022	
BALANCE DUE ON		
1/1/2023		
AMOUNT PAID	Amount Due	
	\$495.00	

Tallyn's Reach Metropolitan District No. 3
 c/o Clifton Larson Allen LLP
 8390 E Crescent Parkway, Suite 300
 Greenwood Village, CO 80111

Commercial Package	PolicyNumber: .	Effective: 1/1/2023	to 1/1/2024
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Item #	Trans Eff Date	Due Date	Trans	Description	Amount
75046	1/1/2023	1/1/2023	FEEA	2023 Agency Fee	\$495.00
Total Invoice Balance:					\$495.00

2023 CSD Pool General Coverage Notes

Drones

We are seeing many Districts either purchase or entertain purchasing Drones. The CSD Pool now offers coverage. To trigger liability coverage, subject to a \$200,000 sublimit, for member owned drones, we will want to add the number of drones to the GL Schedule to account for the liability at no cost. If you would like physical damage for the Drone itself, you must add the drone to the inland marine schedule subject to a maximum limit of \$25,000. Please contact us if you have or are considering purchasing one, so that we may help you secure the appropriate Coverage.

Property Coverages:

Property Coverage applies only at the locations listed on the policy. Verify that all locations at which you have property are listed in the declarations.

If an item or location is not listed on the policy, there is no coverage.

The limit of insurance is the amount you have listed on your schedule. Verify the limits of insurance for all lines of coverage (Building, Contents - to include tenant improvements if required in contract, Outdoor Property, EDP – Computer, and Business Income) are enough to cover a total loss to that item.

The sublimit for outdoor property includes \$25,000 for Outdoor Property (permanently affixed structures or equipment) that is within 1,000 feet of a scheduled premise. Outdoor property includes exterior signs attached or detached, lighting, fencings, flagpoles, pavilions, park/playground entities, paved walkways, driveways or parking lots. The valuation for this property is **actual cash value**. To have replacement cost valuation, the outdoor property must be schedule on the property policy.

When scheduling property, keep in mind that items such as excavation, dirt work, and landscape mulch are not covered property or expenses. They are excluded under the land and land improvements exclusion.

Consider increasing property values.

Due to the recent spike in labor and material cost to the state of Colorado, we would recommend you consider increasing your property values to account for these increases and to help assure that in the event of a loss, your property is adequately covered. The CSD Pool will be automatically increasing limits 18% - 24%

Computer Coverage is provided with a \$250,000 sublimit. If you have more than \$250,000 of computer equipment, please let us know so that we can help you address the coverage. If you have less than \$250,000, you should not be scheduling the equipment as it may have a limiting effect on coverage. New Sublimit for Member Personal Computer/Computing Equipment - \$1,500 Sublimit with a \$10,000 aggregate; requires member approval.

Equipment Breakdown coverage is automatically included for scheduled buildings and business personal property. Coverage applies to outdoor property (NOC-not otherwise classified) only when specified on the schedule. If your outdoor property has electrical components please check the field "NOC Equipment Breakdown Applies" when updating your 2021 schedule. Please contact us if you need help with your property schedule.

Loss of Income and Extra Expense coverage is provided with a \$250,000 sublimit. If damage to one of your properties could cause you to lose in excess of \$250,000 of revenue or would increase your operating costs by over \$250,000, please let us know so that we can help you address the coverage.

Roofs and Hail

The Pool policy carries a 2% deductible for property losses caused by hail. Your deductible will be 2% of the value of the damaged property with a \$5,000 minimum and \$50,000 maximum deductible. For any real property over \$25,000,000 – deductible is \$75,000.

The Pool is offering a deductible buy down option to a flat \$5,000 hail deductible. For pricing, please let us know (last year it was about a 30% surcharge to building and not otherwise classified property premiums).

The Pool policy has a cosmetic damage waiver. The endorsement waives coverage for claims involving wind and hail damage to a roof that suffers only cosmetic damage. Cosmetic damage refers to scuffs and dents that do not affect the structural integrity of your roof and are not visible to patrons of your facility.

If the age of your District's roof exceeds the manufacturer's expected usage warranty, the Pool will assess the value of the roof on Actual Cash Value. Actual Cash Value is the cost to replace the roof less depreciation.

The Pool is adding a building vacancy provision to the property policy. The provision states losses to buildings that are vacant for more than 60 days will be valued at Actual Cash Value unless reasonable steps are taken to maintain heat in the building or the building was winterized prior to becoming vacant.

