TALLYN'S REACH METROPOLITAN DISTRICT NOS. 2 AND 3

2025 CONSOLIDATED ANNUAL REPORT TO THE CITY OF AURORA

Pursuant to the First Modification to the Consolidated Service Plan of Tallyn's Reach Metropolitan District Nos. 2 and 3, the Districts are required to provide an annual report to the City of Aurora. The report is to include information concerning these matters which occurred during the prior fiscal year. In addition, the annual report is to include a summary page of the following information:

1. Assessed Value of Taxable Property within the Districts.
2. Total Acreage of Property within Districts.
3. The Districts' Indebtedness (stated separately for each class of debt).
4. The Districts' Debt Service (stated separately for each class of debt).
5. The Districts' Tax Revenue.
6. Other Revenues of the Districts.
7. Public Improvement Expenditures.
8. Other Expenditures.

For the year ending December 31, 2025, the Districts make the following report:

A. Boundary changes made or proposed.
There were no inclusions or exclusions in the boundaries for District Nos. 2 or 3 for 2025.

B. Intergovernmental Agreements with other governmental bodies entered into or proposed.
There were no new Intergovernmental Agreements with other governmental bodies entered into or proposed for District Nos. 2 or 3 in 2025.

C. Changes or proposed changes in the Districts' policies.
There were no changes or proposed changes in the Districts' policies for 2025.

D. Changes or proposed changes in the Districts' operations.
The Districts' operations remained the same substantively in 2025.

E. Any changes in the financial status of the Districts including revenue projections, or operating costs.
See ***Exhibit A*** for a copy of the Districts' 2026 budgets.

F. A summary of any litigation which involves the Districts.
To our actual knowledge, based on review of the court records in Arapahoe County, Colorado, and the Public Access to Court Electronic Records (PACER), there is no litigation involving the Districts as of December 31, 2025.

G. Proposed plans for the year immediately following the year summarized in the annual report.
There are no current plans for construction within the Districts for 2026.

H. **Status of Public Improvement Construction Schedule.**
No new construction occurred in 2025.

I. **List of all Facilities and Improvements constructed by the Districts that have been dedicated to and accepted by Aurora.**
No new facilities or improvements were constructed by the Districts, nor dedicated or accepted by the City of Aurora in 2025.

J. **Summary of current assessed valuation of the Districts.**
For 2025, the Districts received certifications of valuation from the Arapahoe County Assessor that reports taxable assessed valuations for collection in 2026 of:

Tallyn's Reach Metropolitan District No. 2 - $ 24,442,130
Tallyn's Reach Metropolitan District No. 3 - $ 80,528,323

The foregoing filing and accompanying exhibits are submitted this 19th day of February, 2026.

By: CliftonLarsonAllen LLP

By: Celeste Terrell
Celeste Terrell, District Manager

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Tallyn's Reach Metropolitan District Nos. 2 and 3
Joint 2025 Summary Report

1. **Assessed value of taxable property within the Districts.**
For 2025, the Districts received certifications of valuation from the Arapahoe County Assessor that reports taxable assessed valuations for collection in 2026 of:

Tallyn's Reach Metropolitan District No. 2 - $ 24,442,130
Tallyn's Reach Metropolitan District No. 3 - $ 80,528,323

2. **Total acreage of property within the Districts.**
The total acreage of property within the Districts is 943 acres.

3. **The Districts' indebtedness (stated separately for each class of debt).**

District No. 2:

Tallyn's Reach Metropolitan District No. 2 has no outstanding debt.

District No. 3:

General Obligation Refunding Bonds, Series 2019 in the amount of $7,255,000; balance as of December 31, 2025 - $5,080,000.

Taxable Refunding Loan, Series 2020A in the amount of $7,645,000; balance as of December 31, 2025 - $4,991,000.

Taxable Refunding Loan, Series 2020B in the amount of $16,030,000; balance as of December 31, 2025 - $14,233,000.

Tax-Exempt Refunding Loan, Series 2021A-1 in the amount of $6,220,000; balance as of December 31, 2025 - $4,300,000.

Tax-Exempt Refunding Loan, Series 2021A-2 in the amount of $8,025,000; balance as of December 31, 2025 - $6,110,000.

