SORREL RANCH METROPOLITAN DISTRICT

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 • 800-741-3254
Fax: 303-987-2032

<u>NOTICE OF SPECIAL MEETING AND AGENDA</u>

Board of Directors:	Office:	Term/Expiration:
Mark Selden	President	2022/May 2022
David Bourne	Treasurer	2023/May 2023
Melissa Zajac	Assistant Secretary	2023/May 2023
Ryan C. Jones	Assistant Secretary	2022/May 2022
VACANT		2022/May 2022
David Solin	Secretary	

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DATE: May 29, 2020 (Friday)
TIME: 6:30 P.M.
PLACE: DUE TO CONCERNS REGARDING THE SPREAD OF THE CORONAVIRUS (COVID-19) AND THE BENEFITS TO THE CONTROL OF THE SPREAD OF THE VIRUS BY LIMITING IN-PERSON CONTACT, THIS DISTRICT BOARD MEETING WILL BE HELD BY CONFERENCE CALL WITHOUT ANY INDIVIDUALS (NEITHER DISTRICT REPRESENTATIVES NOR THE GENERAL PUBLIC) ATTENDING IN PERSON. **IF YOU WOULD LIKE TO ATTEND THIS MEETING, PLEASE CALL IN TO THE CONFERENCE BRIDGE AT 1-877-250-3814 AND WHEN PROMPTED, DIAL IN THE PASSCODE OF 5592663**.

I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

____

B. Approve Agenda, confirm location of the meeting and posting of meeting notices.

____

C. Discuss status of May 5, 2020 Election (enclosure).

____

D. Consider appointment of Officers:

President ____
Treasurer ____
Secretary ____
Asst. Secretary ____
Asst. Secretary ____

E. Review and approve Minutes of the February 19, 2020 Special Meeting (enclosure).

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II. PUBLIC COMMENTS

A. ____

III. FINANCIAL MATTERS

A. Pursuant to §32-1-903(3), C.R.S., acknowledge the District's inability to make full scheduled bond payments.

____

B. Review 2019 Audit (enclosure) and authorize execution of the Representations Letter.

____

C. Review and ratify the approval of the payment of claims as follows (enclosures):

Fund	Period Ending March 16, 2020	Period Ending April 15, 2020	Period Ending May 11, 2020
General	$ 5,562.38	$ 5,724.16	$ 4,286.37
Debt Service	$ 1.250.00	$ -0-	$ -0-
Capital Projects	$ -0-	$ --0-	$ -0-
Total Claims	**$ 6,812.38**	**$ 5,724.16**	**$ 4,283.37**

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D. Review and accept the unaudited financial statements through March 31, 2020 (enclosure).

____

E. Consider appointment of the District Accountant to prepare the 2021 Budget. Set date for a Public Hearing to adopt the 2021 Budget (November 5, 2020).

____

F. Review and discuss possible options for refunding the District's Senior General Obligation Limited Tax Bonds, Series 2006 and Subordinate General Limited Tax Bonds, Series 2006 (enclosures).

____

IV. LEGAL MATTERS

A. Review and ratify approval of Financial Services Agreement between the District and Piper Sandler & Co. (enclosure).

____

V. OTHER MATTERS

A. ____

VI. ADJOURNMENT ***<u>THE NEXT REGULAR MEETING IS SCHEDULED FOR NOVEMBER 5, 2020.</u>***

NOTICE OF CANCELLATION
and
CERTIFIED STATEMENT OF RESULTS
§1-13.5-513(6), 32-1-104, 1-11-103(3) C.R.S.

NOTICE IS HEREBY GIVEN by the Sorrel Ranch Metropolitan District, Arapahoe County, Colorado, that at the close of business on the sixty-third day before the election, there were not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates; therefore, the election to be held on May 5, 2020 is hereby canceled pursuant to section 1-13.5-513(6) C.R.S.

The following candidates are declared elected for the following terms of office:

Name	Term
David William Alan Bourne	Second Regular Election, May 2023
Melissa Zajac	Second Regular Election, May 2023
Ryan Jones	Next Regular Election, May 2022
Vacant	Next Regular Election, May 2022

/s/ David Solin
(Designated Election Official)

Contact Person for the District:	David Solin
Telephone Number of the District:	303-987-0835
Address of the District:	141 Union Boulevard, Suite 150, Lakewood, CO 80228
District Facsimile Number:	303-987-2032
District Email:	dsolin@sdmsi.com

**MINUTES OF A SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF THE
SORREL RANCH METROPOLITAN DISTRICT
HELD
FEBRUARY 19, 2020**

A Special Meeting of the Board of Directors (referred to hereafter as "Board") of the Sorrel Ranch Metropolitan District (referred to hereafter as "District") was convened on Wednesday, the 19th day of February, 2020, at 6:30 p.m., at Copperleaf Clubhouse, 4895 South Tibet Street, Aurora, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:
Mark Selden
David Bourne
Melissa Zajac
Ryan C. Jones

Also In Attendance Were:
David Solin; Special District Management Services, Inc.

Jon Hoistad, Esq.; McGeady Becher P.C.

Vy Nguyen; CliftonLarsonAllen LLP

Creig Veldhuizen; Piper Sandler & Co.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. It was noted that Director Bourne has ownership of the website domain SoutheastAurora.com.

ADMINISTRATIVE MATTERS

Agenda and Confirm Location of Meeting and Posting of Meeting Notices: Mr. Solin distributed for the Board's review and approval a proposed Agenda for the District's Special Meeting.

Following discussion, upon motion duly made by Director Selden, seconded by Director Jones and, upon vote, unanimously carried, the Agenda was approved, as amended.

Approval of Meeting Location: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting.

Following discussion, upon motion duly made by Director Selden, seconded by Director Jones and, upon vote, unanimously carried, the Board determined that because there was not a suitable or convenient location within the District's boundaries, the meeting would be conducted at the above-stated time, date and location. The Board further noted that notice of the time, date and location was duly posted and that they have not received any objections to the location or any requests that the meeting place be changed by taxpaying electors within the District's boundaries.

Designation of 24-Hour Posting Location: The Board entered into discussion regarding the requirements of §24-6-402(2)(c), C.R.S., concerning the 24-hour posting location of the District.

Following discussion, upon motion duly made by Director Selden, seconded by Director Jones and, upon vote, unanimously carried, the Board determined that notices of meetings of the District Board required pursuant to §24-6-402(2)(c), C.R.S., shall be posted within the boundaries of the District at least 24-hours prior to each meeting at the following location: Corner of Aurora Parkway and Buchanan Street.

Minutes: The Board reviewed the Minutes of the November 7, 2019 Regular Meeting.

Following review, upon motion duly made by Director Selden, seconded by Director Bourne and, upon vote, unanimously carried, the Minutes of the November 7, 2019 Regular Meeting were approved, as presented.

FINANCIAL MATTERS

Claims: The Board considered approval of the payment of claims through the period ending February 10, 2020, in the amount of $2,989.87.

Following discussion, upon motion duly made by Director Bourne, seconded by Director Selden and, upon vote, unanimously carried, the Board approved the payment of claims, as presented.

Possible Bond Refunding: Mr. Veldhuizen discussed with the Board a potential refunding of the District's Senior General Obligation Limited Tax Bonds, Series 2006 and Subordinate General obligation Limited Tax Bonds, Series 2006 (the "Series 2006 Bonds").

Following discussion, upon motion duly made by Director Jones, seconded by Director Selden and, upon vote, unanimously carried, the Board approved the engagement of Piper Sandler & Co. for Municipal Advisory services related to a possible refunding of the District's Series 2006 Bonds.

OTHER MATTERS There we no other matters to discuss.

ADJOURNMENT There being no further business to come before the Board at this time, upon motion duly made by Director Jones, seconded by Director Bourne and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By ____
Secretary for the Meeting

Sorrel Ranch Metropolitan District	Check Register - SRMD Payroll Report Dates: 3/1/2020-3/31/2020	Page: 1 Mar 16, 2020 03:10PM

Check Issue Date	Check Number	Payee	Amount
03/16/2020	9071	Selden, Mark A	92.35
03/16/2020	9072	Bourne, David	92.35
03/16/2020	9073	Zajac, Melissa	92.35
03/16/2020	9074	Jones, Ryan C	92.35
Grand Totals:	4		369.40

Sorrel Ranch Metropolitan District	Check Register - SRMD Check Issue Dates: 3/1/2020 - 3/31/2020	Page: 1 Mar 16, 2020 03:14PM

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
2879						
03/16/2020	CliftonLarsonAllen LLP	2369371	Accounting	1-7000	1,676.27	1,676.27
Total 2879:						1,676.27
2880						
03/16/2020	McGeady Becher P.C.	659B 01/20	Legal Services	1-7460	428.00	428.00
Total 2880:						428.00
2881						
03/16/2020	Special Dist Mgmt Services	02/2020	District Management	1-7440	2,769.02	2,769.02
Total 2881:						2,769.02
2882						
03/16/2020	Special District Association	2020 DUES	Dues & Membership	1-7250	319.69	319.69
Total 2882:						319.69
2883						
03/16/2020	UMB Bank, N. A.	713926	Paying agent / trustee fee	2-7560	1,250.00	1,250.00
Total 2883:						1,250.00
Grand Totals:						6,442.98

Sorrel Ranch Metropolitan District
March-20

	General	Debt	Capital	Totals
Disbursements	$ 5,192.98	$ 1,250.00	$ -	$ 6,442.98
Payroll	$ 369.40			$ 369.40
Total Disbursements from Checking	$ 5,562.38	$ 1,250.00	$ -	$ 6,812.38

SORREL RANCH METROPOLITAN DISTRICT
Arapahoe County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2019

SORREL RANCH METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2019

INSERT INDEPENDENT AUDITOR'S REPORT

BASIC FINANCIAL STATEMENTS

SORREL RANCH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities
ASSETS	
Cash and Investments	$ 117,973
Cash and Investments - Restricted	12,396
Accounts Receivable - Other	18,000
Receivable - County Treasurer	6,332
Property Taxes Receivable	1,219,762
Prepaid Expenses	400
Total Assets	1,374,863
LIABILITIES	
Accounts Payable	6,044
Due to TOUSA	17,100
Accrued Interest Payable	2,084,351
Noncurrent Liabilities:	
Due Within One Year	465,000
Due in More Than One Year	14,694,840
Total Liabilities	17,267,335
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenues	1,219,762
Total Deferred Inflows of Resources	1,219,762
NET POSITION	
Restricted for:	
Emergency Reserves	3,300
Unrestricted	(17,115,534)
Total Net Position	$ (17,112,234)

See accompanying Notes to Basic Financial Statements.

SORREL RANCH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	$ 69,992	$ -	$ -	$ -	$ (69,992)
Interest and Related Costs on Long-Term Debt	993,139	-	-	-	(993,139)
Total Governmental Activities	$ 1,063,131	$ -	$ -	$ -	(1,063,131)
GENERAL REVENUES					
Property Taxes					949,930
Specific Ownership Taxes					75,816
Interest Income					11,590
Administration Fee					4,000
Reimbursed Expenditures					8,253
ARI Revenue					17,130
Total General Revenues					1,066,719
CHANGE IN NET POSITION					3,588
Net Position - Beginning of Year					(17,115,822)
NET POSITION - END OF YEAR					$ (17,112,234)

See accompanying Notes to Basic Financial Statements.

SORREL RANCH METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	$ 117,973	$ -	$ -	$ 117,973
Cash and Investments - Restricted	3,300	9,096	-	12,396
Receivable - County Treasurer	620	5,712	-	6,332
Accounts Receivable	18,000	-	-	18,000
Property Taxes Receivable	116,584	1,081,571	21,607	1,219,762
Prepaid Expenses	400	-	-	400
Total Assets	$ 256,877	$ 1,096,379	$ 21,607	$ 1,374,863
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	4,794	1,250	-	6,044
Due to TOUSA	17,100	-	-	17,100
Total Liabilities	21,894	1,250	-	23,144
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenues	116,584	1,081,571	21,607	1,219,762
Total Deferred Inflows of Resources	116,584	1,081,571	21,607	1,219,762
FUND BALANCES				
Nonspendable:				
Prepaid Expense	400	-	-	400
Restricted for:				
Emergency Reserves	3,300	-	-	3,300
Debt Service	-	13,558	-	13,558
Unassigned	114,699	-	-	114,699
Total Fund Balances	118,399	13,558	-	131,957
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 256,877	$ 1,096,379	$ 21,607	
Amounts reported for governmental activities in the statement of net position are different because:				
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.				
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Bonds Payable				(12,835,000)
Accrued Bond Interest				(2,084,351)
Developer Advance Payable				(1,290,861)
Accrued Interest on Developer Advance				(1,033,979)
Net Position of Governmental Activities				$ (17,112,234)

See accompanying Notes to Basic Financial Statements.

SORREL RANCH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	$ 93,013	$ 856,917	$ -	$ 949,930
Specific Ownership Taxes	7,425	68,391	-	75,816
Interest Income	4,080	7,510	-	11,590
Administration Fee	4,000	-	-	4,000
Reimbursed Expenditures	8,253	-	-	8,253
ARI Revenue from Property Taxes	-	-	17,130	17,130
Total Revenues	116,771	932,818	17,130	1,066,719
EXPENDITURES				
Accounting	19,091	-	-	19,091
Audit	3,500	-	-	3,500
County Treasurer's Fees	1,396	12,855	257	14,508
Director Fees	1,100	-	-	1,100
District Management	13,308	-	-	13,308
Dues and Membership	421	-	-	421
Insurance and Bonds	3,347	-	-	3,347
Legal	10,452	-	-	10,452
Miscellaneous	247	-	-	247
Bond Interest - Senior Bonds	-	604,038	-	604,038
Bond Principal - Senior Bonds	-	390,000	-	390,000
Paying Agent/Trustee Fees	-	2,500	-	2,500
SARIA Payment	-	-	16,873	16,873
Total Expenditures	52,862	1,009,393	17,130	1,079,385
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	63,909	(76,575)	-	(12,666)
OTHER FINANCING SOURCES (USES)				
Transfers In		72,000	-	72,000
Transfers Out	(72,000)	-	-	(72,000)
Total Other Financing Sources (Uses)	(72,000)	72,000	-	-
NET CHANGE IN FUND BALANCES	(8,091)	(4,575)	-	(12,666)
Fund Balances - Beginning of Year	126,490	18,133	-	144,623
FUND BALANCES - END OF YEAR	$ 118,399	$ 13,558	$ -	$ 131,957

See accompanying Notes to Basic Financial Statements.

SORREL RANCH METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

Net Change in Fund Balances - Total Governmental Funds		$	(12,666)
Amounts reported for governmental activities in the statement of activities are different because:			
The issuance of long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds record the effect of premiums, discounts, and similar items when debt is first issued as expenditures, whereas these amounts are deferred and amortized in the statement of activities.			
Bond Principal Payment			390,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Accrued Interest on Developer Advances - Change in Liability	(75,375)		
Accrued Interest on Bonds - Change in Liability	(298,371)		(373,746)
Change in Net Position of Governmental Activities		$	3,588

See accompanying Notes to Basic Financial Statements.

SORREL RANCH METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property Taxes	$ 93,013	$ 93,013	$ 93,013	$ -
Specific Ownership Taxes	5,580	7,425	7,425	-
Interest Income	2,300	4,000	4,080	80
Administration Fee	-	3,100	4,000	900
Reimbursed Expenditures	-	-	8,253	8,253
Total Revenues	100,893	107,538	116,771	15,878
EXPENDITURES				
Accounting	19,000	19,000	19,091	(91)
Audit	3,500	3,500	3,500	-
County Treasurer's Fees	1,395	1,396	1,396	-
Director Fees	1,200	1,200	1,100	100
District Management	17,000	17,000	13,308	3,692
Dues and Membership	450	421	421	-
Insurance and Bonds	3,100	3,097	3,347	(250)
Legal Services	17,000	17,000	10,452	6,548
Miscellaneous	800	500	247	253
Contingency	3,555	4,886	-	4,886
Total Expenditures	67,000	68,000	52,862	15,138
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	33,893	39,538	63,909	31,016
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(72,000)	(72,000)	-
Total Other Financing Sources (Uses	-	(72,000)	(72,000)	-
NET CHANGE IN FUND BALANCES	33,893	(32,462)	(8,091)	24,371
Fund Balances - Beginning of Year	123,330	126,490	126,490	-
FUND BALANCES - END OF YEAR	$ 157,223	$ 94,028	$ 118,399	$ 24,371

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

Sorrel Ranch Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, located entirely in the City of Aurora, Arapahoe County, Colorado, was organized on December 31, 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was established to provide for the design, construction, acquisition, and financing of certain public improvements including street, safety protection, water, sanitation, storm drainage, mosquito control, and park and recreation facilities and improvements. The District operates pursuant to a Modified Amended and Restated Service Plan, as approved on August 4, 2004 and modified on August 14, 2006 by the City Council of the City of Aurora.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended the General and Debt Service Fund for the year ending December 31, 2019.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Property Taxes

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

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue,* is deferred and recognized as an inflow of resources in the period that the amount becomes available.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position:		
Cash and Investments	$	117,973
Cash and Investments - Restricted		12,396
Total Cash and Investments	$	130,369

Cash and investments as of December 31, 2019, consist of the following:

Deposits with Financial Institutions	$	21,620
Investments		108,749
Total Cash and Investments	$	130,369

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2019, the District's cash deposits had a bank balance of $23,023 and a carrying balance of $21,620.