The Excess/Umbrella Liability policy does not provide coverage for damage to property owned by the District.

Flood coverage and additional flood coverage is available. Consider the Stafford Act when considering higher flood limits and whether or not to cover specific property. If you sustained flood damage, paid for by FEMA, the Act may prevent future FEMA payments should you incur damage to uninsured property for a second time.

There is a lot of development and construction in Colorado. Property in the course of construction is not automatically covered. If you have this exposure, please let us know so that we can help you obtain the appropriate coverage.

Inland Marine/Auto Coverages:

Any vehicle or piece of equipment that is licensed for use on the road needs to be scheduled on the Auto policy – in lieu of the Inland Marine policy. Please verify that all pieces of equipment such as Snowplows, ATVs, UTVs, etc. are itemized on the appropriate auto or inland marine schedule.



Auto Physical Damage Deductibles:

For Comprehensive and/or Collision claims, involving losses to more than 5 vehicles in a single occurrence, the deductible for the loss will be limited to the deductibles on the 5 vehicles with the largest deductibles.

Crime and Employee Dishonesty Coverage:

We find that many districts have elected to carry minimal limits (\$5,000 or \$10,000) of Employee Dishonesty Coverage. We are seeing a sharp increase in claims in this area and often these limits turn out to be too low. **We highly recommend an increase in limits to a minimum of \$100,000.**

For those with budgets in excess of \$1,000,000 we can provide you with a tool to help determine appropriate limits. Please contact us if you would like to review your Limit.

Third Party Accounting and Bookkeeping Services. Many Districts do not have employees, but instead employ a third party / independent contractor to handle their financials. As the service does not qualify as an employee, the POOLs Employee Dishonesty coverage will not cover the loss. The District needs to be sure the third party / independent contractor has their own Crime coverage in place, with Third-Party coverage for the District's protection. NOTE: There is no coverage for the entity owner, only for employees of the third party / independent contractor.

If you are dealing with a one person operation, a 'Designated Agent Addendum' is available through the POOL that can be added to the existing Crime policy, to provide protection from loss by the third party / independent contractor. The additional contribution to add the Designated Agent Addendum to the Crime policy starts at \$350 minimum. In order for the POOL to consider eligibility and provide a formal quote, they require a Designated Agent Questionnaire.

Fraudulent Impersonation Coverage sometimes referred to as Social Engineering pays for the voluntary parting of money and securities caused by fraudulent instruction. The limit for this coverage is the same as the employee dishonesty limit up to \$250,000. The deductible for this coverage is substantial at 20% of the Fraudulent Impersonation Limit.

Liability Coverages:

The Liability policy has a sublimit for Securities Claims. The annual limit is \$1,250,000 and that limit is reduced by the cost of defense.

Excess Liability – this coverage increases the limit of insurance available in any one occurrence for Liability Claims, Public Officials Liability Claims, Employment Practices Liability Claims, and Auto Liability Claims.

Employment Practices Liability - –Similar to Crime Coverage, we are seeing an increase in claim activity from Employment Related Practices claims. The CSD Pool deductible is 50% of both loss and defense costs up to the point your portion reaches the deductible on your declarations page – Per Occurrence. The standard deductible is 50% up to \$100,000. We recommend consideration of lower deductible options.

No Fault Water and Sewer Back Up – Coverage includes a per residence/commercial occupancy limit of \$10,000 with a \$200,000 per occurrence aggregate limit. An all Member Pool coverage aggregate of \$1,000,000 also applies.

The CSD Pool has also contracted with ServPro to help homeowners address backups to their homes. ServPro is offering preferred pricing and expedited response services to CSD Pool customers. For information on this program, please contact us.

Pollution Liability – Water and Sewer Lines. If you want coverage for the release of pollutants from water or sewer lines, the lines must be scheduled on the property policy. **This would hold true for issues associated with lines that are located on your scheduled premises – they must be specifically schedule for coverage to apply.** We have very few lines scheduled, so it is very likely pollution coverage for your district would not apply to pollutant escape from your lines. We want you to be aware of this situation and are happy to get quotes for you to provide the coverage.

Above Ground Tanks – With the exception of water tanks, in order for **General Liability** coverage to apply to loss associated with a tank, the tanks must be noted on the liability schedule. If you have tanks (other than water), please make sure the appropriate number of tanks is listed on your General Liability schedule. For **Pollution Liability** (i.e. seepage of fuel from an above ground tank) to apply, the tanks must also be schedule on your property policy. Underground tanks are not covered and must be specifically underwritten separately, contact us for an application.