4. **The Districts' debt service (stated separately for each class of debt).**
See ***Exhibit A*** for a copy of the Districts' adopted 2026 budgets.

5. **The Districts' tax revenue.**
For 2025, District No. 2 certified 5.984 mills as allowed by its Service Plan, which is expected to produce $146,262 in revenue to be collected in 2026.

For 2025 District No. 3 certified 41.458 mills as allowed by its Service Plan, which is expected to produce $3,338,543 in revenue to be collected in 2026.

A. Other revenues of the Districts.

See ***Exhibit A*** for a copy of the Districts' 2026 budgets.

B. Public improvement expenditures.

See ***Exhibit A*** for a copy of the Districts' 2026 budgets.

C. Other expenditures.

See ***Exhibit A*** for a copy of the Districts' 2026 budgets.

EXHIBIT A

ADOPTED 2026 BUDGETS

TALLYN'S REACH METROPOLITAN DISTRICT NO. 2

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2026

TALLYN'S REACH METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

12/10/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	$ 28,677	$ 46,404	$ 1,070
REVENUES			
Property taxes	148,473	186,699	146,262
Specific ownership taxes	8,742	9,960	8,044
Interest Income	5,894	4,702	124
Other Revenue	5,361	-	-
Total revenues	168,470	201,361	154,430
Total funds available	197,147	247,765	155,500
EXPENDITURES			
General and administrative			
County Treasurer's Fee	2,309	2,801	2,194
Contingency	-	-	896
Transfers to TRA - Admin	95,292	116,147	102,264
Transfer to TRA - Capital	25,961	34,107	24,442
Transfer to TRA - O&M	27,181	93,640	20,704
Total expenditures	150,743	246,695	150,500
Total expenditures and transfers out requiring appropriation	150,743	246,695	150,500
ENDING FUND BALANCES	$ 46,404	$ 1,070	$ 5,000
EMERGENCY RESERVE	$ 700	$ 32	$ 211
AVAILABLE FOR OPERATIONS	45,704	1,038	4,790
TOTAL RESERVE	$ 46,404	$ 1,070	$ 5,000

See summary of significant assumptions.

TALLYN'S REACH METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

12/10/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
ASSESSED VALUATION			
Residential	$ 14,947,152	$ 14,945,598	$ 14,343,397
Residential multi-family	10,247,315	10,247,315	9,243,751
State assessed	5,960	62,670	6,130
Personal property	759,717	980,086	848,602
Natural resources	260	260	250
Certified Assessed Value	$ 25,960,404	$ 26,235,929	$ 24,442,130
MILL LEVY			
General	5.717	7.118	5.984
Total mill levy	5.717	7.118	5.984
PROPERTY TAXES			
General	$ 148,416	$ 186,747	$ 146,262
Levied property taxes	148,416	186,747	146,262
Adjustments to actual/rounding	57	-	-
Refunds and abatements	-	(48)	-
Budgeted property taxes	$ 148,473	$ 186,699	$ 146,262
BUDGETED PROPERTY TAXES			
General	**$ 148,473**	**$ 186,699**	**$ 146,262**
	$ 148,473	**$ 186,699**	**$ 146,262**

See summary of significant assumptions.

TALLYN'S REACH METROPOLITAN DISTRICT NO. 2
2026 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.

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

TALLYN'S REACH METROPOLITAN DISTRICT NO. 2
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Revenues (continued)

Property Taxes (continued)

For property tax collection year 2026, HB24B-1001 set the assessment rates as follows:

Category	Rate		Category	Rate
Single-Family Residential	6.25%		Agricultural Land	27.00%
Multi-Family Residential	6.25%		Renewable Energy Land	27.00%
Commercial	27.00%		Vacant Land	27.00%
Industrial	27.00%		Personal Property	27.00%
Lodging	27.00%		State Assessed	27.00%
			Oil & Gas Production	87.50%

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 5.50% 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 5.984 mills levied by the District for general operating expenses, net of fees, are expected to be transferred to the Authority.

TALLYN'S REACH METROPOLITAN DISTRICT NO. 2
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

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 2026 as defined under TABOR less the amounts transferred to Tallyn's Reach Authority, which provides for the required reserve amount for those amounts.