Investments

The District's formal investment policy is to follow state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

. Obligations of the United States, certain U.S. government agency securities of the World Bank
. Certain international agency securities
. General obligation and revenue bonds of U.S. local government entities
. Certain certificates of participation
. Certain securities lending agreements
. Bankers' acceptances of certain banks
. Commercial paper
. Written repurchase agreements collateralized by certain authorized securities
. Certain money market funds
. Guaranteed investment contracts
* Local government investment pools

As of December 31, 2019, the District had the following investments:

Investment	Maturity	Amount
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	$ 108,749

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at $1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAm by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2019:

	Balance - December 31, 2018	Additions	Reductions	Balance - December 31, 2019	Due Within One Year
Governmental Activities:					
G.O. Limited Tax Bonds:					
Series 2006 - Senior	$ 10,505,000	$ -	$ 390,000	$ 10,115,000	$ 465,000
Series 2006 - Subordinate	2,720,000	-	-	2,720,000	-
Developer Advances					
Operating	289,574	-	-	289,574	-
Capital	1,001,287	-	-	1,001,287	-
Accrued Interest on Developer Advances					
Operating	216,058	16,909	-	232,967	-
Capital	742,546	58,466	-	801,012	-
Total	$ 15,474,465	$ 75,375	$ 390,000	$ 15,159,840	$ 465,000

$11,675,000 Senior General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2006, dated September 22, 2006, with interest of 5.75% (Senior 2006 Bonds). The District issued the Senior 2006 Bonds to pay project costs and costs of issuance. Interest is payable semiannually on June 1 and December 1. The bonds are term bonds due December 1, 2036, with mandatory sinking fund redemptions beginning December 1, 2010, and on every December 1 thereafter. All of the bonds are subject to redemption prior to maturity at the option of the District on December 1, 2016, and on any date thereafter without call premium.

$2,735,000 Subordinate General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2006, dated September 22, 2006, with interest of 6.75% (Subordinate 2006 Bonds). The District issued the Subordinate 2006 Bonds to pay project costs and costs of issuance. Interest is payable annually on December 15. The bonds are term bonds due December 15, 2036, with mandatory sinking fund redemptions beginning December 15, 2010, and on every December 15 thereafter. All of the bonds are subject to redemption prior to maturity at the option of the District on December 15, 2016, and on any date thereafter without call premium.

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

The Senior 2006 Bonds and Subordinate 2006 Bonds (collectively the 2006 Bonds) are secured by the Pledged Revenues and all monies and earnings thereon held in the Funds or accounts created under the terms of separate Indenture of Trusts, each dated September 1, 2006, between the District and American National Bank (ANB), as trustee. The Senior 2006 Bonds Pledged Revenue consist of revenues derived from the imposition of the Required Mill Levy remitted to the District, Capital Fees including Facility Fees, Specific Ownership Taxes attributable to the Required Mill Levy, and any other legally available monies of the District credited to the Bond Fund (Senior Pledged Revenue). The Subordinate 2006 Bonds pledged revenue consists of the Required Mill levy, Capital Fees including Facility Fees, Specific Ownership Taxes attributable to the Required Mill Levy, any monies credited to the Senior 2006 Surplus Fund on the date the Senior 2006 Surplus Fund is terminated pursuant to the terms of the Series 2006 Senior Indenture; and any other legally available funds which the District determines to credit to the Subordinate 2006 Bond Fund.

The District is required to impose a mill levy up to a limit of 50.000 mills (as adjusted, based upon any changes to the method of calculating assessed valuation), on all taxable property of the District, in an amount sufficient to pay when due the principal and interest and to build up the Surplus Fund of each of the Senior 2006 Bonds and Subordinate 2006 Bonds to their Maximum Surplus Amount, which must be maintained once reached until the Debt to Assessed Ratio is 50% or less. The Maximum Surplus amount is $1,167,500 for the Senior 2006 Bonds and $273,500 for the Subordinate 2006 Bonds. As of December 31, 2019, the Surplus Fund related to the Senior 2006 Bonds and Subordinate 2006 Bonds totaled $-0-. During 2019, the District paid in full the $270,000 principal due on the Senior 2006 Bonds as well as $120,000 of shortfall from prior years. Additionally, the District did not have sufficient funds to pay the principal or compounded interest due on the Subordinate 2006 Bonds. The District does not anticipate making its principal and interest payments on its Subordinate 2006 Bonds in 2020. The balance of compounded and accrued interest on the Subordinate 2006 Bonds at December 31, 2019, is $2,028,233. At this time, the schedule of repayments on the Subordinate 2006 Bonds is unknown and will be made when cash flow is available.

The District's long-term obligations relating to the Senior 2006 Bonds will mature as follows:

Year Ending December 31,	Principal	Interest	Total
2020	$ 465,000	$ 581,612	$ 1,046,612
2021	320,000	554,875	874,875
2022	355,000	536,475	891,475
2023	380,000	516,063	896,063
2024	420,000	494,212	914,212
2025-2029	2,595,000	2,074,025	4,669,025
2030-2034	3,710,000	1,206,925	4,916,925
2035-2036	1,870,000	163,300	2,033,300
Total	$ 10,115,000	$ 6,127,487	$ 16,242,487

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 5, 2002, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness in an amount not to exceed $34,644,000 at an interest rate not to exceed 18% per annum. In the November 2, 2004 election, a majority of the qualified electors of the District voted for a phased tax increase up to $35,000,000 and to authorize the District to enter into one or more multiple fiscal year obligations evidenced by an intergovernmental agreement for the provisions of regional improvements. Remaining authorized but unissued debt at December 31, 2019, is as follows:

	Authorized November 5, 2002 Election	Authorization Used	Remaining at December 31, 2019
Streets	$ 5,161,000	$ 4,655,870	$ 505,130
Safety Protection	711,000	708,972	2,028
Park and Recreation	6,278,000	4,413,783	1,864,217
Water	619,000	534,611	84,389
Sanitation	4,453,000	4,096,764	356,236
Operations	200,000	-	200,000
Refunding	17,222,000	-	17,222,000
Total	$ 34,644,000	$ 14,410,000	$ 20,234,000

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to $35,000,000.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area; however, as of the date of this audit, the amount and timing of any debt issuances is not determinable.

Operation Funding Agreements

The District entered into various Operation Funding Agreements with Engle Homes Colorado, a division of TOUSA Homes, Inc. (Developer), whereby the Developer agreed to fund any shortfall in operating costs from 2003 to 2007. In accordance with the Operation Funding Agreements, payments made to repay these operating advances are subject to annual budget and appropriation with interest rates at 3% above the 20-year AAA Municipal Market Data rate. The interest rate is set each January 1 for the upcoming year. The interest rate for 2019 was 5.840%. The term of the Agreement extends until December 31, 2027 unless terminated earlier by mutual agreement of the parties. The balance owed to the Developer pursuant to the Operation Funding Agreements was $289,574 for principal and $232,967 for accrued interest as of December 31, 2019. All budgeted repayments shall be made on December 1st of each year.

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Facilities Funding and Acquisition Agreement

Effective January 1, 2007, the District entered into the Facilities Funding and Acquisition Agreement - 2007 (2007 FFAA) with the Developer, whereby the Developer agreed to design and construct public improvements within the District. The District agreed to purchase these improvements from the Developer for the costs incurred to construct them. The 2007 FFAA includes interest of 3.98% for 2007 and adjusted each January 1 to be 300 basis points above the 20-year AAA Municipal Market Data rate to be paid to the Developer for the acquisition of these improvements. The balance owed to the Developer for advances as of December 31, 2019, was $1,001,287 for principal and $801,012 for accrued interest. No payment is required under the 2007 FFAA unless and until such time the District issues bonds for this purpose and in an amount sufficient to acquire a part or all of such improvements, or to reimburse Developer for part or all of the Developer advances

NOTE 5 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

The restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2019, as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	$ 3,300
Total Restricted Net Position	$ 3,300

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other entities and which costs were removed from the District's financial records.

NOTE 6 AGREEMENTS

Intergovernmental Agreement with the City of Aurora

In November 2004, the District entered into the Amended and Restated Intergovernmental Agreement (IGA) between the City of Aurora (the City) and the District (the Amended City IGA). The Amended City IGA completely replaces the original Intergovernmental Agreement entered into by the District and the City on October 10, 2003. The IGA defines and clarifies the services which the District may provide, as well as those services which the District is prohibited from providing. Pursuant to the Service Plan, the District is required to impose the Aurora Regional Improvement (ARI) Mill Levy upon the District's residents. This mill levy is 1.000 mill for 20 years, which for this purpose begins the first year that the District certifies a debt service mill levy. The levy increases to 5.000 mills for years 21 through 40 or the date of repayment of the debt incurred for public improvements, other than regional improvements, whichever occurs first. For the 10 years subsequent to the period where the 5.000 mills is imposed, the ARI mill levy is the average of the debt service mill levy for the previous 10 years.

Aurora Regional Transportation Authority

In 2006, the District, along with other metropolitan districts within Aurora, entered into the Aurora Regional Transportation Authority (ARTA) Establishment Agreement (ARTA Agreement). The ARTA Agreement was amended on August 14, 2007, February 20, 2008, July 21, 2008, and June 11, 2009, to add additional metropolitan district members. ARTA will plan, design, acquire, construct, relocate, redevelop, and finance regional improvements within the boundaries of the metropolitan districts which are a party to the ARTA Agreement using the ARI revenue from each of the districts. In accordance with the IGA, the City has the right to appoint no less than 30% and no more than 49% of the ARTA Board. On August 1, 2017, the District resigned from ARTA, in order to join the South Aurora Regional Improvement Authority.

South Aurora Regional Improvement Authority

On December 8, 2017, the District along with other metropolitan districts within Aurora, entered into the South Aurora Regional Improvement Authority (SARIA) Establishment Agreement (SARIA Agreement) with the City. The Authority was formed to provide functions and services necessary to acquire, construct, finance, maintain, and manage certain regional improvements that are identified and agreed upon by the City and the member districts.

The SARIA Agreement provides that the Authority may adopt an ARI master plan, pursuant to the Code and Service Plans of the districts. SARIA will prioritize and support the completion of the regional improvements as identified in the ARI Master Plan. In order to fund these projects, SARIA may issue revenue bonds or other multi-fiscal year financial obligations, subject to its sole discretion, secured by the pledged revenues of the ARI Mill Levies by each of the districts and other funds legally available to SARIA.

NOTE 6 AGREEMENTS (CONTINUED)

South Aurora Regional Improvement Authority (Continued)

On October 2, 2018, the SARIA Agreement was amended by the First Amendment to the South Aurora Regional Improvement Authority Establishment Agreement (First Amendment) in conjunction with the issuance of SARIA's Special Revenue Bonds, Series 2018 (SARIA Bonds). SARIA issued its SARIA Bonds in the amount of $11,265,000 on December 19, 2018. The District is obligated to pledge its ARI Mill Levy Revenues to the repayment of the SARIA Bonds pursuant to the terms of the SARIA Agreement and the First Amendment.

Facilities Fees Agreement

The District adopted a Resolution regarding the imposition of facilities fees recorded on August 19, 2003 in the real property records of Arapahoe County (Fee Resolution). The Fee Resolution imposes a Facilities Fee of $2,000 on each single-family residential unit and a Facilities Fee of $500 on each multi-family residential unit. The fees are payable by homebuilders at the time of issuance of building permits. The revenue from the fees is pledged for payment of bonds or any other indebtedness of the District.

In order to guarantee timely payment of the 2006 Bonds, TOUSA and the District entered into a Facilities Fee Agreement dated September 20, 2006, to which TOUSA Homes, Inc. (TOUSA) guaranteed the payment of Facility Fees on a semi-annual schedule through May 15, 2011. Pursuant to this Facilities Fee Agreement, TOUSA has guaranteed the payment of a total $897,000 in Facilities Fees. The guaranty requires payment each May 15 and November 15 for any shortfall of the scheduled Facilities Fees for that period. As of December 31, 2019, the obligation was fulfilled and no outstanding amount remained.

Facilities Fees will be collected by the District for each residential unit that was not platted at the time TOUSA guaranteed the payment of fees. In 2019, the District did not collect any fees outside the Agreement.

Reimbursement Agreements (Facility Fees)

On November 15, 2010, the District entered into the Reimbursement Agreement (Facilities Fees) with TOUSA Recovery Acquisition, LLC (TRA). The Agreement acknowledges that all prepayments under the Facilities Fee Agreement have been made and that in conjunction with TRA's purchase of property within the District, TRA is entitled to reimbursement as a result of such prepayments. The Agreement provides that, as additional Facilities Fees are collected, the District will reimburse TRA quarterly for the prepaid fees, less a $100 administration fee and any escrow expenses, to cover the District's costs. In 2019, the District collected $4,000 of Administration Fees.

Harvest Road IGA

On September 28, 2018, the District and SARIA entered into South Aurora Regional Improvement Project Participation Agreement – Harvest Road Improvements Projects (Harvest Road IGA), whereby the District agreed to contribute $100,000 to SARIA for a portion of the costs associated with the construction, extension and completion of South Harvest Road. The District had transferred the $100,000 contribution to SARIA in 2018.

NOTE 7 INTERFUND TRANSFERS

The District transferred $72,000 from the General Fund to the Debt Service Fund to provide sufficient funding for debt service payments in 2019.

NOTE 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On November 5, 2002, the District's voters passed an election question to increase property taxes $200,000, annually, without limitation of rate, to pay the District's operational and maintenance costs.

On November 2, 2004, a majority of the qualified electors of the District voted for a phased tax increase up to $35,000,000.

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

SUPPLEMENTARY INFORMATION

SORREL RANCH METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property Taxes	$ 856,917	$ 856,917	$ 856,917	$ -
Specific Ownership Taxes	51,400	68,391	68,391	-
Interest Income	4,000	7,500	7,510	10
Other Revenue	-	77,059	-	(77,059)
Total Revenues	912,317	1,009,867	932,818	(77,049)
EXPENDITURES				
County Treasurer's Fees	12,854	12,855	12,855	-
Bond Interest - Senior Bonds	604,038	604,038	604,038	-
Bond Principal - Senior Bonds	295,000	390,000	390,000	-
Paying Agent/Trustee Fees	2,500	2,500	2,500	-
Contingency	2,608	90,607	-	90,607
Total Expenditures	917,000	1,100,000	1,009,393	90,607
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,683)	(90,133)	(76,575)	13,558
OTHER FINANCING SOURCES (USES)				
Transfers In	-	72,000	72,000	-
Total Other Financing Sources (Uses)	-	72,000	72,000	-
NET CHANGE IN FUND BALANCE	(4,683)	(18,133)	(4,575)	13,558
Fund Balance - Beginning of Year	9,803	18,133	18,133	-
FUND BALANCE - END OF YEAR	$ 5,120	$ -	$ 13,558	$ 13,558

SORREL RANCH METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
ARI Revenues from Property Taxes	$ 17,130	$ 17,130	$ -
Total Revenues	17,130	17,130	-
EXPENDITURES			
County Treasurer's Fees	257	257	-
SARIA Payment	16,873	16,873	-
Total Expenditures	17,130	17,130	-
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -

OTHER INFORMATION

SORREL RANCH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2019

Bonds and Interest Maturing in the Year Ending December 31,	$ 11,675,000 General Obligation Limited Tax Bonds Dated September 22, 2006 Principal Payable December 1 5.75% Interest Payable June 1 and December 1		
	Principal	**Interest**	**Total**
2020	$ 465,000	$ 581,612	$ 1,046,612
2021	320,000	554,875	874,875
2022	355,000	536,475	891,475
2023	380,000	516,063	896,063
2024	420,000	494,212	914,212
2025	440,000	470,063	910,063
2026	485,000	444,762	929,762
2027	515,000	416,875	931,875
2028	560,000	387,263	947,263
2029	595,000	355,062	950,062
2030	645,000	320,850	965,850
2031	685,000	283,763	968,763
2032	745,000	244,375	989,375
2033	785,000	201,537	986,537
2034	850,000	156,400	1,006,400
2035	900,000	107,525	1,007,525
2036	970,000	55,775	1,025,775
Total	$ 10,115,000	$ 6,127,487	$ 16,242,487

SORREL RANCH METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2019

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied for General (1)	Mills Levied for Debt Service	Mills Levied for ARI	Total Property Taxes Levied	Total Property Taxes Collected	Percent Collected to Levied
2015	$ 11,542,823	6.000	50.000	1.000	$ 657,941	$ 644,477	97.90 %
2016	14,068,670	6.146	50.000	1.000	803,968	789,900	98.25
2017	14,095,777	6.000	50.000	1.000	803,460	803,460	100.00
2018	15,455,005	6.000	55.277	1.105	964,114	964,114	100.00
2019	15,502,230	6.000	55.277	1.105	967,060	967,060	100.00
Estimated for the Year Ending December 31, 2020	$ 19,430,691	6.000	55.663	1.112	$ 1,219,762		

(1) 2016 General Fund mill levy includes .146 mills related to refunds and abatements.