****Volunteer Accident Coverage** - If you list volunteers on your GL schedule, they will be provided accident coverage. The coverage is Excess of Health Insurance with a \$25,000 Limit and the cost is based on hours. Be sure to include in on your General Liability schedule. It also includes an AD&D component with limits from \$12,500-\$50,000 depending on the injury (2020 info, pending update).

Cyber Liability – A \$200,000 limit of liability (subject to a \$1,000,000 All Member maximum) is included in your policy. This is an automatic coverage designed to support smaller district and provide coverage for small losses for other Districts. We have numerous Districts and clients that have experienced cyber losses, such as hacking and ransomware, and we have seen claims nearing \$1,000,000. **We highly recommend considering higher limits. Please contact us to discuss.**

Sanitation Maintenance Warranty – For Districts with sanitation operations The Pool offers a discount on the general liability contribution associated with the sanitation operations. There is a requirement that you meet certain criteria at the time of loss with this program. Contact us to discuss the discount and program criteria.

Homeowners Association Functions – the CSD Pool requires that you identify the number of homes in your District for which the District is performing architectural control, design review, and/or covenant enforcement. There will be a charge for these operations.

Claims:

The timely reporting of claims is critical.

If you experience damage to your property, please make sure a claim is reported to Sedgwick prior to beginning any repair work. If you fix your property without giving the adjuster the opportunity to review the damages and the cause of damage they have the right to reject your claim. The caveat being that if the damage has the possibility of further damages, you must take steps to mitigate the further damage. Please take photos and document well. Should you have questions, please call us.

If there is the potential of a liability claim, you must notify Sedgwick of the circumstances surrounding the claim as soon as possible. If a formal written or verbal demand for damage is received, Sedgwick must be notified immediately.

Workers' Compensation Coverages:

Volunteers. The state statute prescribes coverage for certain type of volunteers, for Special Districts the only volunteer group we typically see covered by statute are Fire/EMS service providers. Those truly providing Fire and EMS services, not peripheral type services like you might see from an auxiliary (traffic assistance, food service, etc.).

If your volunteer group is not providing Fire or EMS services, they are very likely not covered.

The assumed **minimum** payroll for volunteer firefighters is \$2,500 per volunteer firefighter.

There has been significant discussion in how volunteer firefighter's lost wages are calculated in the event of an injury. If the volunteer does NOT receive a stipend, they would receive the State's weekly maximum wage (currently \$1023). In the event you stipend your volunteers, the CSD Pool currently basis their lost wage payment on that stipend. So, if your volunteer is stipend \$100 a month, they would receive 66% of \$25 (\$100 a month divided by 4 weeks) as their weekly wage replacement. Should the volunteer be unable to perform their other regular work, the wage replacement would be increased, up to the State's weekly maximum, to reflect lost wages from their other employment.

Out of State Operations. If any of your employees are working out of state or traveling to or through other states as part of their job – particularly to WY, WA, OH and ND – please call us to discuss additional steps necessary to make sure you are appropriately covered.

Workers' Compensation – Board Member Only Coverages :

****Board Member Only Coverage.** The annual minimum contribution for Board Member Only coverage will stay at \$450.

Board Members. C.R.S. Section 8-40-202 (1)(B) requires coverage on board members unless an annual filing is made with the Division of Insurance 45 days ahead of the coverage term.

If a board member is injured, their wage replacement would be based on the compensation they receive for their board duties (typically \$100 a month). If they do not receive compensation for board duties, unlike a volunteer firefighter (who receive the State's weekly maximum) they would not receive any wage replacement. Should the board member be unable to perform their other regular work, the wage replacement would be increased, up to the State's weekly maximum, to reflect lost wages from their other employment.

Board Member Only coverage is designed to cover work-related injuries and illness for board members while in the course and scope of their duties as board members, which are administrative functions. Other job assignments outside of their normal administrative duties, such as occasionally working at a water or sewer plant, helping with landscape maintenance, meter reading, plowing snow, and so forth, are not considered to be duties to be performed by board members and may lead to denial of claims due to misrepresentation of a material exposure to loss. Any job functions not in the normal board member administrative scope must be reported to our agency for appropriate classification. An additional contribution will then be assessed based on assumed comparative wages to compensate for the inherent exposure of other duties being performed. Not reporting accurately may also affect prior years as the NCCI administrative rules allow for audits to be conducted and reconciled for corrected contribution payments for the prior three (3) years