This information is an integral part of the accompanying budget.

TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2026

TALLYN'S REACH METROPOLITAN DISTRICT NO. 3
SUMMARY
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

12/11/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	$ 627,587	$ 482,160	$ 364,549
REVENUES			
Property taxes	3,043,260	3,189,982	3,338,543
Specific ownership taxes	179,292	170,937	183,620
Interest Income	111,074	71,957	11,463
Other Revenue	10,546	-	-
Total revenues	3,344,172	3,432,876	3,533,626
Total funds available	3,971,759	3,915,036	3,898,175
EXPENDITURES			
General Fund	253,903	253,550	321,700
Debt Service Fund	3,235,696	3,296,937	3,371,426
Total expenditures	3,489,599	3,550,487	3,693,126
Total expenditures and transfers out requiring appropriation	3,489,599	3,550,487	3,693,126
ENDING FUND BALANCES	$ 482,160	$ 364,549	$ 205,049
EMERGENCY RESERVE	$ 1,000	$ 200	$ 200
AVAILABLE FOR OPERATIONS	59,486	61,473	4,800
TOTAL RESERVE	$ 60,486	$ 61,673	$ 5,000

See summary of significant assumptions.

TALLYN'S REACH METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

12/11/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
ASSESSED VALUATION			
Residential	$ 80,696,914	$ 80,662,253	$ 78,041,669
Commercial	774,504	774,504	757,620
State assessed	13,170	34,290	28,680
Vacant land	120,842	120,850	102,600
Personal property	1,385,008	1,613,992	1,597,746
Natural resources	-	-	8
Certified Assessed Value	$ 82,990,438	$ 83,205,889	$ 80,528,323
MILL LEVY			
General	3.012	2.844	3.103
Debt Service	33.675	35.500	38.355
Total mill levy	36.687	38.344	41.458
PROPERTY TAXES			
General	$ 249,967	$ 236,638	$ 249,879
Debt Service	2,794,703	2,953,809	3,088,664
Levied property taxes	3,044,670	3,190,447	3,338,543
Adjustments to actual/rounding	(1,410)	-	-
Refunds and abatements	-	(465)	-
Budgeted property taxes	$ 3,043,260	$ 3,189,982	$ 3,338,543
BUDGETED PROPERTY TAXES			
General	**$ 249,852**	**$ 236,603**	**$ 249,879**
Debt Service	**2,793,408**	**2,953,379**	**3,088,664**
	$ 3,043,260	**$ 3,189,982**	**$ 3,338,543**

See summary of significant assumptions.

TALLYN'S REACH METROPOLITAN DISTRICT NO. 3
GENERAL FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

12/11/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	$ 33,055	$ 60,486	$ 61,673
REVENUES			
Property taxes	249,852	236,603	249,879
Specific ownership taxes	14,720	12,684	13,743
Interest Income	6,516	5,450	1,405
Other Revenue	10,246	-	-
Total revenues	281,334	254,737	265,027
Total funds available	314,389	315,223	326,700
EXPENDITURES			
General and administrative			
County Treasurer's Fee	3,903	3,550	3,748
Contingency	-	-	299
Transfers to TRA - Admin	163,116	194,464	185,471
Transfers to TRA - O&M	86,884	55,536	132,182
Total expenditures	253,903	253,550	321,700
Total expenditures and transfers out requiring appropriation	253,903	253,550	321,700
ENDING FUND BALANCES	$ 60,486	$ 61,673	$ 5,000
EMERGENCY RESERVE	$ 1,000	$ 200	$ 200
AVAILABLE FOR OPERATIONS	59,486	61,473	4,800
TOTAL RESERVE	$ 60,486	$ 61,673	$ 5,000

See summary of significant assumptions.