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
2884						
04/15/2020	Aurora Media Group	98454	Election Expense	1-7430	47.75	47.75
Total 2884:						47.75
2885						
04/15/2020	CliftonLarsonAllen LLP	2403189	Accounting	1-7000	1,626.11	1,626.11
Total 2885:						1,626.11
2886						
04/15/2020	McGeady Becher P.C.	659B 02/2020	Legal Services	1-7460	3,408.10	3,408.10
Total 2886:						3,408.10
2887						
04/15/2020	Special Dist Mgmt Services	03/2020	District Management	1-7440	642.20	642.20
Total 2887:						642.20
Grand Totals:						5,724.16

Sorrel Ranch Metropolitan District
April-20

	General	Debt	Capital	Totals
Disbursements	$ 5,724.16	$ -	$ -	$ 5,724.16
Payroll	$ -			$ -
Total Disbursements from Checking	$ 5,724.16	$ -	$ -	$ 5,724.16

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
2888						
05/11/2020	CliftonLarsonAllen LLP	2446827	Accounting	1-7000	1,667.40	1,667.40
05/11/2020	CliftonLarsonAllen LLP	2484809	Accounting	1-7000	1,750.77	1,750.77
Total 2888:						3,418.17
2889						
05/11/2020	McGeady Becher P.C.	659B 03/20	Legal Services	1-7460	317.00	317.00
Total 2889:						317.00
2890						
05/11/2020	Special Dist Mgmt Services	04/2020	District Management	1-7440	551.20	551.20
Total 2890:						551.20
Grand Totals:						4,286.37

Sorrel Ranch Metropolitan District
May-20

	General	Debt	Capital	Totals
Disbursements	$ 4,286.37	$ -	$ -	$ 4,286.37
Payroll	$ -			$ -
Total Disbursements from Checking	$ 4,286.37	$ -	$ -	$ 4,286.37

SORREL RANCH METROPOLITAN DISTRICT

FINANCIAL STATEMENTS

MARCH 31, 2020

SORREL RANCH METROPOLITAN DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2020

	General	Debt Service	Capital Projects	Total
ASSETS				
Cash - 1st Bank Checking	$ 23,412	$ -	$ -	$ 23,412
C - Safe	144,798	465,097	-	609,895
UMB - Series 2006A Bond Fund	-	1,057	-	1,057
Receivable from County Treasurer	6,269	58,144	1,040	65,453
TOTAL ASSETS	$ 174,479	$ 524,298	$ 1,040	$ 699,817
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable	$ 17,161	$ -	$ -	$ 17,161
Payroll taxes payable	61	-	-	61
Due to SARIA	-	-	1,040	1,040
Total Liabilities	17,222	-	1,040	18,262
FUND BALANCES				
Total Fund Balances	157,257	524,298	-	681,555
TOTAL LIABILITIES AND FUND BALANCES	$ 174,479	$ 524,298	$ 1,040	$ 699,817

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.

SORREL RANCH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE THREE MONTHS ENDED MARCH 31, 2020

GENERAL FUND

	Annual Budget	Year to Date Actual	Variance
REVENUES			
Property taxes	$ 116,584	$ 53,761	$ (62,823)
Specific ownership tax	6,995	2,096	(4,899)
Interest income	3,000	729	(2,271)
Administration fee	1,500	500	(1,000)
TOTAL REVENUES	128,079	57,086	(70,993)
EXPENDITURES			
Accounting	20,000	4,970	15,030
Audit	3,500	-	3,500
County Treasurer's fee	1,749	806	943
Directors' fees	1,600	400	1,200
Dues and membership	450	320	130
Insurance and bonds	3,300	2,910	390
District management	18,000	4,280	13,720
Legal	18,000	4,133	13,867
Miscellaneous	500	31	469
Election	1,000	379	621
Contingency	2,901	-	2,901
TOTAL EXPENDITURES	71,000	18,229	52,771
NET CHANGE IN FUND BALANCES	57,079	38,857	(18,222)
FUND BALANCES - BEGINNING	98,914	118,399	19,485
FUND BALANCES - ENDING	$ 155,993	$ 157,256	$ 1,263

SUPPLEMENTARY INFORMATION

SORREL RANCH METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE THREE MONTHS ENDED MARCH 31, 2020

DEBT SERVICE FUND

	Annual Budget	Year to Date Actual	Variance
REVENUES			
Property taxes	$ 1,081,571	$ 498,641	$ (582,930)
Specific ownership tax	64,894	19,443	(45,451)
Interest income	4,000	136	(3,864)
TOTAL REVENUES	1,150,465	518,220	(632,245)
EXPENDITURES			
County Treasurer's fee	16,224	7,480	8,744
Paying agent fees	2,500	-	2,500
Bond interest Senior Bonds	581,612	-	581,612
Bond principal Senior Bonds	465,000	-	465,000
Contingency	2,664	-	2,664
TOTAL EXPENDITURES	1,068,000	7,480	1,060,520
NET CHANGE IN FUND BALANCES	82,465	510,740	428,275
FUND BALANCES - BEGINNING	13,548	13,558	10
FUND BALANCES - ENDING	$ 96,013	$ 524,298	$ 428,285

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.

SORREL RANCH METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE THREE MONTHS ENDED MARCH 31, 2020

CAPITAL PROJECTS FUND

	Annual Budget	Year to Date Actual	Variance
REVENUES			
Property taxes - SARIA	$ 21,607	$ 9,954	$ (11,653)
TOTAL REVENUES	21,607	9,954	(11,653)
EXPENDITURES			
County Treasurer's fee	324	149	175
SARIA payment	21,283	9,805	11,478
TOTAL EXPENDITURES	21,607	9,954	11,653
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING	-	-	-
FUND BALANCES - ENDING	$ -	$ -	$ -

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.

SORREL RANCH METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by the order and decree of the District Court for the City of Aurora on November 18, 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under the Amended and Restated Service Plan as approved by the City of Aurora on August 30, 2004. The District's service area is located entirely in Arapahoe County, Colorado in the City of Aurora.

The District was established to provide financing for the design, acquisition, construction, installation and operation and maintenance of public improvements including streets and safety protection, water, sanitary sewer and storm drainage, park and recreation and mosquito control.

The District held its formation election on November 5, 2002. The electorate authorized general obligation debt of $17,422,000 and refunding debt of $17,222,000. The election also allows the District to retain all revenues other than ad valorem taxes without regard to the limitations contained in Article X, Section 20 of the Colorado constitution or any other law and a $200,000 annual property tax increase for operations.

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

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

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 on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

The change in assessment ratio from 7.96% to 7.15% allows the District to adjust its mill levy to offset the decrease in revenues. The District has elected to not impose an adjusted mill levy for operations. Such adjusted mill levy would be 6.679.

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% of the property taxes collected by both the General Fund and the Debt Service Fund.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.5%.

Expenditures

General and Administrative Expenditures

General and administrative expenditures include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, meeting expense, and other administrative expenses.

Capital Outlay

Anticipated expenditures for capital outlay in 2020 are displayed on page 6 of the Budget.

Debt Service

The principal and interest payments in 2020 are provided based on the debt amortization schedule from the General Obligation Bonds Series 2006A (discussed under Debt and Leases).

Debt and Leases

On September 22, 2006, the District issued $11,675,000 in General Obligation Bonds (Limited Tax Convertible to Unlimited Tax) dated September 22, 2006, and $2,735,000 in General Obligation Subordinate Bonds (Limited Tax Convertible to Unlimited Tax) dated September 22, 2006, both for infrastructure improvements. The senior bonds are term bonds due December 1, 2036, with an interest rate of 5.75%, paid semiannually on June 1 and December 1. The subordinate bonds are term bonds due December 15, 2036, with an interest rate of 6.75%, paid annually on December 15. The senior bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2016, and on any date thereafter, upon payment of par and accrued interest, without redemption premium. The subordinate bonds are subject to redemption prior to maturity, at the option of the District, on December 15, 2016, and on any date thereafter, upon payment of par and accrued interest, without redemption premium. The senior bonds are subject to mandatory sinking fund redemption on December 1, 2010, and on each December 1 thereafter in increasing amounts annually through maturity. The subordinate bonds are subject to mandatory sinking fund redemption on December 15, 2010, and on each December 15 thereafter in varying amounts annually through maturity.

Debt and Leases (continued)

The Bonds are secured by the Pledged Revenues and all moneys and earnings thereon held in the Funds or accounts created under the terms of the Indenture of Trust dated September 1, 2006 between the District and United Missouri Bank (UMB), as trustee. Pledged Revenues consists of revenues derived from the imposition of the Required Mill Levy (see below) remitted to the District, Facility Fees, Specific Ownership Taxes attributable to the Required Mill Levy, and any other legally available moneys of the District credited to the Bond Fund.

The District is required to impose a mill levy without limitation, up to a limit of 50.000 mills, on the assessed valuation of the District, in an amount sufficient to pay when due the principal and interest and to build up the Surplus Fund of each of the 2006A and 2006B series to their Maximum Surplus Amount, which must be maintained once reached until the Debt to Assessed Ratio is 50% or less. The Maximum Surplus Amount is $1,167,500 for the 2006A Series Bonds and $273,500 for the 2006B Series Bonds. In 2020, the District anticipates it will make the full interest payment and a principal payment in the amount of $465,000 on the 2006A Series Bonds. The scheduled redemption on the 2006A Series for 2020 including unpaid principal from prior years is $465,000. No payment is anticipated to be made on the 2006B Series Bonds. Payments will be made when cash flow is available.

The District has no operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve equal to at least 3% of the fiscal year spending for 2020, as defined under TABOR.

SORREL RANCH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2019

Bonds and Interest Maturing in the Year Ending December 31,	$11,675,000 Limited Tax General Obligation Bonds Series 2006A Dated September 22, 2006 Principal Due December 1, Interest Rate 5.75% Payable June 1 and December 1		
	Principal	Interest	Total
2020	$ 465,000 *	$ 581,612	$ 1,046,612
2021	320,000	554,875	874,875
2022	355,000	536,475	891,475
2023	380,000	516,063	896,063
2024	420,000	494,212	914,212
2025	440,000	470,063	910,063
2026	485,000	444,762	929,762
2027	515,000	416,875	931,875
2028	560,000	387,263	947,263
2029	595,000	355,062	950,062
2030	645,000	320,850	965,850
2031	685,000	283,763	968,763
2032	745,000	244,375	989,375
2033	785,000	201,537	986,537
2034	850,000	156,400	1,006,400
2035	900,000	107,525	1,007,525
2036	970,000	55,775	1,025,775
	$ 10,115,000	$ 6,127,487	$ 16,242,487

The Series 2006A Bonds are subject to redemption prior to maturity, at the option of the District, beginning December 1, 2016, without a redemption premium.

* Principal in 2020 includes accumulated unpaid principal from prior years.

SORREL RANCH METROPOLITAN DISTRICT
Schedule of Cash Position
March 31, 2020
Updated as of May 20, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total
1st Bank - Checking Account				
Balance as of 3/31/20	$ 23,411.83	$ -	$ -	$ 23,411.83
Subsequent activities:				
04/15/20 - Vouchers payable	(5,724.16)	-	-	(5,724.16)
04/28/20 - Transfer from CSAFE	-	-	1,040.08	1,040.08
04/28/20 - Transfer to SARIA	-	-	(1,040.08)	(1,040.08)
Anticipated Balance	17,687.67	-	-	17,687.67
CSAFE				
Balance as of 3/31/20	144,797.64	465,097.34	-	609,894.98
Subsequent activities:	.			
04/10/20 - Property/SO tax receipt	6,268.69	58,144.18	1,040.08	65,452.95
04/28/20 - Transfer to 1st Bank	-	-	(1,040.08)	(1,040.08)
04/30/20 - Interest Income	123.87	397.90	-	521.77
05/10/20 - Property/SO tax receipt	4,733.67	43,905.99	796.45	49,436.11
Anticipated transfer to UMB Bond Fund	-	*(567,545.41)*	-	*(567,545.41)*
Anticipated transfer to SARIA	-	-	*(796.45)*	*(796.45)*
Anticipated Balance	155,923.87	-	-	155,923.87
UMB - Series 2006A Bond Fund				
Balance as of 3/31/20	-	1,057.10	-	1,057.10
Subsequent activities:				
04/30/20 - Interest income	-	0.81	-	0.81
Anticipated transfer from CSAFE	-	*567,545.41*	-	567,545.41
Anticipated 6/1 Bond Interest payment	-	*(290,806.25)*	-	(290,806.25)
Anticipated Balance	-	277,797.07	-	277,797.07
Anticipated Balances	$ 173,611.54	$ 277,797.07	$ -	$ 451,408.61

Yield information as of April 30, 2020
CSAFE - 0.98%
UMB (invested in CSAFE) - 0.98%

*The District is required to impose a mill levy up to a limit of 50.000 mills on the assessed valuation of the District, in an amount sufficient to pay the principal and interest and to build up the Surplus Fund of each of the 2006A and 2006B series to their Maximum Surplus Amount, which must be maintained until the Debt to Assessed Ratio is 50% or less. The Maximum Surplus Amount is $1,167,500 for the 2006A Series Bonds and $273,500 for the 2006B Series Bonds.

SORREL RANCH METROPOLITAN DISTRICT
Property Taxes Reconciliation
2020

	Current Year								Prior Year		
	Property Taxes	Delinquent Taxes, Rebates and Abatements	Specific Ownership Taxes	Interest	Treasurer's Fees	Amount Received	% of Total Property Taxes Received Monthly	% of Total Property Taxes Received Y-T-D	Total Cash Received	% of Total Property Taxes Received Monthly	% of Total Property Taxes Received Y-T-D
January	$ 5,160.23	$ -	$ 7,259.23	$ -	$ (77.40)	$ 12,342.06	0.42%	0.42%	$ 12,443.90	0.67%	0.67%
February	497,538.70	-	7,588.18		(7,463.08)	497,663.80	40.79%	41.21%	425,102.05	43.83%	44.50%
March	59,656.53	-	6,691.27	-	(894.85)	65,452.95	4.89%	46.10%	19,343.55	1.44%	45.93%
April	45,682.66	-	4,438.69	-	(685.24)	49,436.11	3.75%	49.85%	95,671.77	9.53%	55.47%
May	-	-	-	-	-	-	0.00%	49.85%	25,015.53	2.00%	57.46%
June	-	-	-	-	-	-	0.00%	49.85%	410,823.29	42.43%	99.89%
July	-	-	-	-	-	-	0.00%	49.85%	6,963.56	0.11%	100.00%
August	-	-	-	-	-	-	0.00%	49.85%	7,006.19	0.00%	100.00%
September	-	-	-	-	-	-	0.00%	49.85%	6,599.57	0.00%	100.00%
October	-	-	-	-	-	-	0.00%	49.85%	5,886.28	0.00%	100.00%
November	-	-	-	-	-	-	0.00%	49.85%	7,269.85	0.00%	100.00%
December	-	-	-	-	-	-	0.00%	49.85%	6,331.64	0.00%	100.00%
	$ 608,038.12	$ -	$ 25,977.37	$ -	$ (9,120.57)	$ 624,894.92	49.85%	49.85%	$ 1,028,457.18	100.00%	100.00%

	Assessed Valuation	Mills Levied	Taxes Levied	% of Levied	Property Taxes Collected	% Collected to Amount Levied
Property Tax						
General Fund	$ 19,430,691.00	6.000	$ 116,584.00	9.56%	$ 58,128.44	49.86%
Debt Service Fund		55.663	1,081,571.00	88.67%	539,147.40	49.85%
SARIA		1.112	21,607.00	1.77%	10,762.27	49.81%
		62.775	$ 1,219,762.00	100.00%	$ 608,038.12	
Specific Ownership Tax						
General Fund			$ 6,995.00	9.73%	$ 2,527.67	36.14%
Debt Service Fund			64,894.00	90.27%	23,449.70	36.14%
			$ 71,889.00	100.00%	$ 25,977.37	
Treasurer's Fees						
General Fund			$ 1,749.00	9.56%	$ 871.93	49.85%
Debt Service Fund			16,224.00	88.67%	8,087.21	49.85%
SARIA			324.00	1.77%	161.43	49.82%
			$ 18,297.00	100.00%	$ 9,120.57	

PIPER | SANDLER

May 29, 2020

Piper Sandler Municipal Advisory Services

Financing Structure Recommendation

Sorrel Ranch Metropolitan District

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Table of Contents

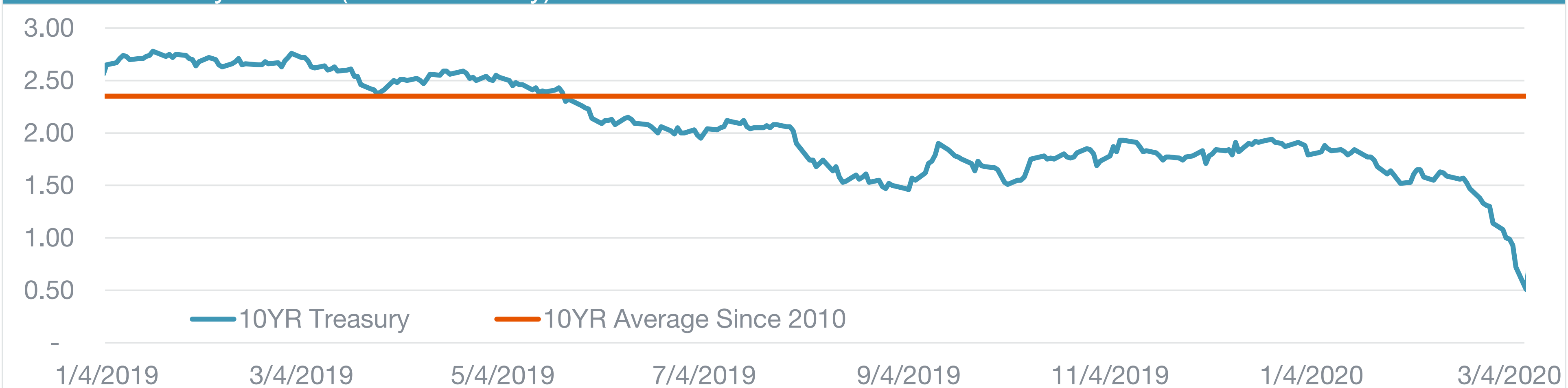
Section 1

Current Market Trends

Fixed Income Market Prior to COVID-19

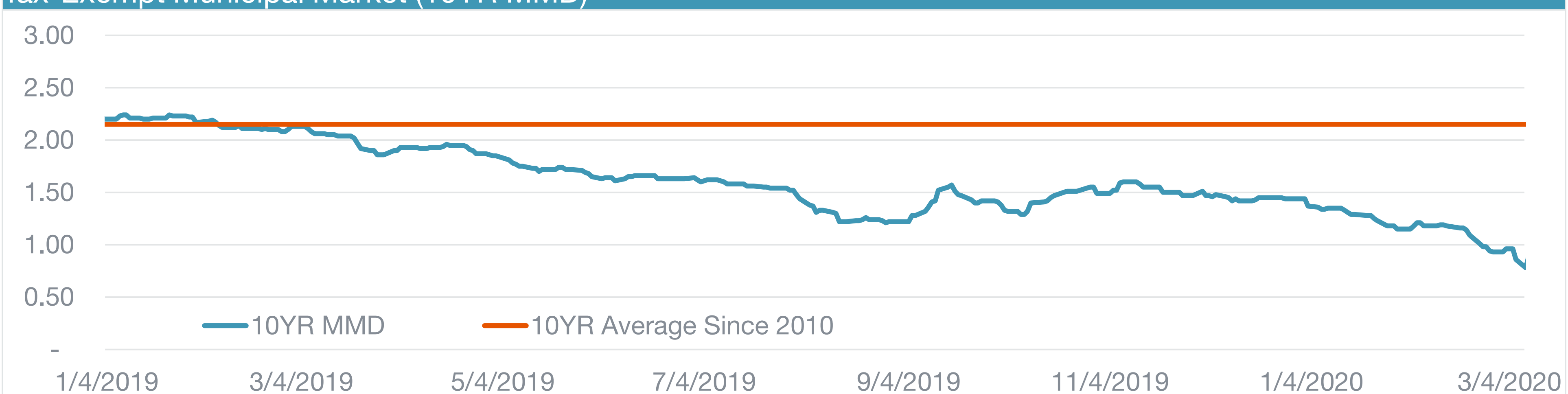
- Prior to the outbreak of COVID-19 in the US in early March, the Treasury market was at all-time lows, with the 10 year, at one point, reaching 0.318% intraday.

