

**SORREL RANCH METROPOLITAN DISTRICT**

141 Union Boulevard, Suite 150  
Lakewood, Colorado 80228-1898  
Tel: 303-987-0835 • 800-741-3254  
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**NOTICE OF SPECIAL MEETING AND AGENDA**

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

DATE: **November 9, 2020 (Monday)**

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.

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

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C. Discuss vacancies on the Board and consider appointment of eligible elector, Rebecca Stricker, to the Board of Directors of the District. Administer Oath of office.

\_\_\_\_\_

D. Consider Appointment of Officers.

President	_____
Treasurer	_____
Secretary	_____
Asst. Secretary	_____

- E. Review and approve Minutes of the May 29, 2020 Special Meeting, June 25, 2020 Special Meeting, July 16, 2020 Special Meeting, September 17, 2020 Special Meeting and October 7, 2020 Special Meeting (enclosures).
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- F. Discuss business to be conducted in 2021 and consider adoption of Resolution No. 2020-11-\_\_ Establishing Regular Meeting Dates, Time, and Location, and Designating Location for Posting of 24-Hour Notices (enclosure).
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- G. Discuss requirement of Section 32-1-809, C.R.S. and direct staff regarding compliance for 2021 (District Transparency Notice).
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II. PUBLIC COMMENTS

- A. \_\_\_\_\_

III. FINANCIAL MATTERS

- A. Discuss District’s Limited Tax General Obligation Refunding Bonds, Series 2020.
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- B. Review and ratify the approval of the payment of claims as follows (enclosures):

Fund	Period Ending June 19, 2020	Period Ending July 9, 2020	Period Ending Aug. 10, 2020	Period Ending Sept. 14, 2020
General	\$ 8,706.62	\$ 1,864.40	\$ 8,117.17	\$ 6,757.51
Debt Service	\$ -0-	\$ 24,700.00	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-	\$ 1,250.00
<b>Total Claims</b>	<b>\$ 8,706.62</b>	<b>\$ 26,564.40</b>	<b>\$ 8,117.17</b>	<b>\$ 8,007.51</b>

Fund	Period Ending Oct. 7, 2020
General	\$ 5,210.43
Debt Service	\$ -0-
Capital Projects	\$ -0-
<b>Total Claims</b>	<b>\$ 5,210.43</b>

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- C. Review and accept the unaudited financial statements through September 30, 2020 (enclosure).
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- D. Consider engagement of Wipfli LLP to perform the 2020 Audit, in the amount of \$3,750 (enclosure).

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- E. Conduct Public Hearing to consider Amendment to the 2020 Budget and (if necessary) consider adoption of Resolution to Amend the 2020 Budget and Appropriate Expenditures.

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- F. Conduct Public Hearing on the proposed 2021 Budget and consider adoption of Resolution No. 2020-11-\_\_ to Adopt the 2021 Budget and Appropriate Sums of Money and Resolution No. 2020-11-\_\_ to Set Mill Levies (for General Fund \_\_\_\_\_, Debt Service Fund \_\_\_\_\_, and Other Fund(s) \_\_\_\_\_ for a total mill levy of \_\_\_\_\_) (enclosures – preliminary assessed valuation, draft 2021 Budget, and Resolutions).

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- G. Authorize District Accountant to prepare and sign the DLG-70 Certification of Tax Levies form for certification to the Board of County Commissioners and other interested parties.

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- H. Consider appointment of District Accountant to prepare the 2022 Budget and set date for public hearing to adopt the 2022 Budget (\_\_\_\_\_, 2021).

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- I. Consider adoption of Resolution No. 2020-11-\_\_; Resolution Authorizing Adjustment of the District Mill Levy in Accordance with Colorado Constitution, Article X, Section 3 (enclosure).

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IV. LEGAL MATTERS

- A. Discuss and consider adoption of Amended and Restated Resolution Regarding Continuing Disclosure Policies and Procedures (enclosure).

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- B. Discuss and consider approval of McGeady Becher P.C. Records Retention Policy (enclosure).

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V. OTHER MATTERS

A. \_\_\_\_\_

VI. ADJOURNMENT **THERE ARE NO MORE REGULAR MEETINGS SCHEDULED FOR 2020.**

## RECORD OF PROCEEDINGS

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### MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE SORREL RANCH METROPOLITAN DISTRICT HELD MAY 29, 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 Friday, the 29th day of May, 2020, at 6:30 p.m. 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 was held via conference call. The meeting was open to the public via conference call.

#### 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.

Emily Murphy, Esq.; McGeady Becher P.C.

Vy Nguyen; CliftonLarsonAllen LLP

Creig Veldhuizen and Jake Smith; Piper Sandler & Co. (for a portion of the meeting)

#### 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. The members of the Board were requested to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting. There were no potential conflicts disclosed and it was noted that all members of the Board are residents of the District.

## RECORD OF PROCEEDINGS

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### ADMINISTRATIVE MATTERS

**Agenda:** 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 Bourne and, upon vote, unanimously carried, the Agenda was approved, as amended.

**Meeting Location/Posting of Notice:** 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 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 was held by conference call at the above-stated time and date. The Board further noted that notice of the time, date and manner was duly posted and that they have not received any objections to the manner or any requests that the meeting manner be changed by taxpaying electors within the District’s boundaries.

**Results of Cancelled May 5, 2020 Regular Election:** Mr. Solin discussed with the Board the results of the May 5, 2020 Regular Election for Directors (“Election”). It was noted that the Election was cancelled, as permitted by statute and that Director Jones was deemed elected for a two-year term ending in 2022 and Directors Bourne and Zajac were deemed elected for three-year terms ending in 2023.

**Appointment of Officers:** The Board entered into discussion regarding the appointment of officers.

Following discussion, upon motion duly made by Director Selden, seconded by Director Bourne and, upon vote, unanimously carried, the following slate of officers was appointed:

President	Mark Selden
Treasurer	David Bourne
Secretary	David Solin (non-elected)
Assistant Secretary	Melissa Zajac
Assistant Secretary	Ryan C. Jones

## RECORD OF PROCEEDINGS

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**February 19, 2020 Special Meeting Minutes:** The Board reviewed the Minutes of the February 19, 2020 Special Meeting.

Following review, upon motion duly made by Director Selden, seconded by Director Zajac and, upon vote, unanimously carried, the Minutes of the February 19, 2020 Special Meeting were approved, as presented.

**PUBLIC  
COMMENTS**

There were no public comments.

**FINANCIAL  
MATTERS**

**Possible Bond Refunding:** Mr. Veldhuizen and Mr. Smith presented to the Board possible options for refunding the District's General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2006 and Subordinate General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2006 (collectively, the "Series 2006 Bonds"). Mr. Veldhuizen recommended the District issue a Request for Proposals for Investment Banking and Underwriting Services ("RFQ") and presented a draft of the RFQ for the Board's review.

Following extensive discussion, upon motion duly made by Director Jones, seconded by Director Selden and, upon vote, unanimously carried, the Board authorized Piper Sandler & Co. to finalize and issue the RFQ and to report back to the Board at a special meeting its recommendation for an underwriter based of the proposals received in response to the RFQ.

**The District's Inability to Make Full Scheduled Bond Payments:** The Board deferred discussion at this time.

**2019 Audit:** Ms. Nguyen presented to the Board the 2019 Audited Financial Statements.

Following review and discussion, upon motion duly made by Director Selden, seconded by Director Bourne and, upon vote, unanimously carried, the Board approved the 2019 Audit, subject to final legal review, and authorized the execution of the Representations Letter.