TALLYN'S REACH METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

12/11/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	$ 594,532	$ 421,674	$ 302,876
REVENUES			
Property taxes	2,793,408	2,953,379	3,088,664
Specific ownership taxes	164,572	158,253	169,877
Interest Income	104,558	66,507	10,058
Other Revenue	300	-	-
Total revenues	3,062,838	3,178,139	3,268,599
Total funds available	3,657,370	3,599,813	3,571,475
EXPENDITURES			
General and administrative			
County Treasurer's Fee	41,921	44,307	46,330
Paying agent fees	400	500	500
Debt Service			
Bond interest - Series 2019	235,450	218,200	211,000
Bond principal - Series 2019	345,000	360,000	365,000
Loan interest - 2020A	129,532	117,808	105,809
Loan principal - 2020A	553,000	566,000	577,000
Loan interest - 2020B	354,674	344,003	333,052
Loan principal - 2020B	456,000	468,000	523,000
Loan interest - Series 2021A-1	140,014	127,821	117,820
Loan principal - Series 2021A-1	445,000	365,000	290,000
Loan interest - Series 2021A-2	184,705	175,298	161,915
Loan principal - Series 2021A-2	350,000	510,000	640,000
Total expenditures	3,235,696	3,296,937	3,371,426
Total expenditures and transfers out requiring appropriation	3,235,696	3,296,937	3,371,426
ENDING FUND BALANCES	$ 421,674	$ 302,876	$ 200,049

See summary of significant assumptions.

TALLYNS REACH METROPOLITAN DISTRICT NO. 3
2026 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.

Revenues (continued)

Property Taxes (continued)

For property tax collection year 2026, HB24B-1001 set the assessment rates as follows:

Category	Rate		Category	Rate
Single-Family Residential	6.25%		Agricultural Land	27.00%
Multi-Family Residential	6.25%		Renewable Energy Land	27.00%
Commercial	27.00%		Vacant Land	27.00%
Industrial	27.00%		Personal Property	27.00%
Lodging	27.00%		State Assessed	27.00%
			Oil & Gas Production	87.50%

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 5.50% 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.

Expenditures (continued)

Intergovernmental expenditure

Property taxes generated from the 3.103 mills levied by the District for general operating expenses, net of fees, are expected to be transferred to the Authority.

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.

Debt and Leases

$6,220,000 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 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%.

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 Tax-Exempt 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 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 2.12% 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 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%.

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 2020B Loan became tax-exempt on September 1, 2023, and the interest rate 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
2026 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 2026 as defined under TABOR less the amounts transferred to Tallyn's Reach Authority, which provides for the required reserve amount for those amounts.

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

Year Ended	Principal	Interest	Total
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
	$ 4,665,000	$ 946,670	$ 5,611,670

See summary of significant assumptions.

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

Year Ended	Principal	Interest	Total
2026	$ 640,000	$ 161,915	$ 801,915
2027	660,000	144,955	804,955
2028	690,000	127,465	817,465
2029	715,000	109,180	824,180
2030	715,000	90,233	805,233
2031	495,000	71,285	566,285
2032	520,000	58,168	578,168
2033	535,000	44,388	579,388
2034	560,000	30,210	590,210
2035	580,000	15,370	595,370
	$ 6,110,000	$ 853,169	$ 6,963,169

See summary of significant assumptions.

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

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

Year Ended	Principal	Interest	Total
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
	$ 4,991,000	$ 486,435	$ 5,477,435

See summary of significant assumptions.

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% Payable
June 1 and December 1

Year Ended	Principal	Interest	Total
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
	$ 14,233,000	$ 2,987,502	$ 17,220,502

See summary of significant assumptions.

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

Year Ended	Principal	Interest	Total
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
	$ 5,080,000	$ 1,289,550	$ 6,369,550

See summary of significant assumptions.

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

	Grand Totals		
Year Ended	**Principal**	**Interest**	**Total**
2026	2,395,000	929,596	3,324,596
2027	2,459,000	865,620	3,324,620
2028	2,587,000	799,872	3,386,872
2029	2,666,000	729,394	3,395,394
2030	2,777,000	653,850	3,430,850
2031	2,617,000	575,095	3,192,095
2032	2,753,000	500,092	3,253,092
2033	2,833,000	421,279	3,254,279
2034	2,980,000	339,850	3,319,850
2035	3,061,000	263,304	3,324,304
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
	$ 34,714,000	$ 6,435,505	$ 41,149,505

See summary of significant assumptions.