Taxable Treasury Market (10YR Treasury)



- Given the strong correlation between Treasury rates and the MMD curve, tax-exempt municipal rates followed Treasuries to historic lows.

Tax-Exempt Municipal Market (10YR MMD)



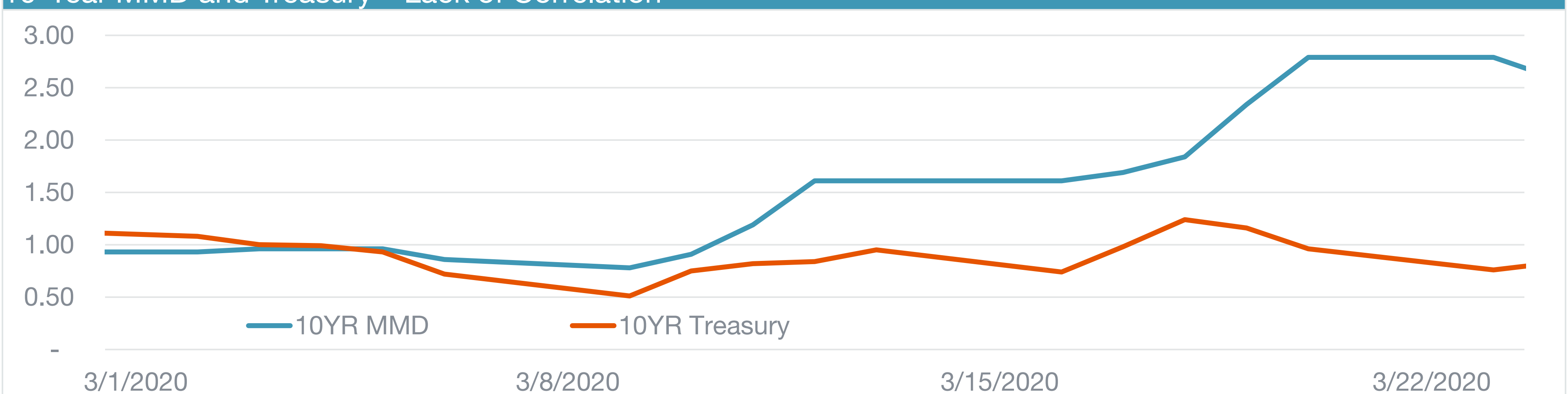
Despite a Flight to Quality, Municipal Spreads Widened Significantly

- Although Treasury rates hovered near all-time lows as investors looked for a safe place to park their money, liquidity in the municipal market completely dried up and the ratio of tax-exempt MMD to Treasury rates skyrocketed.

10-Year MMD to Treasury Ratio

- As MMD dislocated from the Treasury market, new issue deals began to get postponed in March.

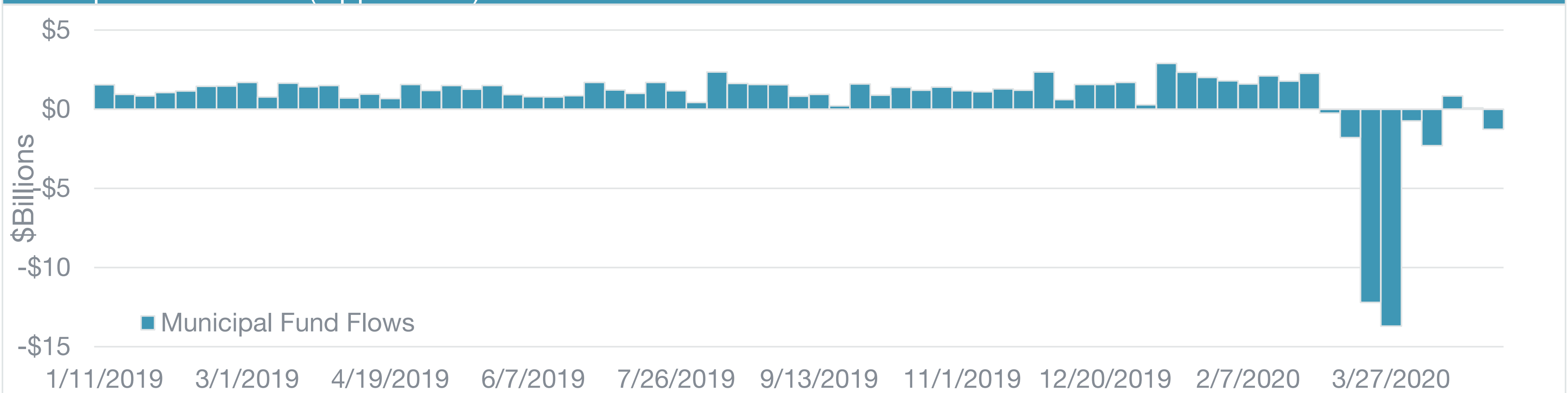
10-Year MMD and Treasury – Lack of Correlation



Investors Pull Money From Municipal Funds

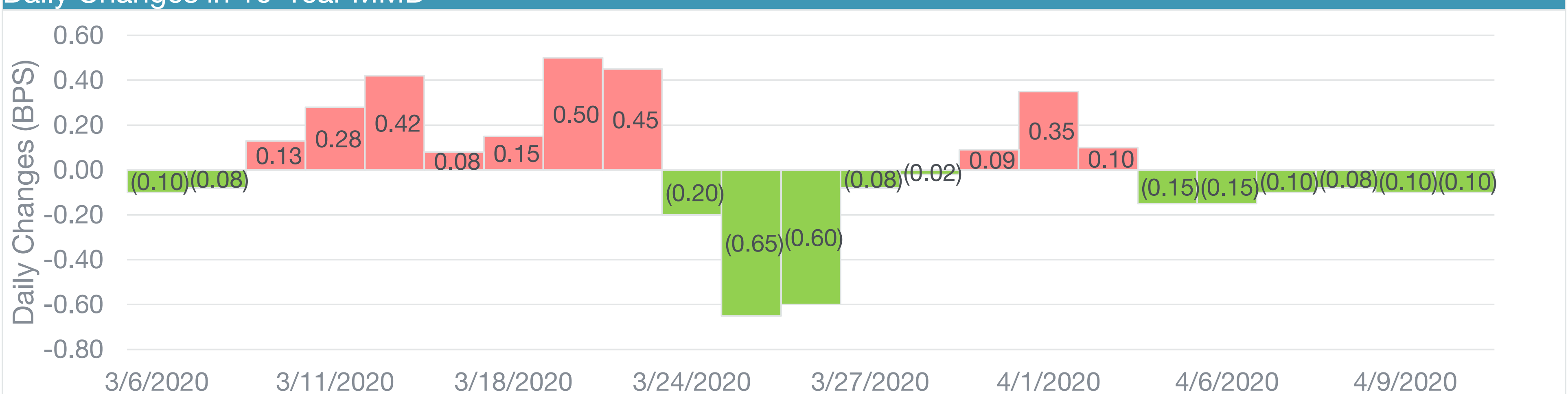
- Following a full year of bond inflows, investors pulled money out of bond funds at a historic rate in March and April.

Municipal Fund Flows (Lipper Data)



- A lack of investor demand caused extremely volatile daily changes in AAA MMD.

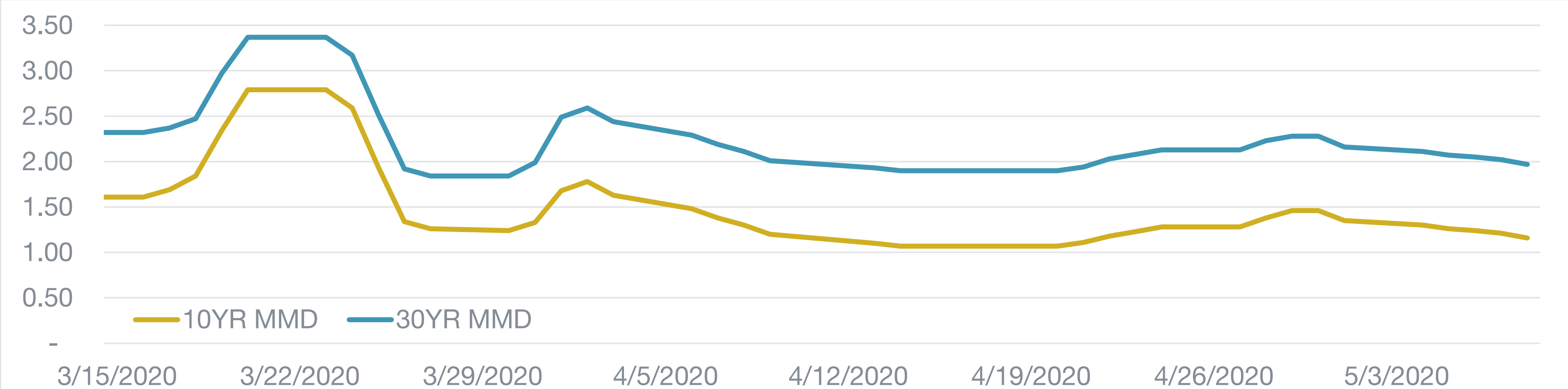
Daily Changes in 10-Year MMD



Government Stimulus Creates Some Stability in Municipal Markets

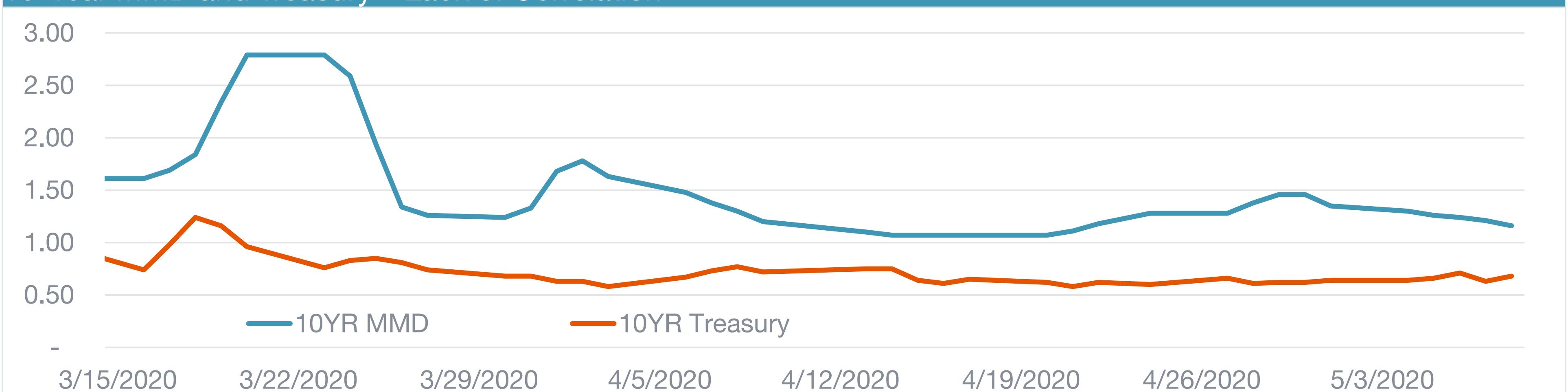
- With the Fed's and Treasury's stimulus in place, municipal yields moved lower and stabilized. However, despite the move in MMD, investors were still demanding higher spreads vs. pre-COVID pricing levels, although absolute rates remained low.

10-Year and 30-Year MMD



- In addition to wider spreads, the correlation between Treasury and municipals that existed before the crisis was gone. This made underwriters reluctant to underwrite large balances on new issue deals as they no longer had the ability to hedge their positions.

10-Year MMD and Treasury – Lack of Correlation



Market Observations Summary

- The municipal market, like the rest of the world, remains uncertain, however, easy money and an abundance of federal stimulus has brought some sense of normalcy back to the municipal market and transactions are getting done.

- Flexibility remains key. The ability to price transactions on a day to day basis using a parameters sale, if possible, is helpful. Negotiated transactions also offer additional flexibility and in some instances have resulted in lower spreads.

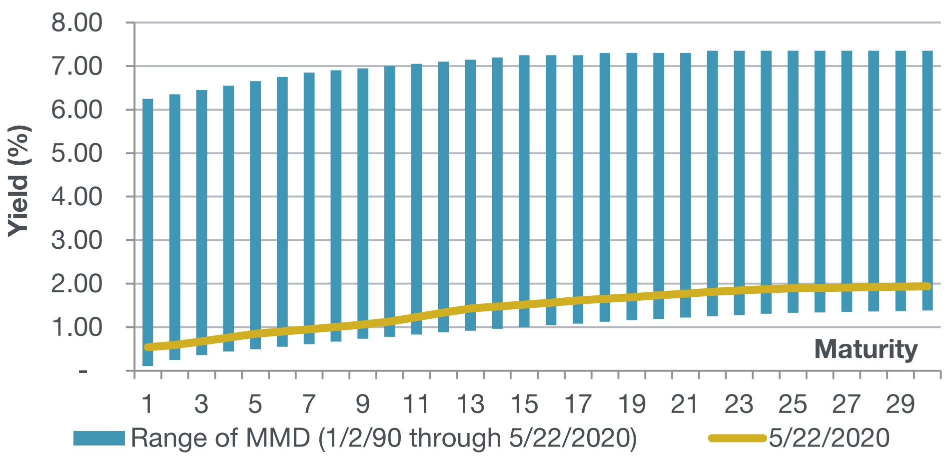
- Larger deals are garnering more interest from investors. Timing new money sales with a refunding transaction or terming up serial maturities on smaller transactions may drive down borrowing costs.

- The tax-exempt municipal market has recovered more so than the taxable municipal market, however, taxable spreads have begun to compress over the past couple of weeks.

- Despite the uncertain market and wider spreads, it is important to keep in mind that absolute borrowing costs are still very low due to the underlying Treasury and MMD curves being near their all time lows. While bringing new issue transactions to market has been harder to navigate, it is still a good time to be an issuer of municipal debt.
- The bank market has been more attractive on terms up to 20 years than the bond market over the last few months.

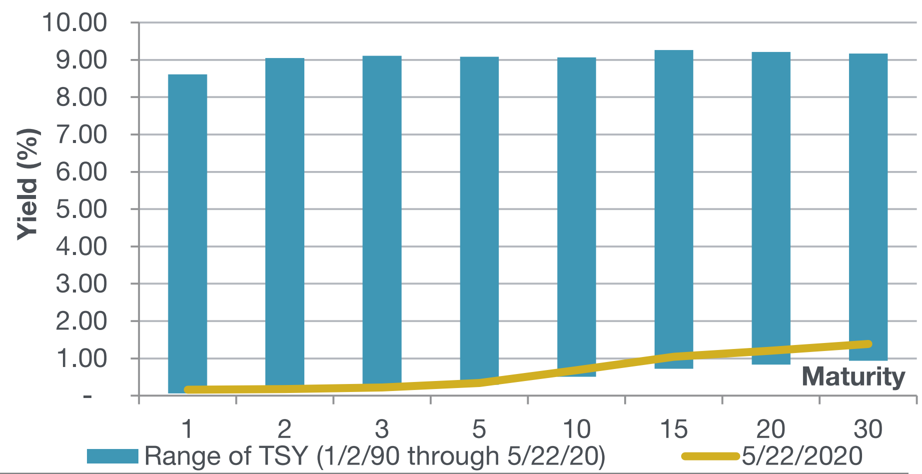
AAA MMD Yield Curve Historical Range (Since 1990)

Tax-Exempt Rates at Historical Lows



UST Yield Curve Historical Range (Since 1990)

Long-Term Taxable Rates at Historical Lows



Section 2

Sorrel Ranch Metropolitan District Transaction

Current Status & Objectives

- 431 Single family homes and 27 multi-family units closed through end of Q4 2019;
- The District issued $11.675mm at 5.75% @ 6.75% in GO Ltd Tax Bonds and $2.735mm in Subordinate GO Ltd Tax Bonds in 2006;
- The District is imposing 55.663 mills for debt service for 2020;
- Through 12/31/2019 the District collected $925,308 in property taxes and SOT taxes and $518,220 through 3/31/2020 ;
- Current year budgeted debt service is $1,046,612 ;
- At 3/31/2020 the outstanding balance of the senior bonds was $10,115,000 while the original mandatory sinking fund projected the outstanding balance to be $9,955,000 at end of 2019. Therefore the District is behind the principal redemption schedule by $160,000.
- The District anticipates it will make full interest payment and principal payment in the amount of $465,000 on the 2006A Series Bonds – the scheduled redemption on the 2006A Series for 2020 including unpaid principal from prior years is $465,000.
- No payment is anticipated to be made on the 2006B Bonds;
- Estimated accrued interest on the 2006B Bonds at the time of the restructuring is estimated to be $2,305,175
- The District is considering its options relative to refunding its outstanding debt.