**Claims:** The Board considered ratification of the payment of claims through the period ending as follows:

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

## RECORD OF PROCEEDINGS

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

**Financial Statements:** Ms. Nguyen reviewed with the Board the unaudited financial statements through March 31, 2020.

Following discussion, upon motion duly made by Director Selden, seconded by Director Bourne and, upon vote, unanimously carried, the Board accepted the unaudited financial statements through March 31, 2020, as presented.

**Appointment of District Accountant to Prepare 2021 Budget:** Following discussion, upon motion duly made by Director Selden, seconded by Director Bourne, and, upon vote, unanimously carried, the Board appointed the District Accountant to prepare the District's 2021 Budget and set the Public Hearing to adopt the 2021 Budget for November 5, 2020.

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### **LEGAL MATTERS**

**Financial Services Agreement between the District and Piper Sandler & Co.:** Following discussion, upon motion duly made by Director Bourne, seconded by Director Selden and, upon vote, unanimously carried, the Board ratified approval of the Financial Services Agreement between the District and Piper Sandler & Co.

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### **OTHER MATTERS**

There were no other matters to discuss.

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### **ADJOURNMENT**

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

Respectfully submitted,

By \_\_\_\_\_  
Secretary for the Meeting



# RECORD OF PROCEEDINGS

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## MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE SORREL RANCH METROPOLITAN DISTRICT HELD JUNE 25, 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 Thursday, the 25th day of June, 2020, at 6:00 p.m. Due to Executive Order D 2020 044 Safer at Home issued by Governor Polis on April 26, 2020, and Public Health Order 20-28 implementing the Executive Order, issued by the Colorado Department of Health and Environment (CDPHE) on April 26, 2020, this meeting was held via teleconferencing. The meeting was open to the public via teleconferencing.

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### ATTENDANCE

#### Directors In Attendance Were:

Mark Selden  
David Bourne  
Ryan C. Jones

Following discussion, upon motion duly made by Director Bourne, seconded by Director Selden and, upon vote, unanimously carried, the absence of Director Zajac was excused.

#### Also In Attendance Were:

David Solin; Special District Management Services, Inc.

Emily Murphy, Esq.; McGeady Becher P.C.

Vy Nguyen; CliftonLarsonAllen LLP

Creig Veldhuizen; Piper Sandler & Co.

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### 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. The members of the Board were requested to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting. There were no potential conflicts disclosed and it was noted that all members of the Board are residents of the District.

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## RECORD OF PROCEEDINGS

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### ADMINISTRATIVE MATTERS

**Agenda:** 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 Bourne, seconded by Director Selden and, upon vote, unanimously carried, the Agenda was approved, as presented.

**Meeting Location/Posting of Notice:** 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 Bourne, seconded by Director Selden and, upon vote, unanimously carried, the Board determined that 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 was held by conference call at the above-stated time and date. The Board further noted that notice of the time, date and manner was duly posted and that they have not received any objections to the manner or any requests that the meeting manner be changed by taxpaying electors within the District's boundaries.

### PUBLIC COMMENTS

There were no public comments.

### LEGAL MATTERS

#### **Status of the Engagement of Underwriter:**

*Requests for Proposal Responses and Discuss Interview Process:* Mr. Veldhuizen reviewed the requests for proposal responses and presented to the Board his matrix scoring the underwriting firms that submitted such responses. After extensive discussion, the Board directed Mr. Veldhuizen to schedule interviews with D.A. Davidson & Co. and Stifel, Nicolaus & Company, Incorporated to occur during a special meeting of the Board.

*Engagement of Underwriter:* The Board deferred discussion at this time.

*Authorize Necessary Actions in Conjunction with District Financing:* The Board deferred any action at this time.

### OTHER MATTERS

There were no other matters to discuss.

## RECORD OF PROCEEDINGS

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### ADJOURNMENT

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

Respectfully submitted,

By \_\_\_\_\_  
Secretary for the Meeting

## RECORD OF PROCEEDINGS

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### MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE SORREL RANCH METROPOLITAN DISTRICT HELD JULY 16, 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 Thursday, the 16th day of July, 2020, at 6:00 p.m. Due to Executive Order D 2020 044 Safer at Home issued by Governor Polis on April 26, 2020, and Public Health Order 20-28 implementing the Executive Order, issued by the Colorado Department of Health and Environment (CDPHE) on April 26, 2020, this meeting was held via teleconferencing. The meeting was open to the public via teleconferencing.

#### ATTENDANCE

#### Directors In Attendance Were:

Mark Selden  
David Bourne  
Ryan C. Jones

#### Also In Attendance Were:

David Solin; Special District Management Services, Inc.

Emily Murphy, Esq.; McGeady Becher P.C.

Kyle Thomas, Brooke Hutchens, and Marc Dispense; D.A. Davidson & Co. (for a portion of the meeting)

Vy Nguyen; CliftonLarsonAllen LLP

Creig Veldhuizen and Jake Smith; Piper Sandler & Co.

Alan Matlosz, Michael Lund, and Lisa May; Stifel, Nicolaus & Company, Incorporated (for a portion of the meeting)

#### 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. The members of the Board were requested to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting. There were no potential conflicts disclosed and it was noted that all members of the Board are residents of the District.

## RECORD OF PROCEEDINGS

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### ADMINISTRATIVE MATTERS

**Agenda:** 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.

**Meeting Location/Posting of Notice:** 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 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 was held by conference call at the above-stated time and date. The Board further noted that notice of the time, date and manner was duly posted and that they have not received any objections to the manner or any requests that the meeting manner be changed by taxpaying electors within the District’s boundaries.

**Resignation of Director:** The Board acknowledged resignation of Director Zajac effective as of July 13, 2020.

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### PUBLIC COMMENTS

There were no public comments.

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### LEGAL MATTERS

**Interviews of Potential Underwriter Candidates:** The Board interviewed D.A. Davidson & Co. and Stifel, Nicolaus & Company, Incorporated (“Stifel”) on separate Zoom videoconference links provided by Mr. Solin on the conference bridge so that the public could attend the same.

**Engagement of Underwriter:** Extensive discussion ensued regarding the potential underwriter candidates. The Board discussed the engagement of Stifel as the Underwriter and directed Mr. Veldhuizen to attempt to negotiate the fees further.

Following discussion, upon motion duly made by Director Selden, seconded by Director Bourne and, upon vote, carried with Director Jones abstaining, the Board approved the engagement of Stifel as Underwriter.

**Authorize Necessary Actions in Conjunction with District Financing:** The Board discussed necessary actions in conjunction with District Financing.

## RECORD OF PROCEEDINGS

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Following discussion, upon motion duly made by Director Bourne, seconded by Director Jones and, upon vote, unanimously carried, the Board created a Financing Committee, appointed Director Seldon thereto, and authorized the Finance Committee to take any necessary action as required by the transaction.

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### **OTHER MATTERS**

There were no other matters to discuss.

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### **ADJOURNMENT**

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

Respectfully submitted,

By \_\_\_\_\_  
Secretary for the Meeting

## RECORD OF PROCEEDINGS

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### MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE SORREL RANCH METROPOLITAN DISTRICT HELD SEPTEMBER 17, 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 Thursday, the 17th day of September, 2020, at 6:00 p.m. at Tollgate Crossing Community Center, 24625 E. Bellewood Drive, Aurora, Colorado. 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 was held with one person in attendance at the physical location and all other attendees via conference call. The meeting was open to the public via conference call.

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#### **ATTENDANCE**

##### **Directors In Attendance Were:**

David Bourne  
Ryan C. Jones

Following discussion, upon motion duly made by Director Jones, seconded by Director Bourne and, upon vote, unanimously carried, the absence of Mark Selden was excused, and Director Bourne was appointed Acting President.

##### **Also In Attendance Were:**

David Solin; Special District Management Services, Inc.

Emily Murphy, Esq.; McGeady Becher P.C.