Our Assessment

- As a "transitional" credit we believe that the District has a couple of options available to it in terms of structuring a potential refunding of its current outstanding debt;
- Given the ability to extend the final maturity to 2044, the District is able to restructure its outstanding debt into a single senior lien;
- We are presenting two viable financing scenarios for the Board's consideration:
  1. Rated and insured senior bonds
     - Longer payoff term - 2043
  2. Senior Bank Loan
     - Shorter payoff term - 2040
- In the following pages we present select comparable transactions, our thoughts on the potential senior bond pricing, and the possible outcomes of the three financing scenarios

Bonding Capacity District/Developer Key Assumptions

- 2020 assessed valuation as of 5/13/2020 is $19,757,306 (Source: Arapahoe County Assessors Office);
- Debt is sized on current assessed value ONLY. Future growth is not considered;
  - Bond Market Scenario structured to produce 1.25x coverage
  - Bank Loan Scenario structured to produce 1.30x coverage
- The debt service mill levy assumed is set to achieve the debt service coverage ratio targets for each scenario:
  - Bonds: Estimated debt service mill levy of 53.00
  - Loan: Debt service mill levy remains at 55.663
  - The debt service mill levy COULD be reduced if/when all in process and new home construction is completed;
- Final maturity extended to 2043 (1 year prior to 40 years of initial imposition) for the bond market scenario and final maturity of 2040 for the bank loan scenario (20-year term);
- SOT taxes assumed at 7.0% of ad valorem property taxes;
- Bi-annual assessed valuation appreciation of 2.00%

Select Comparable Rated and Insured Transactions

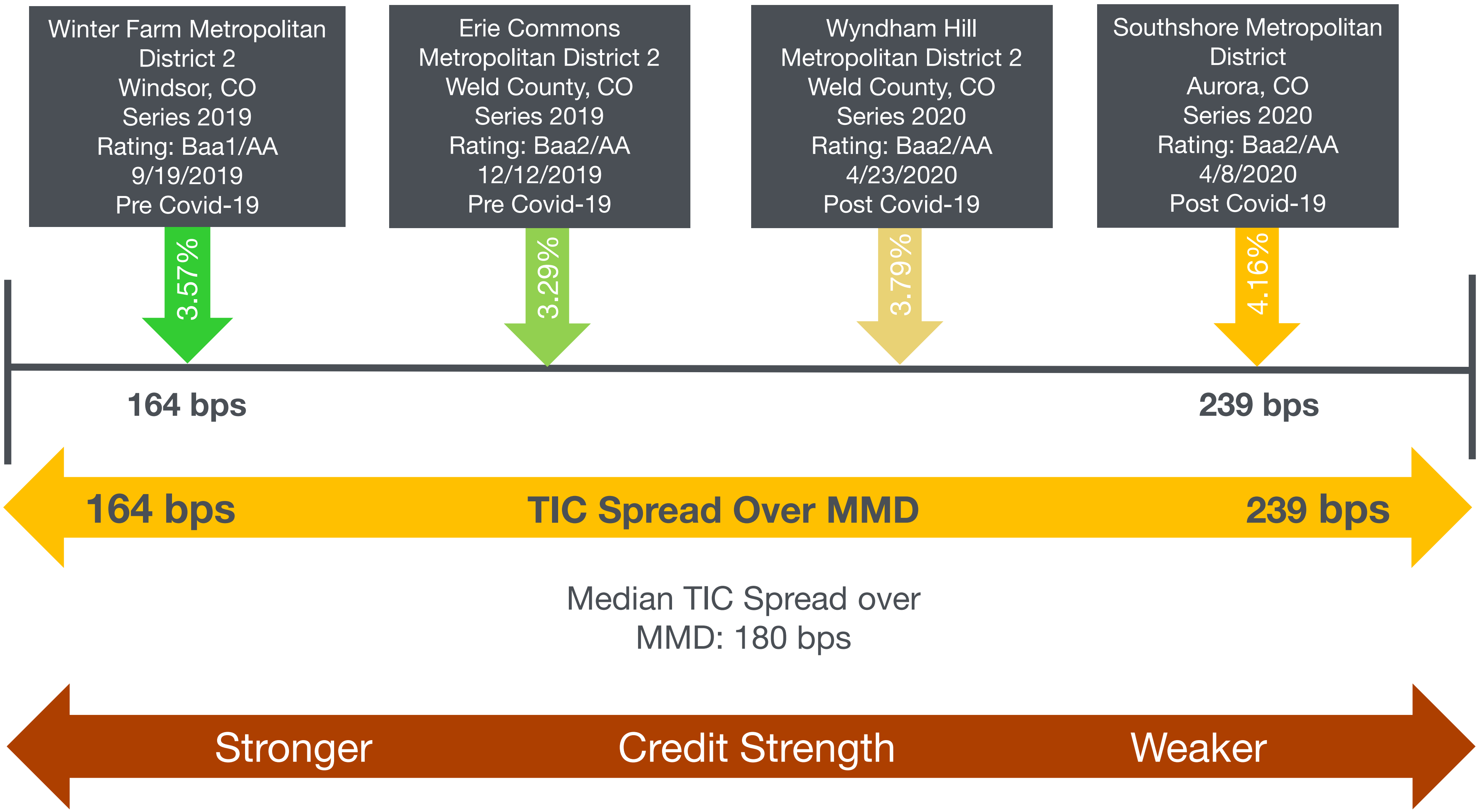
Sorrel Ranch Metropolitan District
Colorado Metropolitan District Comparable Senior Rated and Insured Tax Exempt Comparable Transactions
Absolute TIC Yield and TIC Spread Comparison

Issuer	Issue Date	Development Type	Location	Par Value	Underlying Rating	Insured Rating	RE Composite Score	Call Term	Call Premium	Pledge Type	Wgtd. Avg. Maturity	TIC	TIC Spread over AAA MMD
Winter Farm Metropolitan District No. 2 (CO)	9/19/2019	Residential	Windsor, CO	$8,590,000	Baa1	AA	NA	2029	100	UNLTD GO	19.32	3.57%	1.64%
Colliers Hill Metropolitan District No. 1 Series 2019	9/23/2019	Residential	Erie, CO	$22,570,000	Baa2	AA	NA	2029	100	LTD GO	18.55	3.46%	1.57%
Vauxmont Metropolitan District Series 2019	12/11/2019	Residential	Arvada, CO	$66,355,000	NR	AA	NA	2029	100	UNLTD GO	15.18	3.99%	1.96%
Erie Commons Metropolitan District No. 2	12/12/2019	Residential	Erie, CO	$20,250,000	BBB-/Baa2	AA	NA	2029	100	LTD GO	19.34	3.29%	1.45%
Southshore Metropolitan District No. 2 Series 2020A-2	4/1/2020	Residential	Aurora, CO	$10,060,000	Baa2	AA	NA	2030	100	GO	23.90	4.16%	2.39%
Wyndham Hill Metropolitan District No . 2	4/23/2020	Residential	Frederick, CO	$20,070,000	Baa2	AA	NA	2029	100	LTD GO	18.72	3.79%	1.97%

	Par Amount	Wgtd. Avg. Maturity	TIC	TIC Spread over MMD
Average:	24,649,167	19.17	3.71%	1.83%
Median:	20,160,000	19.02	3.68%	1.80%
High:	66,355,000	23.90	4.16%	2.39%
Low:	8,590,000	15.18	3.29%	1.45%

Notes:
(1) Vauxmont transaction was structured as a forward delivery, above reflects yields reduced by forward delivery premium.

Rated Comparable Refunding Transactions – Risk Spectrum[1]



Since the onset of Covid-19, relative yields have increased due to widening of credit spreads. However, Metropolitan Districts continue to enter the market and are gaining market acceptance contingent on credit dynamics.

(1) Study consists of 6 rated & insured Colorado metropolitan district refunding transactions issued between 2019 and 2020.

Series 2020 Refunding Senior Bond Pricing

- Similar credit quality to Colliers Hill
- We assume a Baa3-Baa2 rating is achievable and bond insurance will be an option to further enhance the credit
- Serial bonds with varying coupons across maturities to target high demand market segments and to minimize total interest cost

Sorrel Ranch Metropolitan District
Series 2020
Rating: Baa2/AA
6/1/2020

3.63%

164 bps **YTM Spread Over Insured MMD** **239 bps**

Median TIC Spread over MMD: 180 bps

Stronger Credit Strength Weaker

Financing Scenario 1: 2020 Senior Lien Rated & Insured

Series 2020 (Bond Market Scenario) Rated/Insured Tax-Exempt	
Dated Date	8/25/2020
Final Maturity	12/1/2043
First Call Date	12/1/2030 @ 100%
Term	23
Rate/TIC	3.629%
Par	14,055,000
Premium	1,003,517
2020 Tax Contribution(1)	640,170
Costs of Issuance(2)	381,658
UW Discount	105,413
Capitalized Interest	-
Debt Service Reserve(3)	54,478
Debt Service Reserve Release	-
Net Funds (Prior Bond Defeasance)	**15,157,138**

(1) Remaining 2020 tax revenues after payment of debt service on 6/1/2020 and 12/1/2020

(2) Includes insurance premium.

(3) Rated Public Offering debt service reserve fund is funded with surety reserve policy.

- Assumes current refunding at 8/25/2020 called at 100;
- Senior structure with Senior bonds rated and insured, DSRF Surety;
- 125% Senior debt service coverage ratio assumed on current AV only;
- Estimated 53.00 mill levy for bond market scenario.

Financing Scenario 2: 2020 Bank Loan

Series 2020 Bank Loan Tax-Exempt	
Dated Date	8/25/2020
Final Maturity	12/1/2040
First Call Date	12/1/2030 @ 100%
Term	20
Rate/TIC	2.450%
Par	15,985,000
Premium	-
2020 Tax Contribution(1)	704,749
Costs of Issuance(2)	239,775
UW Discount	-
Capitalized Interest	-
Debt Service Reserve(3)	1,291,934
Debt Service Reserve Release	-
Net Funds (Prior Bond Defeasance)	**15,158,040**

(1) Remaining 2020 tax revenues after payment of debt service on 6/1/2020 and 12/1/2020
(2) Includes estimated bank placement fee
(3) Assumes Reserve Fund is funded at lesser of IRS Test

- Tax exempt bank loan market rates have become more attractive than the bond market in the post-COVID environment; we have seen rates from 2.01% to 2.50% over the last few months for higher quality metropolitan district credits
- Assumes current refunding at 8/5/2020 called at 100;
- Senior structure with Senior Bank Loan and a DSRF;
- 130% Senior debt service coverage ratio assumed on current AV only;
- Current 55.663 mill levy for bank loan scenario.

Comparison of Financing Scenarios

Sorrel Ranch Metropolitan District
Estimated Bonding Capacity
Scenario Recap

	Scenario 1	Scenario 2
Description	Senior Rated and Insured Bonds Final Maturity of 12/1/2043	Senior Bank Loan Final Maturity of 12/1/2040
Bank Loan Par		$15,985,000
Rate (TIC)		2.45%
Debt Service Coverage		1.30x
Final Maturity		12/1/2040
Revenue Stream		Current Revenue Only
Bank Loan Net Proceeds		$15,158,039
2020 Senior Bond Par Value	$14,055,000	
2020 Senior Bond Premium	$1,003,517	
Rate (TIC)	3.63%	
Debt Service Coverage	1.25x	
Final Maturity	12/1/2043	
Revenue Stream	Current Revenue Only	
2020 Senior Net Proceeds	$15,157,138	
Total Par Value	**$14,055,000**	**$15,985,000**
Total Premium	$1,003,517	$0
Total Net Proceeds	**$15,157,138**	**$15,158,039**
Total Adjusted Debt Service	**$22,777,770**	**$19,654,626**
Average Annual Adjusted Debt Service	**$949,074**	**$935,935**
Estimated PV Savings ($ Amount)	**$2,903,036**	**$4,489,202**
Estimated PV Savings (% Refunded Bonds)	**22.59%**	**34.94%**
Aggregate All-in True Interest Cost	**3.91%**	**2.59%**
Total Net Proceeds @ 8/25/2020	**$15,155,175**	**$15,158,039**

Recommended Plan of Finance

- Given the outputs of the two financing scenarios, our recommendation is to pursue the Bank Loan Scenario due to:

  - Lower cost of capital
  - Lower Total Adjusted Debt Service
  - Lower Average Annual Adjusted Debt Service
  - Estimated higher Net Present Value Savings

- While the Bank Loan Scenario provides superior economic outcomes there are some other factors to consider including:

  - While bank rates are very attractive at this time, banks are constrained by liquidity concerns. As a result, the bank lending market may not be as deep as it has been in the past
  - Mill levy assumed to remain at current levels through the debt term, but it could be reduced if new housing development is completed and provides the District with significant additional assessed valuation that is not included in our current bond sizing revenue
  - Bank option results in higher par value of debt issued upfront, however, the cash reserve fund is released in the final year of the term and applied to the loan repayment

- We will confirm our recommended approach through the RFP process, and stay nimble so we may adjust if market conditions shift

Section 3

Transaction Process and Timeline

Advisory Process

Fiduciary Duty

- Prioritize Client Interests
- Independence and Assurance
- Transparency
- Market intelligence
- Expertise

Benchmarking

- Due diligence
- Real estate fundamentals
- Market trends and research
- Comparable Transactions

Transaction Structuring

- Rated vs. non-rated
- Insurance
- Taxable vs. Tax exempt
- Direct loan placement vs. bonds

Underwriter Selection

- Craft RFP
- Solicit proposals
- Analyze responses
- Recommendation
- Decision

Transaction Execution & Bond Pricing

- Partner w/underwriter and legal team
- Rating agency submittal
- Insurance solicitation
- Investor outreach and site visits
- Virtual marketing
- Order book Supply/Demand metrics
- Pricing advisory
- Market certification

Transaction Timeline

JUNE 2020						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

JULY 2020						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

AUGUST 2020						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Bank Placement Transaction Timeline ***Preliminary and Subject to Change***	
DATE	EVENT
5/29/20	Meet with Sorrel Ranch staff to review proposed plan of finance
6/8/20	Draft RFP Distribution for Comments
6/10/20	Comments due on Draft RFP
6/11/20	Issue RFP
6/18/20	RFP Responses Due
6/24/20	Select Underwriter/Placement Agent
6/24/20	Accept proposal, notify others
6/26/20	Select bond counsel
6/30/20	Full transaction team kickoff call
7/10/20	Draft Credit Package for Bank Loan/Term Sheets distributed to group
7/17/20	Final Bank Loan Financing Packages completed and distributed to group
7/20/20	Financing package/term sheets distributed to banks
7/22/20	Special District board meeting to adopt bond resolution(s)
7/29/20	Bank selected/Lock rate
8/4/20	Document review session
8/5/20	Revised documents distributed to working group
8/10/20	Second document review session
8/17/20	Documentation finalized and sent to working group
8/24/20	Pre-Closing
8/25/20	Closing

Disclosure

Municipal Securities Rulemaking Board Rule G-42 (the Rule) requires that Piper Sandler provide you with the following disclosures of material conflicts of interest and of information regarding certain legal events and disciplinary history. Accordingly, this Appendix A provides information regarding conflicts of interest and legal or disciplinary events of Piper Sandler required to be disclosed to pursuant to MSRB Rule G-42(b) and (c)(ii).

(A) *Disclosures of Conflicts of Interest*. The Rule requires that Piper Sandler provide to you disclosures relating to any actual or potential material conflicts of interest, including certain categories of potential conflicts of interest identified in the Rule, if applicable. If no such material conflicts of interest are known to exist based on the exercise of reasonable diligence by us, Piper Sandler is required to provide a written statement to that effect.

Accordingly, we make the following disclosures with respect to material conflicts of interest in connection with the Scope of Services under the Agreement, together with explanations of how we address or intend to manage or mitigate each conflict. To that end, with respect to all of the conflicts disclosed below, we mitigate such conflicts through our adherence to our fiduciary duty to you in connection with municipal advisory activities, which includes a duty of loyalty to you in performing all municipal advisory activities for the Client. This duty of loyalty obligates us to deal honestly and with the utmost good faith with you and to act in your best interests without regard to our financial or other interests. In addition, as a broker dealer with a client oriented business, our success and profitability over time is based on assuring the foundations exist of integrity and quality of service. Furthermore, Piper Sandler's supervisory structure, utilizing our long-standing and comprehensive broker-dealer supervisory processes and practices, provides strong safeguards against individual representatives of Piper Sandler potentially departing from their regulatory duties due to personal interests. The disclosures below describe, as applicable, any additional mitigations that may be relevant with respect to any specific conflict disclosed below.