Vy Nguyen; CliftonLarsonAllen LLP

Creig Veldhuizen; Piper Sandler & Co.

Michael Lund; Stifel, Nicolaus & Company, Incorporated

Kim Crawford, Esq.; Butler Snow LLP

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## RECORD OF PROCEEDINGS

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### 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. The members of the Board were requested to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting. There were no potential conflicts disclosed and it was noted that all members of the Board are residents of the District.

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### ADMINISTRATIVE MATTERS

**Agenda:** 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 Jones, seconded by Director Bourne and, upon vote, unanimously carried, the Agenda was approved, as presented.

**Meeting Location/Posting of Notice:** 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 Jones, seconded by Director Bourne and, upon vote, unanimously carried, the Board determined that 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 was held by conference call and encouraged public participation via conference call. One person, David Solin, was present at the physical location noted on the posted agenda. The Board further noted that notice of the time, date and manner was duly posted and that they have not received any objections to the manner or any requests that the meeting manner be changed by taxing electors within the District's boundaries.

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### FINANCIAL MATTERS

**2020 Budget Amendment Hearing:** The Acting President opened the public hearing to consider the Resolution to Amend the 2020 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of a Resolution to Amend the 2020 Budget and the date, time, and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to the public hearing.

No public comments were received, and the public hearing was closed.



## RECORD OF PROCEEDINGS

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Following review and discussion, upon motion duly made by Director Jones, seconded by Director Bourne and, upon vote, unanimously carried, the Board adopted Resolution No. 2020-09-01 to Amend the 2020 Budget. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

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### **LEGAL MATTERS**

#### **Engagement of Butler Snow LLP as Bond Counsel and Disclosure Counsel:**

Following discussion, upon motion duly made by Director Bourne, seconded by Director Jones and, upon vote, unanimously carried, the Board ratified the engagement of Butler Snow LLP as bond counsel and disclosure counsel.

#### **Underwriter/Placement Agent Engagement Agreement between the District and Stifel, Nicolaus & Company, Incorporated:**

Following discussion, upon motion duly made by Director Bourne, seconded by Director Jones and, upon vote, unanimously carried, the Board ratified the approval of the Underwriter/Placement Agent Engagement Agreement between the District and Stifel, Nicolaus & Company, Incorporated.

#### **Resolution authorizing the District's Limited Tax General Obligation Refunding Bonds, Series 2020:**

Ms. Crawford discussed with the Board the Resolution authorizing the District's Limited Tax General Obligation Refunding Bonds, Series 2020 (the "Bonds") in the maximum principal amount of \$16,000,000 for the purpose of refunding certain outstanding obligations of the District, and paying the costs of issuance of the Bonds (the "Bond Resolution"). It was noted that David Solin was present in person at the noticed location.

Following discussion, upon a motion duly made by Director Bourne, seconded by Director Jones and, upon vote, unanimously carried, the Board adopted the Bond Resolution and authorized approval of the Preliminary Official Statement and the use thereof by the underwriter in connection with the offering of the Bonds, authorized the preparation of the final Official Statement, and authorized the execution and delivery of and the performance by the District thereunder of a bond purchase agreement, and any such other documents, certificates, and instruments as may be necessary or required to effect the issuance of the Bonds.

### **OTHER MATTERS**

There were no other matters to discuss.

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## RECORD OF PROCEEDINGS

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### 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

## RECORD OF PROCEEDINGS

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### MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE SORREL RANCH METROPOLITAN DISTRICT HELD OCTOBER 7, 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 7<sup>th</sup> day of October, 2020, at 6:30 p.m. Due to concerns regarding the spread of the Coronavirus (COVID-19) and the benefits to the control of the virus by limiting in-person contact, this District Board meeting was held via conference call. The meeting was open to the public via conference call.

#### ATTENDANCE

#### Directors In Attendance Were:

David Bourne  
Ryan C. Jones

Following discussion, upon motion duly made by Director Jones, seconded by Director Bourne and, upon vote, unanimously carried, the absence of Mark Selden was excused, and Director Jones was appointed Acting President.

#### Also In Attendance Were:

David Solin; Special District Management Services, Inc.

Emily Murphy, Esq.; McGeady Becher P.C.

Vy Nguyen; CliftonLarsonAllen LLP

#### 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. The members of the Board were requested to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting. There were no potential conflicts disclosed and it was noted that all members of the Board are residents of the District.

## RECORD OF PROCEEDINGS

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### ADMINISTRATIVE MATTERS

**Agenda:** 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 Jones, seconded by Director Bourne and, upon vote, unanimously carried, the Agenda was approved, as presented.

**Meeting Location/Posting of Notice:** 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 Jones, seconded by Director Bourne and, upon vote, unanimously carried, the Board determined that 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 was held by conference call at the above-stated time and date. The Board further noted that notice of the time, date and manner was duly posted and that they have not received any objections to the manner or any requests that the meeting manner be changed by taxpaying electors within the District's boundaries.

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### FINANCIAL MATTERS

**2020 Budget Amendment Hearing:** The Acting President opened the public hearing to consider the Resolution to Further Amend the 2020 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of a Resolution to Further Amend the 2020 Budget and the date, time, and manner of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to the public hearing.

No public comments were received, and the public hearing was closed.

Following review and discussion, upon motion duly made by Director Bourne, seconded by Director Jones and, upon vote, unanimously carried, the Board adopted Resolution No. 2020-10-01 to Further Amend the 2020 Budget. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

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## RECORD OF PROCEEDINGS

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### 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

**RESOLUTION NO. 2020-11-01**

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE SORREL RANCH METROPOLITAN DISTRICT  
ESTABLISHING REGULAR MEETING DATES, TIME, AND LOCATION,  
ESTABLISHING DISTRICT WEBSITE AND  
DESIGNATING LOCATION FOR POSTING OF 24-HOUR NOTICES**

A. Pursuant to Section 32-1-903, C.R.S., special districts are required to designate a schedule for regular meetings, indicating the dates, time and location of said meetings.

B. Pursuant to Section 24-6-402(2)(c)(I), C.R.S., special districts are required to designate annually at the board of directors of the district's first regular meeting of each calendar year, the public place at which notice of the date, time and location of regular and special meetings ("**Notice of Meeting**") will be physically posted at least 24 hours prior to each meeting ("**Designated Public Place**"). A special district is deemed to have given full and timely notice of a regular or special meeting if it posts its Notice of Meeting at the Designated Public Place at least 24 hours prior to the meeting.

C. Pursuant to Section 24-6-402(2)(c)(III), C.R.S., special districts are relieved of the requirement to post the Notice of Meeting at the Designated Public Place, and are deemed to have given full and timely notice of a public meeting, if a special district posts the Notice of Meeting online at a public website of the special district ("**District Website**") at least 24 hours prior to each regular and special meeting.

D. Pursuant to Section 24-6-402(2)(c)(III), C.R.S., if a special district is unable to post a Notice of Meeting on the District Website at least 24 hours prior to the meeting due to exigent or emergency circumstances, then it must physically post the Notice of Meeting at the Designated Public Place at least 24 hours prior to the meeting.

E. Pursuant to Section 32-1-903, C.R.S., all special and regular meetings of the board shall be held at locations which are within the boundaries of the district or which are within the boundaries of any county in which the district is located, in whole or in part, or in any county so long as the meeting location does not exceed twenty (20) miles from the district boundaries unless such provision is waived.

F. The provisions of Section 32-1-903, C.R.S., may be waived if: (1) the proposed change of location of a meeting of the board appears on the agenda of a regular or special meeting; and (2) a resolution is adopted by the board stating the reason for which a meeting is to be held in a location other than under Section 32-1-903(1), C.R.S., and further stating the date, time and place of such meeting.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sorrel Ranch Metropolitan District (the "**District**"), Arapahoe County, Colorado:

1. That the provisions of Section 32-1-903(1), C.R.S., be waived pursuant to the adoption of this Resolution.

2. That the Board of Directors (the “**District Board**”) has determined that conducting regular and special meetings pursuant to Section 32-1-903(1), C.R.S., would be inconvenient and costly for the directors and consultants of the District in that they live and/or work outside of the twenty (20) mile radius requirement.

3. That regular meetings of the District Board for the year 2021 shall be held on \_\_\_\_\_ at \_\_\_\_\_, at the Tollgate Crossing Community Center, 24625 E. Bellewood Drive, Aurora, CO 80016 in Arapahoe County, Colorado.

4. That special meetings of the District Board shall be held as often as the needs of the District require, upon notice to each director.

5. That, until circumstances change, and a future resolution of the District Board so designates, the location of all special and regular meetings of the District Board shall appear on the agenda(s) of said special and regular meetings.

6. That the residents and taxpaying electors of the District shall be given an opportunity to object to the meeting(s) location(s), and any such objections shall be considered by the District Board in setting future meetings.

7. That the District Board authorizes establishment of a District Website, if such District Website does not already exist, in order to provide full and timely notice of regular and special meetings of the District Board online pursuant to the provisions of Section 24-6-402(2)(c)(III), C.R.S.

8. That, if the District has established a District Website, the Notice of Meeting of the District Board shall be posted on the District Website at least 24 hours prior to each regular and special meeting pursuant to Section 24-6-402(2)(c)(III), C.R.S. and Section 32-1-903(2), C.R.S.

9. That, if the District has not yet established a District Website or is unable to post the Notice of Meeting on the District Website at least 24 hours prior to each meeting due to exigent or emergency circumstances, the Notice of Meeting shall be posted within the boundaries of the District at least 24 hours prior to each meeting, pursuant to Section 24-6-402(2)(c)(I) and (III), C.R.S., at the following Designated Public Place:

10. Corner of Aurora Parkway and Buchanan Street

11. Special District Management Services, Inc., or his/her designee, is hereby appointed to post the above-referenced notices.

**[SIGNATURE PAGE FOLLOWS]**

**[SIGNATURE PAGE TO RESOLUTION ESTABLISHING REGULAR MEETING  
DATES, TIME, AND LOCATION, ESTABLISHING DISTRICT WEBSITE AND  
DESIGNATING LOCATION FOR 24-HOUR NOTICES]**

RESOLUTION APPROVED AND ADOPTED on November 5, 2020.

**SORREL RANCH METROPOLITAN  
DISTRICT**

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

Attest:

\_\_\_\_\_  
Secretary



Sorrel Ranch Metropolitan District  
June-20

	General	Debt	Capital	Totals
Disbursements	\$ 8,337.22	\$ -	\$ -	\$ 8,337.22
Payroll	\$ 369.40			\$ 369.40
<u>Total Disbursements from Checking</u>	<u>\$ 8,706.62</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,706.62</u>

<u>Check Issue Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>
06/19/2020	9075	Selden, Mark A	92.35
06/19/2020	9076	Bourne, David	92.35
06/19/2020	9077	Zajac, Melissa	92.35
06/19/2020	9078	Jones, Ryan C	92.35
Grand Totals:			
	<u>4</u>		<u>369.40</u>

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
2891						
06/19/2020	CliftonLarsonAllen LLP	2517301	Accounting	1-7000	1,750.77	1,750.77
Total 2891:						1,750.77
2892						
06/19/2020	McGeady Becher P.C.	659B 04/20	Legal Services	1-7460	303.00	303.00
06/19/2020	McGeady Becher P.C.	659B 04/20	Audit Fees	1-7020	179.00	179.00
06/19/2020	McGeady Becher P.C.	659B 05/20	Legal Services	1-7460	2,569.50	2,569.50
06/19/2020	McGeady Becher P.C.	659B 05/20	Audit Fees	1-7020	1,461.50	1,461.50
Total 2892:						4,513.00
2893						
06/19/2020	Special Dist Mgmt Services	05/2020	District Management	1-7440	2,003.45	2,003.45
06/19/2020	Special Dist Mgmt Services	05/2020	Audit Fees	1-7020	70.00	70.00
Total 2893:						2,073.45
Grand Totals:						8,337.22

Sorrel Ranch Metropolitan District  
July-20

	General	Debt	Capital	Totals
Disbursements	\$ 1,587.35	\$ 24,700.00	\$ -	\$ 26,287.35
Payroll	\$ 277.05			\$ 277.05
<b>Total Disbursements from Checking</b>	<b>\$ 1,864.40</b>	<b>\$ 24,700.00</b>	<b>\$ -</b>	<b>\$ 26,564.40</b>

<u>Check Issue Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>
07/09/2020	9079	Selden, Mark A	92.35
07/09/2020	9080	Bourne, David	92.35
07/09/2020	9081	Jones, Ryan C	92.35
Grand Totals:			
	<u>3</u>		<u>277.05</u>

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
2894						
07/09/2020	Special Dist Mgmt Services	06/2020	District Management	1-7440	1,587.35	1,587.35
Total 2894:						1,587.35
2895						
07/09/2020	Tousa Recovery Acquisition LLC	2020 Q1/Q2	Contingency	2-7890	24,700.00	24,700.00
Total 2895:						24,700.00
Grand Totals:						26,287.35

Sorrel Ranch Metropolitan District  
August-20

	General	Debt	Capital	Totals
Disbursements	\$ 7,840.12		\$ -	\$ 7,840.12
Payroll	\$ 277.05			\$ 277.05
<b>Total Disbursements from Checking</b>	<b>\$ 8,117.17</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,117.17</b>

<u>Check Issue Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>
08/10/2020	9082	Selden, Mark A	92.35
08/10/2020	9083	Bourne, David	92.35
08/10/2020	9084	Jones, Ryan C	92.35
Grand Totals:			
	<u>3</u>		<u>277.05</u>



Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
2896						
08/10/2020	CliftonLarsonAllen LLP	2551333	Accounting	1-7000	1,750.35	1,750.35
Total 2896:						1,750.35
2897						
08/10/2020	McGeady Becher P.C.	659B 06/2020	Legal Services	1-7460	2,950.50	2,950.50
08/10/2020	McGeady Becher P.C.	659B 06/2020	Audit Fees	1-7020	447.50	447.50
Total 2897:						3,398.00
2898						
08/10/2020	Special Dist Mgmt Services	07/2020	District Management	1-7440	2,691.77	2,691.77
Total 2898:						2,691.77
Grand Totals:						7,840.12

Sorrel Ranch Metropolitan District  
September-20

	General	Debt	Capital	Totals
Disbursements	\$ 6,757.51		\$ 1,250.00	\$ 8,007.51
Payroll				\$ -
<b>Total Disbursements from Checking</b>	<b>\$ 6,757.51</b>	<b>\$ -</b>	<b>\$ 1,250.00</b>	<b>\$ 8,007.51</b>

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
2899						
09/14/2020	CliftonLarsonAllen LLP	2584452	Accounting	1-7000	2,152.71	2,152.71
Total 2899:						2,152.71
2900						
09/14/2020	McGeady Becher P.C.	659B 07/20	Legal Services	1-7460	3,827.50	3,827.50
Total 2900:						3,827.50
2901						
09/14/2020	Special Dist Mgmt Services	08/2020	District Management	1-7440	777.30	777.30
Total 2901:						777.30
2902						
09/14/2020	UMB Bank, N. A.	763779	Paying agent / trustee fee	2-7560	1,250.00	1,250.00
Total 2902:						1,250.00
Grand Totals:						8,007.51