Compensation-Based Conflicts. The fees due under the Agreement are based on the size of the Issue and the payment of such fees is contingent upon the successful delivery of the Issue. While this form of compensation is customary in the municipal securities market, this may present the appearance of a conflict or the potential for a conflict because it could create an incentive for Piper Sandler to recommend unnecessary financings or financings that are disadvantageous to the Client, or to advise the Client to increase the size of the issue. We believe that the appearance of a conflict or potential conflict is mitigated by our duty of care and fiduciary duty and the general mitigations related to our duties to you, as described above.

Transactions in Client's Securities. As a municipal advisor, Piper Sandler cannot act as an underwriter in connection with the same issue of bonds for which Piper Sandler is acting as a municipal advisor. From time to time, Piper Sandler or its affiliates may submit orders for and acquire your securities issued in an Issue under the Agreement from members of the underwriting syndicate, either for its own trading account or for the accounts of its customers. Again, while we do not believe that this activity creates a material conflict of interest, we note that to mitigate any perception of conflict and to fulfill Piper Sandler's regulatory duties to the Client, Piper Sandler's activities are engaged in on customary terms through units of Piper Sandler that operate independently from Piper Sandler's municipal advisory business, thereby eliminating the likelihood that such investment activities would have an impact on the services provided by Piper Sandler to you under the Agreement.

(B) *Disclosures of Information Regarding Legal Events and Disciplinary History*. The Rule requires that all municipal advisors provide to their clients certain disclosures of legal or disciplinary events material to a client's evaluation of the municipal advisor or the integrity of the municipal advisor's management or advisory personnel. Accordingly, Piper Sandler sets out below required disclosures and related information in connection with such disclosures.

Material Legal or Disciplinary Event. There are no legal or disciplinary events that are material to the Client's evaluation of Piper Sandler or the integrity of Piper Sandler's management or advisory personnel disclosed, or that should be disclosed, on any Form MA or Form MA-I filed with the SEC.

II. Most Recent Change in Legal or Disciplinary Event Disclosure. Piper Sandler has not made any material legal or disciplinary event disclosures on Form MA or any Form MA-I filed with the SEC.

How to Access Form MA and Form MA-I Filings. Piper Sandler's most recent Form MA and each most recent Form MA-I filed with the SEC are available on the SEC's EDGAR system at http://www.sec.gov/edgar/searchedgar/companysearch.html. The Form MA and the Form MA-I include information regarding legal events and disciplinary history about municipal advisor firms and their personnel, including information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The SEC permits certain items of information required on Form MA or MA-I to be provided by reference to such required information already filed by Piper Sandler in its capacity as a broker-dealer on Form BD or Form U4 or as an investment adviser on Form ADV, as applicable. Information provided by Piper Sandler on Form BD or Form U4 is publicly accessible through reports generated by BrokerCheck at http://brokercheck.finra.org, and Piper Sandler's most recent Form ADV is publicly accessible at the Investment Adviser Public Disclosure website at http://www.adviserinfo.sec.gov. For purposes of accessing such BrokerCheck reports or Form ADV, Piper Sandler's CRD number is 665.

Future Supplemental Disclosures. As required by the Rule, this Section 5 may be supplemented or amended, from time to time as needed, to reflect changed circumstances resulting in new conflicts of interest or changes in the conflicts of interest described above, or to provide updated information with regard to any legal or disciplinary events of Piper Sandler. Piper Sandler will provide you with any such supplement or amendment as it becomes available throughout the term of the Agreement.

SOURCES AND USES OF FUNDS

Sorrel Ranch Metropolitan District - Senior Rated and Insured Bond Market Scenario
Assumed Rating Baa2/Insured by AGM
Existing AV Only - 1.25x Coverage

Dated Date	08/25/2020
Delivery Date	08/25/2020

Sources:	
Bond Proceeds:	
Par Amount	14,055,000.00
Premium	1,003,517.25
	15,058,517.25
Sources of Funds:	
2020 Tax Revenue Contribution(1)	640,170.00
	15,698,687.25

Uses:	
Project Fund Deposits:	
Senior Bonds Defeasance	10,115,000.00
Subordiante Defeasance(2)	5,040,175.00
	15,155,175.00
Cost of Issuance:	
Cost of Issuance	210,825.00
Delivery Date Expenses:	
Underwriter's Discount	105,412.50
Insurance Premium (.75% of Total Debt Service)	170,833.28
Reserve Surety (5% of IRS Reserve Limitation)	54,478.13
	330,723.91
Uses of Funds:	
Additional Proceeds	1,963.34
	15,698,687.25

Notes:
(1) Estimated revenues after debt service payment on 6/1/2020 and 12/1/2020
(2) Subordinate bond defeasance includes principal and estimated accrued interest to 8/25/2020

BOND SUMMARY STATISTICS

Sorrel Ranch Metropolitan District - Senior Rated and Insured Bond Market Scenario
Assumed Rating Baa2/Insured by AGM
Existing AV Only - 1.25x Coverage

Dated Date	08/25/2020
Delivery Date	08/25/2020
First Coupon	12/01/2020
Last Maturity	12/01/2043
Arbitrage Yield	3.543442%
True Interest Cost (TIC)	3.629335%
Net Interest Cost (NIC)	3.764610%
All-In TIC	3.907834%
Average Coupon	4.196706%
Average Life (years)	14.788
Duration of Issue (years)	10.890
Par Amount	14,055,000.00
Bond Proceeds	15,058,517.25
Total Interest	8,722,770.45
Net Interest	7,824,665.70
Total Debt Service	22,777,770.45
Maximum Annual Debt Service	1,089,562.50
Average Annual Debt Service	978,987.27
Underwriter's Fees (per $1000)	
Average Takedown	
Fee	7.500000
Total Underwriter's Discount	7.500000
Bid Price	106.389931

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	3,880,000.00	113.183	5.000%	6.362	2,406.95
Bond Component #2	3,845,000.00	106.588	4.000%	13.930	3,460.50
Bond Component #3	6,330,000.00	103.771	4.125%	20.474	5,507.10
	14,055,000.00			14.788	11,374.55

	TIC	All-In TIC	Arbitrage Yield
Par Value	14,055,000.00	14,055,000.00	14,055,000.00
+ Accrued Interest			
+ Premium (Discount)	1,003,517.25	1,003,517.25	1,003,517.25
- Underwriter's Discount	(105,412.50)	(105,412.50)	
- Cost of Issuance Expense		(210,825.00)	
- Amounts		(225,311.41)	(225,311.41)
Target Value	14,953,104.75	14,516,968.34	14,833,205.84
Target Date	08/25/2020	08/25/2020	08/25/2020
Yield	3.629335%	3.907834%	3.543442%

BOND PRICING

Sorrel Ranch Metropolitan District - Senior Rated and Insured Bond Market Scenario
Assumed Rating Baa2/Insured by AGM
Existing AV Only - 1.25x Coverage

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Call Date for Arb Yield	Call Price for Arb Yield
Bond Component:										
	12/01/2021	265,000	5.000%	2.260%	103.399					
	12/01/2022	300,000	5.000%	2.320%	105.880					
	12/01/2023	315,000	5.000%	2.380%	108.183					
	12/01/2024	345,000	5.000%	2.430%	110.352					
	12/01/2025	365,000	5.000%	2.500%	112.261					
	12/01/2026	400,000	5.000%	2.560%	114.040					
	12/01/2027	420,000	5.000%	2.630%	115.579					
	12/01/2028	460,000	5.000%	2.720%	116.773					
	12/01/2029	485,000	5.000%	2.820%	117.664					
	12/01/2030	525,000	5.000%	2.960%	117.942					
		3,880,000								
Bond Component #2:										
	12/01/2031	550,000	4.000%	3.240%	106.588 C	3.466%	12/01/2030	100.000	12/01/2030	100.000
	12/01/2032	595,000	4.000%	3.240%	106.588 C	3.466%	12/01/2030	100.000	12/01/2030	100.000
	12/01/2033	615,000	4.000%	3.240%	106.588 C	3.466%	12/01/2030	100.000	12/01/2030	100.000
	12/01/2034	660,000	4.000%	3.240%	106.588 C	3.466%	12/01/2030	100.000	12/01/2030	100.000
	12/01/2035	690,000	4.000%	3.240%	106.588 C	3.466%	12/01/2030	100.000	12/01/2030	100.000
	12/01/2036	735,000	4.000%	3.240%	106.588 C	3.466%	12/01/2030	100.000	12/01/2030	100.000
		3,845,000								
Bond Component #3:										
	12/01/2037	765,000	4.125%	3.680%	103.771 C	3.877%	12/01/2030	100.000	12/01/2030	100.000
	12/01/2038	815,000	4.125%	3.680%	103.771 C	3.877%	12/01/2030	100.000	12/01/2030	100.000
	12/01/2039	850,000	4.125%	3.680%	103.771 C	3.877%	12/01/2030	100.000	12/01/2030	100.000
	12/01/2040	905,000	4.125%	3.680%	103.771 C	3.877%	12/01/2030	100.000	12/01/2030	100.000
	12/01/2041	945,000	4.125%	3.680%	103.771 C	3.877%	12/01/2030	100.000	12/01/2030	100.000
	12/01/2042	1,005,000	4.125%	3.680%	103.771 C	3.877%	12/01/2030	100.000	12/01/2030	100.000
	12/01/2043	1,045,000	4.125%	3.680%	103.771 C	3.877%	12/01/2030	100.000	12/01/2030	100.000
		6,330,000								
		14,055,000								

BOND PRICING

Sorrel Ranch Metropolitan District - Senior Rated and Insured Bond Market Scenario
Assumed Rating Baa2/Insured by AGM
Existing AV Only - 1.25x Coverage

Premium (-Discount)
9,007.35
17,640.00
25,776.45
35,714.40
44,752.65
56,160.00
65,431.80
77,155.80
85,670.40
94,195.50
36,234.00
39,198.60
40,516.20
43,480.80
45,457.20
48,421.80
28,848.15
30,733.65
32,053.50
34,127.55
35,635.95
37,898.55
39,406.95
1,003,517.25

BOND PRICING

Sorrel Ranch Metropolitan District - Senior Rated and Insured Bond Market Scenario
Assumed Rating Baa2/Insured by AGM
Existing AV Only - 1.25x Coverage

Dated Date	08/25/2020	
Delivery Date	08/25/2020	
First Coupon	12/01/2020	
Par Amount	14,055,000.00	
Premium	1,003,517.25	
Production	15,058,517.25	107.139931%
Underwriter's Discount	(105,412.50)	(0.750000%)
Purchase Price	14,953,104.75	106.389931%
Accrued Interest		
Net Proceeds	14,953,104.75	

BOND SOLUTION

Sorrel Ranch Metropolitan District - Senior Rated and Insured Bond Market Scenario
Assumed Rating Baa2/Insured by AGM
Existing AV Only - 1.25x Coverage

Period Ending	Proposed Principal	Proposed Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
12/01/2020		162,377	162,377	203,159	40,782	125.11573%
12/01/2021	265,000	873,913	873,913	1,098,028	224,116	125.64508%
12/01/2022	300,000	895,663	895,663	1,119,989	224,326	125.04583%
12/01/2023	315,000	895,663	895,663	1,119,989	224,326	125.04583%
12/01/2024	345,000	909,913	909,913	1,142,388	232,476	125.54926%
12/01/2025	365,000	912,663	912,663	1,142,388	229,726	125.17096%
12/01/2026	400,000	929,413	929,413	1,165,236	235,824	125.37341%
12/01/2027	420,000	929,413	929,413	1,165,236	235,824	125.37341%
12/01/2028	460,000	948,413	948,413	1,188,541	240,128	125.31898%
12/01/2029	485,000	950,413	950,413	1,188,541	238,128	125.05527%
12/01/2030	525,000	966,163	966,163	1,212,312	246,149	125.47700%
12/01/2031	550,000	964,913	964,913	1,212,312	247,399	125.63955%
12/01/2032	595,000	987,913	987,913	1,236,558	248,645	125.16877%
12/01/2033	615,000	984,113	984,113	1,236,558	252,445	125.65209%
12/01/2034	660,000	1,004,513	1,004,513	1,261,289	256,777	125.56231%
12/01/2035	690,000	1,008,113	1,008,113	1,261,289	253,177	125.11393%
12/01/2036	735,000	1,025,513	1,025,513	1,286,515	261,002	125.45092%
12/01/2037	765,000	1,026,113	1,026,113	1,286,515	260,402	125.37757%
12/01/2038	815,000	1,044,556	1,044,556	1,312,245	267,689	125.62705%
12/01/2039	850,000	1,045,938	1,045,938	1,312,245	266,308	125.46115%
12/01/2040	905,000	1,065,875	1,065,875	1,338,490	272,615	125.57665%
12/01/2041	945,000	1,068,544	1,068,544	1,338,490	269,946	125.26301%
12/01/2042	1,005,000	1,089,563	1,089,563	1,365,260	275,697	125.30350%
12/01/2043	1,045,000	1,088,106	1,088,106	1,365,260	277,154	125.47119%
	14,055,000	22,777,770	22,777,770	28,558,833	5,781,063	

FORMULA VERIFICATION

Sorrel Ranch Metropolitan District - Senior Rated and Insured Bond Market Scenario
Assumed Rating Baa2/Insured by AGM
Existing AV Only - 1.25x Coverage

Component	Formula	Value
EXP	0.75% of total Debt Service	170,833.28
RES	10% of Par Amount * 5%	70,275.00
RES	Maximum annual Debt Service * 5%	54,478.13
RES	125% of average annual adjusted Debt Service * 5%	61,186.70
RES	Reserve Surety (5% of IRS Reserve Limitation)	54,478.13

SOURCES AND USES OF FUNDS

Sorrel Ranch Metropolitan District - Bank Loan Scenario
Existing Revenues Only - 1.30x Coverage

Dated Date	08/25/2020
Delivery Date	08/25/2020

Sources:	
Bond Proceeds:	
Par Amount	15,985,000.00
Other Sources of Funds:	
2020 Tax Revenue Contribution(1)	704,749.00
	16,689,749.00

Uses:	
Project Fund Deposits:	
Senior Bonds Defeasance	10,115,000.00
Subordiante Defeasance(2)	5,040,175.00
	15,155,175.00
Other Fund Deposits:	
Debt Service Reserve Fund	1,291,934.23
Cost of Issuance:	
Other Cost of Issuance	239,775.00
Other Uses of Funds:	
Additional Proceeds	2,864.77
	16,689,749.00

Notes:
(1) Estimated revenues after debt service payment on 6/1/2020 and 12/1/2020
(2) Subordinate bond defeasance includes principal and estimated accrued interest to 8/25/2020

BOND PRICING

Sorrel Ranch Metropolitan District - Bank Loan Scenario
Existing Revenues Only - 1.30x Coverage

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	12/01/2020		2.450%	2.450%	100.000
	12/01/2021	495,000	2.450%	2.450%	100.000
	12/01/2022	520,000	2.450%	2.450%	100.000
	12/01/2023	535,000	2.450%	2.450%	100.000
	12/01/2024	565,000	2.450%	2.450%	100.000
	12/01/2025	580,000	2.450%	2.450%	100.000
	12/01/2026	615,000	2.450%	2.450%	100.000
	12/01/2027	625,000	2.450%	2.450%	100.000
	12/01/2028	660,000	2.450%	2.450%	100.000
	12/01/2029	680,000	2.450%	2.450%	100.000
	12/01/2030	715,000	2.450%	2.450%	100.000
	12/01/2031	730,000	2.450%	2.450%	100.000
	12/01/2032	770,000	2.450%	2.450%	100.000
	12/01/2033	785,000	2.450%	2.450%	100.000
	12/01/2034	825,000	2.450%	2.450%	100.000
	12/01/2035	845,000	2.450%	2.450%	100.000
	12/01/2036	890,000	2.450%	2.450%	100.000
	12/01/2037	910,000	2.450%	2.450%	100.000
	12/01/2038	950,000	2.450%	2.450%	100.000
	12/01/2039	975,000	2.450%	2.450%	100.000
	12/01/2040	2,315,000	2.450%	2.450%	100.000
		15,985,000			

Dated Date	08/25/2020	
Delivery Date	08/25/2020	
First Coupon	12/01/2020	
Par Amount	15,985,000.00	
Original Issue Discount		
Production	15,985,000.00	100.000000%
Underwriter's Discount		
Purchase Price	15,985,000.00	100.000000%
Accrued Interest		
Net Proceeds	15,985,000.00	

BOND SUMMARY STATISTICS

Sorrel Ranch Metropolitan District - Bank Loan Scenario
Existing Revenues Only - 1.30x Coverage

Dated Date	08/25/2020
Delivery Date	08/25/2020
First Coupon	12/01/2020
Last Maturity	12/01/2040
Arbitrage Yield	2.450175%
True Interest Cost (TIC)	2.450175%
Net Interest Cost (NIC)	2.450000%
All-In TIC	2.594251%
Average Coupon	2.450000%
Average Life (years)	12.669
Duration of Issue (years)	10.649
Par Amount	15,985,000.00
Bond Proceeds	15,985,000.00
Total Interest	4,961,560.33
Net Interest	4,961,560.33
Total Debt Service	20,946,560.33
Maximum Annual Debt Service	2,371,717.50
Average Annual Debt Service	1,033,547.38
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	15,985,000.00	100.000	2.450%	12.669	25,416.15
	15,985,000.00			12.669	25,416.15

	TIC	All-In TIC	Arbitrage Yield
Par Value	15,985,000.00	15,985,000.00	15,985,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		(239,775.00)	
- Other Amounts			
Target Value	15,985,000.00	15,745,225.00	15,985,000.00
Target Date	08/25/2020	08/25/2020	08/25/2020
Yield	2.450175%	2.594251%	2.450175%

BOND DEBT SERVICE

Sorrel Ranch Metropolitan District - Bank Loan Scenario
Existing Revenues Only - 1.30x Coverage

Dated Date 08/25/2020
Delivery Date 08/25/2020

Period Ending	Principal	Coupon	Interest	Debt Service	Bond Balance	Total Bond Value
12/01/2020			104,435.33	104,435.33	15,985,000	15,985,000
12/01/2021	495,000	2.450%	391,632.50	886,632.50	15,490,000	15,490,000
12/01/2022	520,000	2.450%	379,505.00	899,505.00	14,970,000	14,970,000
12/01/2023	535,000	2.450%	366,765.00	901,765.00	14,435,000	14,435,000
12/01/2024	565,000	2.450%	353,657.50	918,657.50	13,870,000	13,870,000
12/01/2025	580,000	2.450%	339,815.00	919,815.00	13,290,000	13,290,000
12/01/2026	615,000	2.450%	325,605.00	940,605.00	12,675,000	12,675,000
12/01/2027	625,000	2.450%	310,537.50	935,537.50	12,050,000	12,050,000
12/01/2028	660,000	2.450%	295,225.00	955,225.00	11,390,000	11,390,000
12/01/2029	680,000	2.450%	279,055.00	959,055.00	10,710,000	10,710,000
12/01/2030	715,000	2.450%	262,395.00	977,395.00	9,995,000	9,995,000
12/01/2031	730,000	2.450%	244,877.50	974,877.50	9,265,000	9,265,000
12/01/2032	770,000	2.450%	226,992.50	996,992.50	8,495,000	8,495,000
12/01/2033	785,000	2.450%	208,127.50	993,127.50	7,710,000	7,710,000
12/01/2034	825,000	2.450%	188,895.00	1,013,895.00	6,885,000	6,885,000
12/01/2035	845,000	2.450%	168,682.50	1,013,682.50	6,040,000	6,040,000
12/01/2036	890,000	2.450%	147,980.00	1,037,980.00	5,150,000	5,150,000
12/01/2037	910,000	2.450%	126,175.00	1,036,175.00	4,240,000	4,240,000
12/01/2038	950,000	2.450%	103,880.00	1,053,880.00	3,290,000	3,290,000
12/01/2039	975,000	2.450%	80,605.00	1,055,605.00	2,315,000	2,315,000
12/01/2040	2,315,000	2.450%	56,717.50	2,371,717.50		
	15,985,000		4,961,560.33	20,946,560.33		

BOND SOLUTION

Sorrel Ranch Metropolitan District - Bank Loan Scenario
Existing Revenues Only - 1.30x Coverage

Period Ending	Proposed Principal	Proposed Debt Service	Debt Service Adjustments	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
12/01/2020		104,435		104,435	138,580	34,145	132.69456%
12/01/2021	495,000	886,633		886,633	1,153,199	266,566	130.06503%
12/01/2022	520,000	899,505		899,505	1,176,263	276,758	130.76779%
12/01/2023	535,000	901,765		901,765	1,176,263	274,498	130.44006%
12/01/2024	565,000	918,658		918,658	1,199,788	281,131	130.60232%
12/01/2025	580,000	919,815		919,815	1,199,788	279,973	130.43797%
12/01/2026	615,000	940,605		940,605	1,223,784	283,179	130.10603%
12/01/2027	625,000	935,538		935,538	1,223,784	288,246	130.81077%
12/01/2028	660,000	955,225		955,225	1,248,259	293,034	130.67701%
12/01/2029	680,000	959,055		959,055	1,248,259	289,204	130.15515%
12/01/2030	715,000	977,395		977,395	1,273,225	295,830	130.26716%
12/01/2031	730,000	974,878		974,878	1,273,225	298,347	130.60356%
12/01/2032	770,000	996,993		996,993	1,298,689	301,697	130.26068%
12/01/2033	785,000	993,128		993,128	1,298,689	305,562	130.76762%
12/01/2034	825,000	1,013,895		1,013,895	1,324,663	310,768	130.65090%
12/01/2035	845,000	1,013,683		1,013,683	1,324,663	310,980	130.67829%
12/01/2036	890,000	1,037,980		1,037,980	1,351,156	313,176	130.17170%
12/01/2037	910,000	1,036,175		1,036,175	1,351,156	314,981	130.39846%
12/01/2038	950,000	1,053,880		1,053,880	1,378,179	324,299	130.77194%
12/01/2039	975,000	1,055,605		1,055,605	1,378,179	322,574	130.55824%
12/01/2040	2,315,000	2,371,718	(1,291,934)	1,079,783	1,405,743	325,960	130.18751%
	15,985,000	20,946,560	(1,291,934)	19,654,626	25,645,535	5,990,909	

FORMULA VERIFICATION

Sorrel Ranch Metropolitan District - Bank Loan Scenario
Existing Revenues Only - 1.30x Coverage

Component	Formula	Value
DSRF	10% of Reasonable Par Amount	1,598,500.00
DSRF	Maximum annual Debt Service	2,371,717.50
DSRF	125% of average annual adjusted Debt Service	1,291,934.23
DSRF	Debt Service Reserve Fund	1,291,934.23

Request for Proposals for
Investment Banking and Underwriting Services
On Behalf of
Sorrel Ranch Metropolitan District
Proposals Due: ____________________________

1. General / Background

Sorrel Ranch Metropolitan District (the "District") is currently soliciting proposals (the "RFP") from underwriting firms for services related to a potential bond restructuring.

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by the order and decree of the District Court for the City of Aurora on November 18, 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under the Amended and Restated Service Plan as approved by the City of Aurora on August 30, 2004. The District's service area is located entirely in Arapahoe County, Colorado in the City of Aurora.

The District was established to provide financing for the design, acquisition, construction, installation, operation, and maintenance of public improvements including streets and safety protection, water, sanitary sewer and storm drainage, park and recreation and mosquito control.

The District currently has approximately $12,850,000 in total principal amount outstanding as of 3/31/2020. The estimated unpaid accrued interest on the 2006B Bonds is equal to $2,305,175. All outstanding debt is currently callable. The District has engaged Piper Sandler & Co. as its municipal advisor ("MA") to advise the District Board relative to the potential restructuring of all or a portion of this debt. The recipients of this document are encouraged to review it in its entirety and respond as outlined herein.

The District is a residential use master planned project and currently includes 431 single-family detached homes and 27 townhome units for which Certificates of Occupancy (CO) have been issued. Of the 431 single-family units, 410 have closed with title transferred from builders to homeowners and all 27 townhomes have been closed with title transferred from the builders to homeowners. It is anticipated that an additional 105 single-family homes are to be constructed within the boundaries of the District by 2023. ***However, for the purposes of this financing the additional 105 homes will be excluded from revenue projections securing the 2020 Bonds.***

The table below summarizes the debt obligations the District is purposing to restructure as of March 31, 2020:

Series	Lien Priority	Amount Outstanding	Interest Rate
2006A(1)	Senior	$10,115,000	5.75%
2006B(2)	Subordinate	$5,040,175	6.75%

(1) Includes accumulated unpaid principal of approximately $160,000

(2) Includes estimated unpaid accrued interest

The revenue pledged to the currently outstanding debt obligations includes a GO pledge of the property tax and SOT tax revenue related to the District's debt service mill levy. The District's mill levy attributable to debt service for tax year 2020 is equal to 55.663.

The District's 2019 (for tax year 2020) certified assessed valuation is $19,430,691. This figure includes $16,424,302 in assessed value for developed residential units, $2,811,548 in vacant land and $194,771 in state assessed and personal property. Adjusted AV for 2020 is currently $19,757,306. The District projects 2020 total revenues generated from all sources (mill levy attributable to debt service and Specific Ownership Tax) to be $1,134,135.

The District is assessing its options relative to restructuring all or a portion of the outstanding obligations. ***The District wishes to consolidate the 2006A and 2006B obligations into a single senior lien bond or loan secured by revenues stemming from current assessed valuation only, taking into consideration no future development***. While the prior bonds have a stated maturity of 12/1/2036 for the 2006A Bonds and 12/15/2036 for the 2006B Bonds, under the service plan, the final year in which a mill levy for debt service may be charged is tax year 2044.

It is the goal of the District to close this financing by September 2020. This RFP is to select one or more investment banking firms to serve in role as underwriter or placement agent for the refunding.

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2. Scope of Work

The underwriting firm(s) will be responsible for the following:

A. Participate in the planning process: attend meetings as a member of the financing team, perform necessary research and quantitative analysis, and provide input regarding pricing implications of structuring options.

B. Assist in the structuring of the Bonds.

C. Provide on a continuous basis applicable market information and comparable market comps (locally and nationally).

D. Analyze and advise as to the possibility of credit enhancement for the Bonds, and recommend alternative credit structures for the financing.

E. Assist in the preparation of any written analysis to be presented to the Board of Directors and/or to the City of Aurora, as necessary, regarding the recommended structure, timing of the pricing, sizing of the issue, maturity schedule and call provisions based on the current market conditions.

F. Recommend and implement a marketing plan for selling the Bonds. The marketing plan should address current market concerns and conditions. The marketing plan should also outline the targeted investors.

G. Assist the District's finance team in the preparation and review of transaction documents. Ensure that all documents are accurate and fully comply with all current industry disclosure rules and requirements.

H. Advise the District as to market conditions and provide continuous updates as to the status of your marketing efforts to build the order book or responses from lenders as the case may be. If a bond transaction is pursued, conduct a pre-pricing conference call with District staff and its municipal advisor the day before the sale. The purpose is to discuss with staff coupon interest rates, prices, and yields for the financial instruments to be issued, and to review the comparable sales provided by the underwriter for recently conducted sales of like issues.

I. Provide transparent order monitoring through IPREO or equivalent system during the order period.

J. Purchase the Bonds, subject to pertinent resolutions and all other relevant legal documents.

K. Provide a summary of orders and allotments related to the sale of the Bonds on the day of pricing.

L. Preparation of a "Post-Sale Analysis" report that includes the following:

   a. Comparison of orders and allotments by year and by firm; and

   b. Comparison of the coupon rates and reoffering yields with issues of similar term and credit quality marketed at or about the same time

M. Coordinate closing arrangements with District staff, municipal advisor, bond counsel, trustee bank, and other interested parties.

3. Proposal Format and Content

A. **Cover Letter** (One Page Limit)

B. **Qualifications** (Three Page Limit)

Summary of the qualifications of your firm including

   a. State the public finance personnel who will be assigned to this transaction and provide brief descriptions of their relevant experience.

   b. Experience selling and underwriting tax-exempt Metropolitan District Bonds in Colorado or similar types of bonds in other states.

   c. Experience selling and underwriting mature, or rated Metropolitan District Bonds in Colorado or similar types of development bonds in other states

   d. Experience acting in the capacity of a placement agent of tax exempt loans to lenders where Metropolitan Districts were the borrower.

   e. Please provide three case studies that demonstrate relevant experience in both underwriting of rated and insured tax-exempt bonds and as placement agent for tax exempt loans.

   f. Please provide commentary on the performance of prior Metropolitan District issuances after issuance underwritten by your firm.

C. **Capital** (1/2 Page Limit)

Provide the most recent information for the following from your firm's last two audited fiscal year ends. In addition, please provide relevant examples of when your firm used its capital to underwrite unsold balances. Provide details as to the percentage and amount of metropolitan district bonds your firm purchased into inventory.

* Total Capital: ________________

* Equity Capital: ________________

* Net Capital: ________________

* Excess Capital: ________________

Please also discuss your firm's willingness to takedown any unsold balances on the day of pricing and percentage of bonds taken down on metropolitan district issuances in the past 5 years, by year.

D. **Sales Force** (One Page Limit)

Please describe the make-up of your firm's sales force and their experience in marketing issues similar to the proposed bond issue.

E. **Structure** (Two Page Limit)

Provide a description of your recommended refinancing structure for the proposed issuance.

a. Please discuss your thoughts pertaining to issuing the restructuring bonds through a traditional underwriting process, through a bank placement, or private placement of a tax-exempt loan.

b. Please discuss the possibility of the restructuring bonds achieving an investment grade rating and the probability of the 2020 Bonds achieving bond insurance or a reserve surety if the Bonds are issued through a traditional underwriting process.

c. Please provide any other ideas your firm considers relevant to the restructuring of the District's obligations, including the possibility of lowering the debt service mill levy contingent on current market conditions.

F. **Marketing and Credit Issues** (Two Page Limit)

Please describe your marketing plan for the Bonds. What challenges and issues do you foresee for this transaction and how do you propose to handle them?

G. **Firm References** (One Page Limit)

Please include the contact information for two references related to the District's proposed financing where your firm served as senior managing underwriter over the last two years.

H. **Underwriter's Counsel** (1/2 Page Limit)

Please indicate two potential firms and individual attorneys you propose to serve as underwriter's counsel and provide a not to exceed estimate of their fees.

I. **Compensation** (1/2 Page Limit)

State proposed estimated underwriting discount for on a $/bond basis for the following categories:

i. Placement agent fee of bank debt;

ii. Rated senior bonds;

iii. Non rated bonds blended flat fee per bond;

J. **Pricing Transparency** (1/2 Page Limit)

The District requires full disclosure and transparency in the bond marketing and pricing process. Please discuss in detail how your firm will provide the greatest level of pricing transparency to satisfy this requirement.

K. **Additional Information** (One Page Limit)

Provide any additional information you deem relevant to the selection process.

4. Proposal Evaluation

Proposals will be evaluated based on responses to the information requested herein. The District may interview selected firms as part of the evaluation process. The District reserves the right to reject any and all proposals without penalty, to waive any formality in proposals received, to waive immaterial defects and irregularities in proposals, and to seek clarification from any firm.

5. Communication and Requests for Additional Information

Proposing firms shall have no contact with District staff, board members, or management in regard to the activities contemplated by this RFP until conclusion of the review process. Firms are to rely only on written statements regarding this RFP and any other communication will be considered unofficial and non-binding on the District. ***Communication directed to parties other than the District's municipal advisor may result in disqualification of the proposing firm.***

For additional information regarding this RFP, you may contact the municipal advisor for the District Creig Veldhuizen or Jake Smith, Piper Sandler & Co. The municipal advisor will coordinate with the District or others to provide answers to any questions.

Creig D. Veldhuizen
Senior Vice President
Public Finance Investment Banking
Piper Sandler & Co.
1200 17th St, Ste 1250
Denver, CO 80202
303 405-0857 (office)
303 503-0144 (mobile)
Creig.veldhuizen@psc.com

Jake Smith
Associate
Public Finance Investment Banking
Piper Sandler & Co.
1200 17th St, Ste 1250
Denver, CO 80202
303 405-0841 (office)
720 576-6457 (mobile)
jake.smith@psc.com

6. Proposal Submission

Please submit your proposal to Creig D. Veldhuizen, Creig.veldhuizen@psc.com prior to the deadline.

7. RFP Timeline*

The following timeline is expected, relative to this RFP, although dates are subject to change:

____________	Distribution of RFP
____________	Electronic proposals due date 3 PM MST
_____________	Possible interviews
_______________	Appointment of underwriting team – start of services

*Subject to change.

PIPER | SANDLER

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Piper Sandler & Co. Since 1895.
Member SIPC and NYSE.

FINANCIAL SERVICES AGREEMENT

This Financial Services Agreement, (the Agreement) is entered into on February 24, 2020 by and between Sorrel Ranch Metropolitan District, City of Aurora, Arapahoe County, Colorado (the Client) and Piper Sandler & Co. (Piper Sandler or the Financial Services Provider). This Agreement will serve as our mutual agreement with respect to the terms and conditions of our engagement as your financial services provider, effective on the date this Agreement is executed (the Effective Date).

I. Scope of Services.

(A) ***Services to be provided.*** Piper Sandler is engaged by the Client to provide services with respect to the planned issuance of the Client's Series 2020A and Series 2020B Refunding Bonds (the Issues) and any additional issues to be identified in an amendment to the Agreement.

(B) ***Scope of Services***. The Scope of Services to be provided respecting the Issue(s) may consist of the following, if directed by the Client:

1. Evaluate options or alternatives with respect to the proposed new Issue(s);
2. Review recommendations made by other parties to the Client with respect to the new Issue(s);
3. Consult with and/or advise the Client on actual or potential changes in market place practices, market conditions or other matters that may have an impact on the Issues or Products;
4. Assist the Client in establishing a plan of financing and schedule for transaction execution;
5. Assist the Client in establishing the structure, timing, terms and other similar matters concerning the Issue;
6. Prepare the financing schedule;
7. Provide assistance as to scheduling, coordinating and meeting procedural requirements relating to any required bond referendum;
8. Construct and distribute a request for proposal ("RFP") to select underwriters;
9. Collect RFP submittals, summarize and interpret the results based upon key qualification criteria as agreed upon by the Client, coordinate and assist the Client with interviewing select underwriters, and recommend an underwriter based upon their response and performance during the RFP process;
10. Arrange and facilitate visits to, prepare materials for, and make recommendations to the Client in connection with credit ratings agencies, insurers and other credit or liquidity providers;
11. Consult and meet with representatives of the Client and its agents or consultants with respect to the Issue;
12. Review documentation of outstanding Issue(s) with Client personnel and with Client's bond counsel and other consultants Attend meetings of the Client's governing body, as requested;
13. Advise the Client on the manner of sale of the Issue;
14. Advise the Client with regard to continuing disclosure matters, as requested;
15. At the time of sale, provide the Client with relevant data on comparable issues recently or currently being sold nationally and by comparable Clients;
16. In a negotiated sale, coordinate pre-pricing discussions, supervise the sale process, advise the Client on matters relating to retail or other order periods and syndicate priorities, review the order book, and if directed by the Client, advise on the acceptability of the underwriter's pricing and offer to purchase;
17. Respond to questions from underwriters;

18. Coordinate working group sessions, closing, delivery of the new Issue and transfer of funds;
19. Prepare a closing memorandum or transaction summary.