Sorrel Ranch Metropolitan District  
October-20

	General	Debt	Capital	Totals
Disbursements	\$ 5,025.73			\$ 5,025.73
Payroll	\$ 184.70			\$ 184.70
<b>Total Disbursements from Checking</b>	<b>\$ 5,210.43</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,210.43</b>

<u>Check Issue Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>
10/07/2020	9085	Bourne, David	92.35
10/07/2020	9086	Jones, Ryan C	92.35
<b>Grand Totals:</b>			
	<u>2</u>		<u>184.70</u>

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
2903						
10/07/2020	CliftonLarsonAllen LLP	2610774	Accounting	1-7000	1,865.85	1,865.85
Total 2903:						1,865.85
2904						
10/07/2020	Colorado Special District P&L	POL-0004005	Insurance and Bonds	1-7360	450.00	450.00
Total 2904:						450.00
2905						
10/07/2020	McGeady Becher P.C.	659B 08/2020	Legal Services	1-7460	40.00	40.00
10/07/2020	McGeady Becher P.C.	659B 08/2020	Audit Fees	1-7020	20.00	20.00
Total 2905:						60.00
2906						
10/07/2020	Special Dist Mgmt Services	09/2020	District Management	1-7440	2,649.88	2,649.88
Total 2906:						2,649.88
Grand Totals:						5,025.73

October 22, 2020

Sorrel Ranch Metropolitan District  
c/o CliftonLarsonAllen LLP  
8390 E. Crescent Pkwy, Suite 300  
Greenwood Village, CO 80111

We are pleased to serve as the independent auditors for Sorrel Ranch Metropolitan District (“Client”) for the year ended December 31, 2020. This letter, together with the attached Terms and Conditions – Attest Engagements, confirms the terms of our engagement.

We will audit Client’s financial statements, the related notes to the financial statements, and, if applicable, supplementary information.

#### Fees

Our fees for this engagement will be billed as work progresses, and progress billings may be submitted. Based upon our discussions with representatives of Client, the fee for this engagement will be \$3750. Expenses for items such as travel, telephone, postage, clerical time, printing, and reproduction of financial statements are included in the fee. Our fee has been determined based on our understanding obtained through discussions with you regarding your preparation for the engagement and your current business operations. To the extent we encounter circumstances outside of our expectations that warrant additional procedures and time, we will communicate that fact and advise you of options and the additional fees necessary to complete the engagement. We expect payment of our billings within 30 days after submission.

#### Audit Objective

The objective of our audit is the expression of an opinion about whether the financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States (“GAAP”). Our audit will be conducted in accordance with auditing standards generally accepted in the United States (“GAAS”) and will include tests of Client’s accounting records and other procedures we consider necessary to enable us to express such an opinion.

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

### Audit Procedures, Limitations, and Independence

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Our audit will include obtaining an understanding of Client and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements, and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and you internal control related matters that are required to be communicated under professional standards.

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

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

We will issue a written report upon completion of our audit of Client's financial statements. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with Client management and you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Professional and certain regulatory standards require us to be independent in both fact and appearance. Any discussions that you have with Wipfli personnel regarding employment could pose a threat to our independence. Therefore, we request that you inform us immediately prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.



In order for us to remain independent, professional and regulatory standards require us to maintain certain respective roles and relationships with you with respect to any nonattest services we may be asked to perform. Prior to performing such services in conjunction with our audit, management must acknowledge its acceptance of certain responsibilities.

#### **Responsibilities of Management**

Management is responsible for the financial statements, the related notes to financial statement and, if applicable, the supplementary information, and underlying financial records and for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with GAAP. Management is also responsible for making all financial records and related information available to us, for the accuracy and completeness of that information, and for providing us with (a) access to all information of which it is aware that is relevant to the preparation and fair presentation of the financial statements, (b) additional information that we may request for the purpose of the audit, and (c) unrestricted access to persons within Client from whom we determine it necessary to obtain audit evidence.

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

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

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

As required by GAAS, at the close of the audit we will request from management certain written confirmation concerning oral and written representations made to us in connection with the audit in order to indicate and document the continuing appropriateness of such representations and reduce the possibility of misunderstanding.

Because of the importance of management's representations to an effective audit, Client agrees to release and indemnify Wipfli LLP, its partners, employees, agents, and assigns from any liability, cost, or expense relating to our services under this Letter attributable to any knowing misrepresentation by management. The preceding sentence shall not apply and shall be of no effect in the event its application, in the judgment of any government body or regulatory agency, would impair our independence as your auditor.

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

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

#### Management Assistance

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

#### Other Services

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

Management is responsible for assuming all management responsibilities and for overseeing these services by designating an individual, preferably within senior management, with suitable skill, knowledge, and/or experience. Management is responsible for evaluating the adequacy and results of the services performed and accepting responsibility for them.

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

- A. *Employment or Contracting with Illegal Aliens.* We certify that Wipfli LLP does not knowingly employ or contract with an illegal alien to perform work under this engagement letter, or will enter into a contract with a subcontractor that fails to certify to Wipfli LLP that such subcontractor does not knowingly employ or contract with an illegal alien to perform work under this engagement letter.
- B. *Verification Regarding Illegal Aliens.* We certify that Wipfli LLP has verified the employment eligibility of all employees who are newly hired for employment, to perform the work under this engagement letter, through participation in either the Electronic Employment Verification Program, or Employment Verification Program which is established pursuant to Section 8-17.5-102 (5)(c), C.R.S., (collectively referred to as "Verification Programs").
- C. *Limitation Regarding Verification Programs.* We agree that Wipfli LLP will use the Verification Programs to undertake pre-employment screening of job applicants while performing professional services on behalf of the District.
- D. *Duty to Terminate Subcontractor:* If Wipfli LLP obtains actual knowledge that a subcontractor performing work pursuant to this engagement letter knowingly employs or contracts with an illegal alien, Wipfli LLP shall:

(i) notify the subcontractor and the District within three (3) days that Wipfli LLP has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and

(ii) terminate the subcontract with the subcontractor if, within three (3) days of receiving notice required pursuant to C.R.S. 8-17.5-102(2)(b)(III)(A) that Wipfli LLP has actual knowledge that the subcontractor is employing or contracting with an illegal alien, the subcontractor does not stop employing or contracting with the illegal alien.

Wipfli LLP shall not terminate the contract with the subcontractor if during such three (3) days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

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

#### Other

Greg Livin will be your audit engagement partner.

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

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



Wipfli LLP

Sorrel Ranch Metropolitan District

Page 6

October 22, 2020

ACCEPTED: SORREL RANCH METROPOLITAN DISTRICT

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

\_\_\_\_\_  
(Print Name and Title)

Date: \_\_\_\_\_

GL

Enc.

Revision Date (02/24/20)

I:\2020\A&A Department\Metro Districts\Engagement Letters\CLA MD Engagement Letter - w proposed CO special district language.docx

Wipfli LLP  
Engagement Letter  
Terms and Conditions – Attest Engagements

1. Entire Agreement

These Terms and Conditions, together with the engagement letter (“Engagement Letter”) to which these Terms and Conditions are attached, and the Engagement Letter’s other appendixes, if any, constitute the entire agreement between the parties on the subject matter thereof and supersede and merge all prior proposals (including prior proposals of Wipfli regarding the engagement), understandings, and agreements (oral or written) between the parties relating to the subject matter, including, without limitation, the terms of any request for proposal issued to Client or the standard printed terms on any purchase order issued by Client. No modification, amendment, supplement to, or waiver of these Terms and Conditions or Engagement Letter shall be binding upon the parties unless made in writing and duly signed by both parties. To the greatest extent reasonably possible, the provisions of the Engagement Letter, its Appendixes (including these Terms and Conditions), and any other exhibit, attachment, schedule, or other document referenced in or by the Engagement Letter shall be read together and harmonized to give effect to the parties’ intent. In the event of a direct conflict between the Terms and Conditions and the provisions of an Engagement Letter issued by Wipfli, the Engagement Letter will apply.