For Services Respecting Official Statement. Piper Sandler has not assumed responsibility for preparing or certifying as to the accuracy or completeness of any preliminary or final official statement, other than with respect to written information about Piper Sandler as the municipal advisor if provided by Piper Sandler in writing for inclusion in such documents.

***II. Limitations on Scope of Services*.** In order to clarify the extent of our relationship, Piper Sandler is required under MSRB Rule G-42[1] to describe any limitations on the scope of the activities to be performed for you. Accordingly, the Scope of Services are subject to the following limitations:

The Scope of Services is limited solely to the services described herein and is subject to limitations set forth within the descriptions of the Scope of Services. Any duties created by this Agreement do not extend beyond the Scope of Services or to any other contract, agreement, relationship, or understanding, if any, of any nature between the Client and the Financial Services Provider.

To assist us in complying with our duties to our regulators, you agree that if we are asked to evaluate the advice or recommendations of third parties, you will provide us written direction to do so.

The Scope of Services does not include tax, legal, accounting or engineering advice with respect to any Issue or Product or in connection with any opinion or certificate rendered by counsel or any other person at closing and does not include review or advice on any feasibility study.

III. Amending Scope of Services. The Scope of Services may be changed only by written amendment or supplement. The parties agree to amend or supplement the Scope of Services promptly to reflect any material changes or additions to the Scope of Services.

IV. Compensation. Compensation is contingent on size of bond issue or nominal value of product and contingent on closing. Our fee will be equal to the greater of: a) gross par value of all debt issued as part of the Issues multiplied by .30% or b) $50,000.00. The total fee paid shall not exceed $75,000.00. Compensation is payable in immediately available funds at closing.

V. IRMA Matters. If the Client has designated Piper Sandler as its independent registered municipal advisor ("IRMA") for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the "IRMA exemption"), the extent of the IRMA exemption is limited to the Scope of Services and any limitations thereto. Any reference to Piper Sandler, its personnel and its role as IRMA in the written representation of the Client contemplated under SEC Rule 15Ba1-1(d)(3)(vi)(B) is subject to prior approval by Piper Sandler and Client agrees not to represent, publicly or to any specific person, that Piper Sandler is Client's IRMA with respect to any aspect of municipal financial products or the issuance of municipal securities, or with respect to any specific municipal financial product or any specific issuance of municipal securities, outside the Scope of Services without Piper Sandler's prior written consent.

VI. Piper Sandler's Regulatory Duties When Servicing the Client. MSRB Rule G-42 requires that Piper Sandler undertake certain inquiries or investigations of and relating to the Client in order for Piper Sandler to fulfill certain aspects of the fiduciary duty owed to the Client. Such inquiries generally are triggered: (a) by the requirement that Piper Sandler know the essential facts about the Client and the authority of each person acting on behalf of the Client so as to effectively service the relationship with the Client, to act in accordance with any special directions from the Client, to understand the authority of each person acting on behalf of the Client, and to comply with applicable laws, regulations and rules; (b) when Piper Sandler undertakes a determination of suitability of any recommendation made by Piper Sandler to the Client, if any or by others that Piper Sandler reviews for the Client, if any; (c) when making any representations, including with regard to matters pertaining to the Client or any Issue or Product; and

[1] See MSRB Rule G-42(c)(v).

(d) when providing any information in connection with the preparation of the preliminary or final official statement, including information about the Client, its financial condition, its operational status and its municipal securities or municipal financial products. Specifically, Client agrees to provide to Piper Sandler any documents on which the Client has relied in connection with any certification it may make with respect to the accuracy and completeness of any Official Statement for the Issue.

Client agrees to cooperate, and to cause its agents to cooperate, with Piper Sandler in carrying out these duties to inquire or investigate, including providing to Piper Sandler accurate and complete information and reasonable access to relevant documents, other information and personnel needed to fulfill such duties.

In addition, the Client agrees that, to the extent the Client seeks to have Piper Sandler provide advice with regard to any recommendation made by a third party, the Client will provide to Piper Sandler written direction to do so as well as any information it has received from such third party relating to its recommendation.

VII. Expenses. Piper Sandler will be responsible for all of Piper Sandler's out-of-pocket expenses unless otherwise agreed upon or if travel is directed by Client. If travel is directed by the Client, Client will reimburse Piper Sandler for their expenses. In the event a new issue of securities is contemplated by this Agreement, Client will be responsible for the payment of all fees and expenses commonly known as costs of issuance, including but not limited to: publication expenses, local legal counsel, bond counsel, ratings, credit enhancement, travel associated with securing any rating or credit enhancement, printing of bonds, printing and distribution of required disclosure documents, trustee fees, paying agent fees, CUSIP registration, and the like.

VIII. Term of Agreement. The term of this Agreement shall begin on the Effective Date and ends, unless earlier terminated as provided below, on closing of bond issuance.

So long as Piper Sandler is performing pursuant to this Agreement, the Client may not terminate this Agreement during its term. In the event of non-performance by Piper Sandler, the Client shall first give written notice to Piper Sandler of the specific event of non-performance, and shall allow Piper Sandler 30-days to remedy the specific item of non-performance, prior to termination. If Piper Sandler fails to remedy the specific item of non-performance within the prescribed 30-day period of time, the Client may immediately terminate this Agreement by providing payment to Piper Sandler for all Reasonable Fees. Piper Sandler may terminate this Agreement at any time, however, in the event of termination, only the sum of the Reasonable Fees earned, whether previously billed to the Client or not (if not previously paid) shall be due and payable. Reasonable Fees shall mean: With respect to each Issue, the gross fee for that component of bonds multiplied by the ratio that is the total amount of time, in months, that have passed since the execution of this Agreement divided by the total amount of time, in months, necessary to financial closing of the component of the Issue. By way of example, if the Agreement is executed on January 1, 2015, and the expected completion of one component of Bonds is September 1, 2015 (that being 8 months), and the Agreement is terminated on July 1, 2015 (6 months after execution), then the ratio shall be gross fee multiplied by (6/8). The provisions of Sections IV, VII, XII, XIV, XV and XVII shall survive termination of this Agreement.

IX. Independent Contractor. The Financial Services Provider is an independent contractor and nothing herein contained shall constitute or designate the Financial Services Provider or any of its employees or agents as employees or agents of the Client.

X. Entire Agreement/Amendments. This Agreement, including any amendments and Appendices hereto which are expressly incorporated herein, constitute the entire Agreement between the parties hereto and sets forth the rights, duties, and obligations of each to the other as of this date. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force and effect. This Agreement may not be modified except by a writing executed by both the Financial Services Provider and Client.

***XI. Required Disclosures*.** MSRB Rule G-42 requires that Piper Sandler provide you with disclosures of material conflicts of interest and of information regarding certain legal events and disciplinary history. Such disclosures are provided in Piper Sandler's Disclosure Statement attached as Appendix A to this Agreement.

***XII. Limitation of Liability*.** In the absence of willful misconduct, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of Piper Sandler or any of its associated persons, Piper Sandler and its associated persons shall have no liability to the Client for any act or omission in the course of, or connected with, rendering services hereunder, or for any error of judgment or mistake of law, or for any loss arising out of any issuance of municipal securities, any municipal financial product or any other investment, or for any financial or other damages resulting from the Client's election to act or not to act, as the case may be, contrary to any advice or recommendation provided by Piper Sandler to the Client. No recourse shall be had against Piper Sandler for loss, damage, liability, cost or expense (whether direct, indirect or consequential) of the Client arising out of or in defending, prosecuting, negotiating or responding to any inquiry, questionnaire, audit, suit, action, or other proceeding brought or received from the Internal Revenue Service in connection with any Issue or Product, if any or otherwise relating to the tax treatment of any Issue or Product if any, or in connection with any opinion or certificate rendered by counsel or any other party. Notwithstanding the foregoing, nothing contained in this paragraph or elsewhere in this Agreement shall constitute a waiver by Client of any of its legal rights under applicable U.S. federal securities laws or any other laws whose applicability is not permitted to be contractually waived, nor shall it constitute a waiver or diminution of Piper Sandler's fiduciary duty to Client under Section 15B(c)(1), if applicable, of the Securities Exchange Act of 1934, as amended, and the rules thereunder.

XIII. Indemnification. Unless prohibited by law, the Client hereby indemnifies and holds harmless the Financial Services Provider, each individual, corporation, partnership, trust, association or other entity controlling the Financial Services Provider, any affiliate of the Financial Services Provider or any such controlling entity and their respective directors, officers, employees, partners, incorporators, shareholders, trustees and agents (hereinafter the "Indemnitees") against any and all liabilities, penalties, suits, causes of action, losses, damages, claims, costs and expenses (including, without limitation, fees and disbursements of counsel) or judgments of whatever kind or nature (each a "Claim"), imposed upon, incurred by or asserted against the Indemnitees arising out of or based upon (i) any allegation that any information in the Preliminary Official Statement or Final Official Statement contained (as of any relevant time) an untrue statement of a material fact or omitted (as of any relevant time) or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

XIV. Official Statement. The Client acknowledges and understands that state and federal laws relating to disclosure in connection with municipal securities, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Client and that the failure of the Financial Services Provider to advise the Client respecting these laws shall not constitute a breach by the Financial Services Provider or any of its duties and responsibilities under this Agreement. The Client acknowledges that any Official Statement distributed in connected with an issuance of securities are statements of the Client and not of Piper Sandler.

XV. Notices. Any written notice or communications required or permitted by this Agreement or by law to be served on, given to, or delivered to either party hereto, by the other party shall be in writing and shall be deemed duly served, given, or delivered when personally delivered to the party to whom it is addressed or in lieu of such personal services, when deposited in the United States' mail, first-class postage prepaid, addressed to the Client at:

Sorrel Ranch Metropolitan District
c/o David Solin, District Manager
Special District Management Services
141 Union Blvd, Ste 150
Lakewood, CO 80228-1898

dsolin@sdmsi.com

Megan Becher, District General Counsel
Mcgeady Becher PC
450 E. 17th Avenue
Ste 400
Denver, CO 80203-1214
303-592-4380
mbecher@specialdistrictlaw.com

Or to the Financial Services Provider at:

Piper Sandler & Co.
Tabor Center, Suite 1250
1200 17th Street
Denver, CO 80202

Creig Veldhuizen, Senior Vice President
303-405-0857
Creig.Veldhuizen@psc.com

Marc Ragan, Assistant Vice President
303-405-0845
Marc.Ragan@psc.com

With a copy to:

Piper Sandler & Co.
Legal Department
800 Nicollet Mall, Suite 1000
Minneapolis, MN 55402

XVI. Consent to Jurisdiction; Service of Process. The parties each hereby (a) submits to the jurisdiction of any State or Federal court sitting in the City and County of Denver for the resolution of any claim or dispute with respect to or arising out of or relating to this Agreement or the relationship between the parties (b) agrees that all claims with respect to such actions or proceedings may be heard and determined in such court, (c) waives the defense of an inconvenient forum, (d) agrees not to commence any action or proceeding relating to this Agreement other than in a State or Federal court sitting in the City and County of Denver and (e) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

XVII. Choice of Law. This Agreement shall be construed and given effect in accordance with the laws of the state of Colorado.

XVIII. Counterparts; Severability. This Agreement may be executed in two or more separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction.

XIX. Waiver of Jury Trial. THE PARTIES EACH HEREBY AGREES TO WAIVE ANY RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY CLAIM, COUNTERCLAIM OR ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE

RELATIONSHIP BETWEEN THE PARTIES. PARTIES AGREE TO WAIVE CONSEQUENTIAL AND PUNITIVE DAMAGES.

XX. No Third Party Beneficiary. This Agreement is made solely for the benefit of the parties and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer on any person, other than the parties and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

XXI. Authority**.** The undersigned represents and warrants that they have full legal authority to execute this Agreement on behalf of the Client. The following individual(s) at the Client have the authority to direct Piper Sandler's performance of its activities under this Agreement:

Mark Selden, President Board of Directors

The following individuals at Piper Sandler have the authority to direct Piper Sandler's performance of its activities under this Agreement:

Creig Veldhuizen, Senior Vice President
Marc Ragan, Assistant Vice President

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

PIPER SANDLER & CO.

By: ______________________________
Creig Veldhuizen
Its: Senior Vice President
Date: February 24, 2020

ACCEPTED AND AGREED:

SORREL RANCH METROPOLITAN DISTRICT

By: ______________________________
Mark Selden
Its: President
Date: 3/11/20

Piper Sandler & Co. is registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board ("MSRB"). A brochure is posted on the website of the MSRB, at www.msrb.org that describes the protections that may be provided by MSRB rules and how to file a complaint with an appropriate regulatory authority.

APPENDIX A – DISCLOSURE STATEMENT

Municipal Securities Rulemaking Board Rule G-42 (the Rule) requires that Piper Sandler provide you with the following disclosures of material conflicts of interest and of information regarding certain legal events and disciplinary history. Accordingly, this Appendix A provides information regarding conflicts of interest and legal or disciplinary events of Piper Sandler required to be disclosed to pursuant to MSRB Rule G-42(b) and (c)(ii).

(A) ***Disclosures of Conflicts of Interest*****.** The Rule requires that Piper Sandler provide to you disclosures relating to any actual or potential material conflicts of interest, including certain categories of potential conflicts of interest identified in the Rule, if applicable. If no such material conflicts of interest are known to exist based on the exercise of reasonable diligence by us, Piper Sandler is required to provide a written statement to that effect.

Accordingly, we make the following disclosures with respect to material conflicts of interest in connection with the Scope of Services under the Agreement, together with explanations of how we address or intend to manage or mitigate each conflict. To that end, with respect to all of the conflicts disclosed below, we mitigate such conflicts through our adherence to our fiduciary duty to you in connection with municipal advisory activities, which includes a duty of loyalty to you in performing all municipal advisory activities for the Client. This duty of loyalty obligates us to deal honestly and with the utmost good faith with you and to act in your best interests without regard to our financial or other interests. In addition, as a broker dealer with a client oriented business, our success and profitability over time is based on assuring the foundations exist of integrity and quality of service. Furthermore, Piper Sandler's supervisory structure, utilizing our long-standing and comprehensive broker-dealer supervisory processes and practices, provides strong safeguards against individual representatives of Piper Sandler potentially departing from their regulatory duties due to personal interests. The disclosures below describe, as applicable, any additional mitigations that may be relevant with respect to any specific conflict disclosed below.

Compensation-Based Conflicts. The fees due under the Agreement are based on the size of the Issue and the payment of such fees is contingent upon the successful delivery of the Issue. While this form of compensation is customary in the municipal securities market, this may present the appearance of a conflict or the potential for a conflict because it could create an incentive for Piper Sandler to recommend unnecessary financings or financings that are disadvantageous to the Client, or to advise the Client to increase the size of the issue. We believe that the appearance of a conflict or potential conflict is mitigated by our duty of care and fiduciary duty and the general mitigations related to our duties to you, as described above.

Transactions in Client's Securities**.** As a municipal advisor, Piper Sandler cannot act as an underwriter in connection with the same issue of bonds for which Piper Sandler is acting as a municipal advisor. From time to time, Piper Sandler or its affiliates may submit orders for and acquire your securities issued in an Issue under the Agreement from members of the underwriting syndicate, either for its own trading account or for the accounts of its customers. Again, while we do not believe that this activity creates a material conflict of interest, we note that to mitigate any perception of conflict and to fulfill Piper Sandler's regulatory duties to the Client, Piper Sandler's activities are engaged in on customary terms through units of Piper Sandler that operate independently from Piper Sandler's municipal advisory business, thereby eliminating the likelihood that such investment activities would have an impact on the services provided by Piper Sandler to you under the Agreement.

(B) ***Disclosures of Information Regarding Legal Events and Disciplinary History*****.** The Rule requires that all municipal advisors provide to their clients certain disclosures of legal or disciplinary events material to a client's evaluation of the municipal advisor or the integrity of the municipal advisor's management or advisory personnel. Accordingly, Piper Sandler sets out below required disclosures and related information in connection with such disclosures.

I. Material Legal or Disciplinary Event. There are no legal or disciplinary events that are material to the Client's evaluation of Piper Sandler or the integrity of Piper Sandler's management or advisory personnel disclosed, or that should be disclosed, on any Form MA or Form MA-I filed with the SEC.

II. Most Recent Change in Legal or Disciplinary Event Disclosure. Piper Sandler has not made any material legal or disciplinary event disclosures on Form MA or any Form MA-I filed with the SEC.

(C) ***How to Access Form MA and Form MA-I Filings*****.** Piper Sandler's most recent Form MA and each most recent Form MA-I filed with the SEC are available on the SEC's EDGAR system at http://www.sec.gov/edgar/searchedgar/companysearch.html. The Form MA and the Form MA-I include information regarding legal events and disciplinary history about municipal advisor firms and their personnel, including information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The SEC permits certain items of information required on Form MA or MA-I to be provided by reference to such required information already filed by Piper Sandler in its capacity as a broker-dealer on Form BD or Form U4 or as an investment adviser on Form ADV, as applicable. Information provided by Piper Sandler on Form BD or Form U4 is publicly accessible through reports generated by BrokerCheck at http://brokercheck.finra.org, and Piper Sandler's most recent Form ADV is publicly accessible at the Investment Adviser Public Disclosure website at http://www.adviserinfo.sec.gov. For purposes of accessing such BrokerCheck reports or Form ADV, Piper Sandler's CRD number is 665.

(D) ***Future Supplemental Disclosures*****.** As required by the Rule, this Section 5 may be supplemented or amended, from time to time as needed, to reflect changed circumstances resulting in new conflicts of interest or changes in the conflicts of interest described above, or to provide updated information with regard to any legal or disciplinary events of Piper Sandler. Piper Sandler will provide you with any such supplement or amendment as it becomes available throughout the term of the Agreement.