2. Commencement and Term

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

3. Fee Estimates and Change Orders

Wipfli’s Engagement Letter may set forth certain ranges for Wipfli’s fees charged on any project or work. Wipfli provides fee estimates as an accommodation to Client. Unless otherwise indicated in the Engagement Letter, fee estimates shall not be construed as or deemed to be a minimum or maximum fee quotation. Although Wipfli reasonably believes suggested fee ranges are accurate, Wipfli’s actual fees may vary from its fee estimates.

If, during the course of Wipfli’s engagement, Wipfli determines that more work will be required than initially estimated, Wipfli will discuss, as soon as possible, the reasons with Client. Work that falls outside the agreed-upon scope of Wipfli’s engagement shall be covered by a Change Order. Service completion times are estimated and subject to change. Where applicable, all such estimates assume that Client’s hardware platform/computer system will, at the commencement of the services, be fully operable as intended and designed, functioning as necessary and available to Wipfli without material restriction for the duration of the services. Such estimates also include necessary and reasonable cooperation from client personnel.

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

4. Fees

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

Client’s failure to pay on a timely basis for services rendered as required by this Engagement Letter, Wipfli will not be liable to Client for any damages that occur as a result of our ceasing to render services.

In the event Client requests us to, or we are required to, respond to a subpoena, court order, government regulatory inquiries, or other legal process against Client or management for the production of documents and/or testimony relative to information Wipfli obtained and/or prepared during the course of this or any prior engagements, Client agrees to compensate us for all time we expend in connection with such response, at our regular rates, and to reimburse us for all related out-of-pocket costs that we incur.

5. Independent Contractor

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

6. Non-Exclusivity

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

7. Privacy and Engagement Staffing

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

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

For additional information related to client personal information, please see Wipfli’s Privacy Statement located at [www.wipfli.com/privacy-statement](http://www.wipfli.com/privacy-statement).

Wipfli LLP  
Engagement Letter  
Terms and Conditions – Attest Engagements

8. Wipfli Owners

Some persons who own an interest in Wipfli may not be licensed as Certified Public Accountants and may provide services related to this engagement.

9. Intellectual Property Rights

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

10. Governing Law

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

11. Severability

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

12. Record Retention

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

13. Termination

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

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

14. Assignment

The Engagement Letter to which these Terms and Conditions are attached shall be binding on the parties hereto and their respective successors and assigns. Neither party may assign this Engagement Letter without prior written consent of the other, except that Wipfli may assign its rights and obligations under this Engagement Letter without the approval of Client to an entity that acquires all or substantially all of the assets of Wipfli or to any subsidiary or affiliate or successor in a merger, acquisition, or change of control of Wipfli; provided that in no event shall such assignment relieve Wipfli of its obligations under this Engagement Letter.

**SORREL RANCH METROPOLITAN DISTRICT**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020**

**SORREL RANCH METROPOLITAN DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>				
Cash - 1st Bank Checking	\$ 10,615	\$ -	\$ -	\$ 10,615
C - Safe	189,107	7,154	-	196,261
UMB - Series 2006A Bond Fund	-	828,502	-	828,502
Receivable from County Treasurer	815	7,557	-	8,372
Prepaid expense	450	-	-	450
<b>TOTAL ASSETS</b>	<b>\$ 200,987</b>	<b>\$ 843,213</b>	<b>\$ -</b>	<b>\$ 1,044,200</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 8,006	\$ -	\$ -	\$ 8,006
Payroll taxes payable	245	-	-	245
Due to TOUSA	3,800	-	-	3,800
Total Liabilities	12,051	-	-	12,051
<b>FUND BALANCES</b>				
Total Fund Balances	188,936	843,213	-	1,032,149
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 200,987</b>	<b>\$ 843,213</b>	<b>\$ -</b>	<b>\$ 1,044,200</b>

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 NINE MONTHS ENDED SEPTEMBER 30, 2020**

**GENERAL FUND**

	<u>Amended Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Property taxes	\$ 116,584	\$ 116,219	\$ (365)
Specific ownership taxes	6,995	6,315	(680)
Interest income	3,000	1,203	(1,797)
Administration fee	1,500	1,500	-
<b>TOTAL REVENUES</b>	<u>128,079</u>	<u>125,237</u>	<u>(2,842)</u>
<b>EXPENDITURES</b>			
Accounting	22,000	15,991	6,009
Audit	3,500	-	3,500
County Treasurer's fee	1,749	1,744	5
Directors' fees	2,100	1,600	500
Dues and membership	450	320	130
Insurance and bonds	3,300	2,910	390
District management	18,000	14,205	3,795
Legal	25,000	16,917	8,083
Miscellaneous	500	122	378
Election	1,000	893	107
Contingency	2,401	-	2,401
<b>TOTAL EXPENDITURES</b>	<u>80,000</u>	<u>54,702</u>	<u>25,298</u>
<b>NET CHANGE IN FUND BALANCES</b>	48,079	70,535	22,456
<b>FUND BALANCES - BEGINNING</b>	<u>118,399</u>	<u>118,399</u>	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 166,478</u>	<u>\$ 188,934</u>	<u>\$ 22,456</u>

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## **SUPPLEMENTARY INFORMATION**

**SORREL RANCH METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

**DEBT SERVICE FUND**

	<u>Amended Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Property taxes	\$ 1,081,571	\$ 1,077,943	\$ (3,628)
Specific ownership taxes	64,894	58,589	(6,305)
Interest income	4,000	1,353	(2,647)
Bond issuance	13,425,000	-	(13,425,000)
Bond premium	1,674,053	-	(1,674,053)
<b>TOTAL REVENUES</b>	<u>16,249,518</u>	<u>1,137,885</u>	<u>(15,111,633)</u>
<b>EXPENDITURES</b>			
County Treasurer's fee	16,224	16,173	51
Paying agent fees	2,500	1,250	1,250
Bond interest Senior Bonds	290,806	290,806	-
Bond interest - Wildcard 1	71,495	-	71,495
Bond issue costs	490,000	-	490,000
Refunding payment	15,361,850	-	15,361,850
Contingency	17,125	-	17,125
<b>TOTAL EXPENDITURES</b>	<u>16,250,000</u>	<u>308,229</u>	<u>15,941,771</u>
<b>NET CHANGE IN FUND BALANCES</b>	(482)	829,656	830,138
<b>FUND BALANCES - BEGINNING</b>	<u>13,558</u>	<u>13,558</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 13,076</u>	<u>\$ 843,214</u>	<u>\$ 830,138</u>

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**SORREL RANCH METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

**CAPITAL PROJECTS FUND**

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Property taxes - SARIA	\$ 21,607	\$ 21,518	\$ (89)
<b>TOTAL REVENUES</b>	<u>21,607</u>	<u>21,518</u>	<u>(89)</u>
<b>EXPENDITURES</b>			
County Treasurer's fee	324	323	1
SARIA payment	21,283	21,195	88
<b>TOTAL EXPENDITURES</b>	<u>21,607</u>	<u>21,518</u>	<u>89</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**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.

**SORREL RANCH METROPOLITAN DISTRICT  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues** (continued)

**Specific Ownership Taxes**

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

**SORREL RANCH METROPOLITAN DISTRICT  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**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**

<b>Bonds and Interest Maturing in the Year Ending December 31,</b>	<b>\$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</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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
	<b>\$ 10,115,000</b>	<b>\$ 6,127,487</b>	<b>\$ 16,242,487</b>

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**  
**September 30, 2020**  
**Updated as of November 2, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Total
<b><u>1st Bank - Checking Account</u></b>				
Balance as of 9/30/20	\$ 10,615.31	\$ -	\$ -	\$ 10,615.31
Subsequent activities:				
10/07/20 - Checks 2903-2906	(5,025.73)	-	-	(5,025.73)
10/07/20 - Director's fees checks 9085-9086	(184.70)	-	-	(184.70)
10/19/20 - Transfer from CSAFE	10,000.00	-	-	10,000.00
Anticipated Balance	15,404.88	-	-	15,404.88
<b><u>CSAFE</u></b>				
Balance as of 9/30/20	\$ 189,107.27	\$ 7,153.50	\$ -	\$ 196,260.77
Subsequent activities:				
10/10/20 - Arapahoe County Treasurer	814.61	7,557.30	-	8,371.91
10/19/20 - Transfer to 1st Bank	(10,000.00)	-	-	(10,000.00)
10/30/20 - Refund from UMB	-	77,313.97	-	77,313.97
Anticipated Balance	179,921.88	92,024.77	-	271,946.65
<b><u>UMB - Series 2006A Bond Fund</u></b>				
Balance as of 9/30/20	-	828,502.22	-	828,502.22
Subsequent activities:				
10/08/20 - Transfer to refunding escrow	-	(750,433.97)	-	(750,433.97)
10/09/20 - Trustee fee	-	(770.83)	-	(770.83)
10/09/20 - Interest income	-	16.55	-	16.55
10/09/20 - Refund to District	-	(77,313.97)	-	(77,313.97)
Anticipated Balance	-	-	-	-
Anticipated Balances	\$ 195,326.76	\$ 92,024.77	\$ -	\$ 287,351.53

**Yield information as of September 30, 2020**

CSAFE - 0.11%

UMB (invested in CSAFE) - 0.11%

**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		Total Cash Received	% of Total Property Taxes Received	
							Monthly	Y-T-D		Monthly	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	88,887.68	-	6,093.16	10.76	(1,333.48)	93,658.12	7.29%	57.14%	25,015.53	2.00%	57.46%
June	510,710.42	-	7,927.80	15.26	(7,660.89)	510,992.59	41.87%	99.01%	410,823.29	42.43%	99.89%
July	5,932.90	-	9,374.52	159.56	(91.39)	15,375.59	0.49%	99.49%	6,963.56	0.11%	100.00%
August	2,110.42	-	7,159.11	84.42	(32.92)	9,321.03	0.17%	99.67%	7,006.19	0.00%	100.00%
September	-	-	8,371.91	-	-	8,371.91	0.00%	99.67%	6,599.57	0.00%	100.00%
October	-	-	-	-	-	-	0.00%	99.67%	5,886.28	0.00%	100.00%
November	-	-	-	-	-	-	0.00%	99.67%	7,269.85	0.00%	100.00%
December	-	-	-	-	-	-	0.00%	99.67%	6,331.64	0.00%	100.00%
	<b>\$ 1,215,679.54</b>	<b>\$ -</b>	<b>\$ 64,903.87</b>	<b>\$ 270.00</b>	<b>\$ (18,239.25)</b>	<b>\$ 1,262,614.16</b>	<b>99.67%</b>	<b>99.67%</b>	<b>\$ 1,028,457.18</b>	<b>100.00%</b>	<b>100.00%</b>

Assessed Valuation	Mills Levied	Taxes Levied	% of Levied	Property Taxes Collected	% Collected to Amount Levied	
<b>Property Tax</b>						
General Fund	\$ 19,430,691.00	6.000	\$ 116,584.00	9.56%	\$ 116,218.96	99.69%
Debt Service Fund		55.663	1,081,571.00	88.67%	1,077,943.05	99.66%
SARIA		1.112	21,607.00	1.77%	21,517.53	99.59%
		<u>62.775</u>	<u>\$ 1,219,762.00</u>	<u>100.00%</u>	<u>\$ 1,215,679.54</u>	

**Specific Ownership Tax**

General Fund	\$ 6,995.00	9.73%	\$ 6,315.33	90.28%
Debt Service Fund	64,894.00	90.27%	58,588.54	90.28%
	<u>\$ 71,889.00</u>	<u>100.00%</u>	<u>\$ 64,903.87</u>	

**Treasurer's Fees**

General Fund	\$ 1,749.00	9.56%	\$ 1,743.67	99.70%
Debt Service Fund	16,224.00	88.67%	16,172.74	99.68%
SARIA	324.00	1.77%	322.83	99.64%
	<u>\$ 18,297.00</u>	<u>100.00%</u>	<u>\$ 18,239.25</u>	

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

## CERTIFICATION OF VALUATION BY ARAPAHOE COUNTY ASSESSOR

New Tax Entity  YES  NO

Date: October 8, 2020

NAME OF TAX ENTITY: SORREL RANCH METRO DIST

### USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATION ("5.5%" LIMIT) ONLY

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2020:

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	1.	\$		19,430,691
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡	2.	\$		20,238,030
3. LESS TOTAL TIF AREA INCREMENTS, IF ANY:	3.	\$		0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	4.	\$		20,238,030
5. NEW CONSTRUCTION: *	5.	\$		672,015
6. INCREASED PRODUCTION OF PRODUCING MINE: ≈	6.	\$		0
7. ANNEXATIONS/INCLUSIONS:	7.	\$		0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: ≈	8.	\$		0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b), C.R.S.): Φ	9.	\$		0
10. TAXES RECEIVED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(A), C.R.S.). Includes all revenue collected on valuation not previously certified:	10.	\$		0
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a), C.R.S.) and (39-10-114(1)(a)(I)(B), C.R.S.):	11.	\$		6

‡ This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec 20(8)(b), Colo. Constitution

\* New construction is defined as: Taxable real property structures and the personal property connected with the structure.

≈ Jurisdiction must submit to the Division of Local Government respective Certifications of Impact in order for the values to be treated as growth in the limit calculation; use Forms DLG 52 & 52A.

Φ Jurisdiction must apply to the Division of Local Government before the value can be treated as growth in the limit calculation; use Form DLG 52B.

### USE FOR TABOR "LOCAL GROWTH" CALCULATION ONLY

IN ACCORDANCE WITH ART X, SEC.20, COLO. CONSTITUTION AND 39-5-121(2)(b), C.R.S., THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2020:

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶	1.	\$		251,405,290
<b>ADDITIONS TO TAXABLE REAL PROPERTY</b>				
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	2.	\$		9,398,783
3. ANNEXATIONS/INCLUSIONS:	3.	\$		0
4. INCREASED MINING PRODUCTION: §	4.	\$		0
5. PREVIOUSLY EXEMPT PROPERTY:	5.	\$		0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	6.	\$		0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT: (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.):	7.	\$		0

#### DELETIONS FROM TAXABLE REAL PROPERTY

8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	8.	\$		0
9. DISCONNECTIONS/EXCLUSIONS:	9.	\$		0
10. PREVIOUSLY TAXABLE PROPERTY:	10.	\$		0

¶ This includes the actual value of all taxable real property plus the actual value of religious, private school, and charitable real property.

\* Construction is defined as newly constructed taxable real property structures.

§ Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS:

1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY	1.	\$		0
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NOTE: ALL LEVIES MUST BE CERTIFIED TO THE COUNTY COMMISSIONERS NO LATER THAN DECEMBER 15.



PK Kaiser, MBA, MS

Assessor

October 8, 2020

OFFICE OF THE ASSESSOR  
5334 S. Prince Street  
Littleton, CO 80120-1136  
Phone: 303-795-4600  
TDD: Relay-711  
Fax: 303-797-1295

[HTTP://www.arapahoegov.com/assessor](http://www.arapahoegov.com/assessor)  
[assessor@arapahoegov.com](mailto:assessor@arapahoegov.com)

AUTH 4587 SORREL RANCH METRO DIST  
SPECIAL DISTRICT MANAGEMENT  
SERVICES INC  
C/O DAVID SOLIN  
141 UNION BLVD SUITE 150  
LAKEWOOD CO 80228-1898

Code # 4587

### CERTIFICATION OF VALUATION

The Arapahoe County Assessor reports a taxable assessed valuation for your taxing entity for 2020 of:

\$20,238,030

The breakdown of the taxable valuation of your property is enclosed.

As further required by CRS 39-5-128(1), you are hereby notified to officially certify your levy to the Board of County Commissioners no later than December 15.

CRS 39-1-111(5) requires that this office transmit a notification by December 10 of any changes to valuation made after the original certification.

PK Kaiser, MBA, MS  
Arapahoe County Assessor

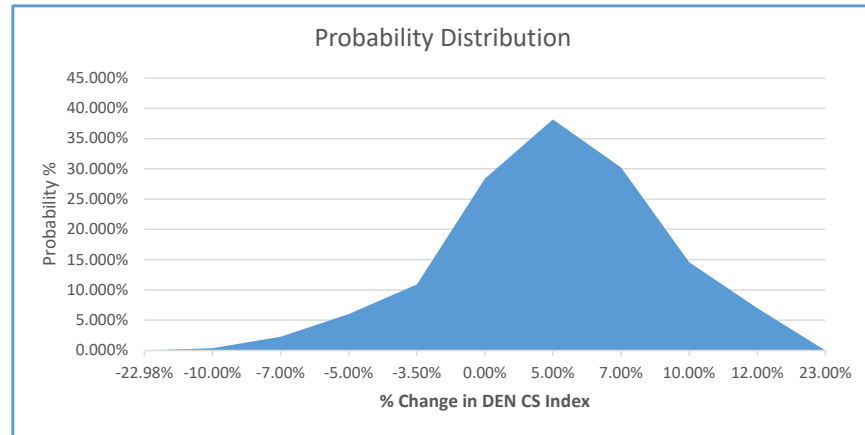
enc

**SORREL RANCH METROPOLITAN DISTRICT  
ASSESSED VALUATION AND MILL LEVY SENSITIVITY ANALYSIS**

CS DENVER INDEX	ANNUAL % CHANGE IN INDEX	Z VALUE	Cumulative % PROBABILITY
176.67	-22.98%	-5.98028	0.000%
206.45	-10.00%	-3.0675	0.361%
213.33	-7.00%	-2.3945	2.269%
217.92	-5.00%	-1.9458	6.009%
221.36	-3.50%	-1.6092	10.929%
<b>229.39</b>	<b>0.00%</b>	<b>-0.8240</b>	<b>28.410%</b>
240.86	5.00%	0.2977	38.165%
245.45	7.00%	0.7464	30.194%
252.33	10.00%	1.4195	14.567%
256.92	12.00%	1.8682	6.967%
282.15	23.00%	4.3361	0.003%

Current DEN CS Index:	5/1/2020	229.39
DEN CS Index Rolling 12 month Mean since 1/1/2000		3.673%
DEN CS Index Rolling 12 month STD DEV since 1/1/2000		4.457%

	Base Case	Sensitivity to 55.663 mills	% Change	Proability
AV	\$276,325,958	\$212,818,099	-23.0%	0.0000007%
AR	7.15%	7.15%		
Assessed Value	\$19,757,306	\$15,216,494	-23.0%	
ML	42.870	55.66		
Revenue	\$846,996	\$846,996		
SOT Taxes @ 7%	\$59,290	\$59,290		
less: uncollectible 1.5%	(\$13,594)	(\$13,594)		
<b>Total Revenue</b>	<b>\$892,691</b>	<b>\$892,691</b>		



**SORREL RANCH METROPOLITAN DISTRICT  
ANNUAL BUDGET  
FOR THE YEAR ENDING DECEMBER 31, 2021**

**SORREL RANCH METROPOLITAN DISTRICT  
SUMMARY  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

11/2/20

	ACTUAL 2019	BUDGET 2020	ACTUAL 6/30/2020	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ 144,623	\$ 131,957	\$ 131,957	\$ 131,957	\$ 211,918
REVENUES					
Property taxes	949,930	1,198,155	1,194,162	1,198,155	967,436
Specific ownership taxes	75,816	71,889	64,904	86,400	67,600
Administration fee	4,000	1,500	1,500	1,500	1,500
Interest income	11,590	7,000	2,556	2,700	1,500
Property taxes - SARIA	17,130	21,607	21,518	21,607	22,181
Reimbursed expenditures	8,253	-	-	-	-
Bond proceeds	-	13,425,000	-	13,425,000	-
Bond premium	-	1,674,053	-	1,674,053	-
Total revenues	<u>1,066,719</u>	<u>16,399,204</u>	<u>1,284,640</u>	<u>16,409,415</u>	<u>1,060,217</u>
TRANSFERS IN	<u>72,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funds available	<u>1,283,342</u>	<u>16,531,161</u>	<u>1,416,597</u>	<u>16,541,372</u>	<u>1,272,135</u>
EXPENDITURES					
General Fund	52,862	80,000	54,702	74,972	75,000
Debt Service Fund	1,009,393	16,250,000	308,229	16,232,875	903,000
Capital Projects Fund	17,130	21,607	21,518	21,607	22,181
Total expenditures	<u>1,079,385</u>	<u>16,351,607</u>	<u>384,449</u>	<u>16,329,454</u>	<u>1,000,181</u>
TRANSFERS OUT	<u>72,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>1,151,385</u>	<u>16,351,607</u>	<u>384,449</u>	<u>16,329,454</u>	<u>1,000,181</u>
ENDING FUND BALANCES	<u>\$ 131,957</u>	<u>\$ 179,554</u>	<u>\$ 1,032,148</u>	<u>\$ 211,918</u>	<u>\$ 271,954</u>
EMERGENCY RESERVE	<u>\$ 3,300</u>	<u>\$ 3,900</u>	<u>\$ 3,800</u>	<u>\$ 3,900</u>	<u>\$ 4,000</u>
TOTAL RESERVE	<u>\$ 3,300</u>	<u>\$ 3,900</u>	<u>\$ 3,800</u>	<u>\$ 3,900</u>	<u>\$ 4,000</u>

No assurance provided. See summary of significant assumptions.

**SORREL RANCH METROPOLITAN DISTRICT  
PROPERTY TAX SUMMARY INFORMATION  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

11/2/20

	ACTUAL 2019	BUDGET 2020	ACTUAL 6/30/2020	ESTIMATED 2020	BUDGET 2021
<b>ASSESSED VALUATION</b>					
Residential	\$ 14,328,880	\$ 16,424,302	\$ 16,424,302	\$ 16,424,302	\$ 17,393,176
Commercial	1,166	44,601	44,601	44,601	42,803
State assessed	329,400	150,240	150,240	150,240	150,255
Vacant land	842,784	2,811,548	2,811,548	2,811,548	2,360,891
Certified Assessed Value	<u>\$ 15,502,230</u>	<u>\$ 19,430,691</u>	<u>\$ 19,430,691</u>	<u>\$ 19,430,691</u>	<u>\$ 19,947,125</u>
<b>MILL LEVY</b>					
General	6.000	6.000	6.000	6.000	6.000
Debt Service	55.277	55.663	55.663	55.663	42.500
SARIA	1.105	1.112	1.112	1.112	1.112
Total mill levy	<u>62.382</u>	<u>62.775</u>	<u>62.775</u>	<u>62.775</u>	<u>49.612</u>
<b>PROPERTY TAXES</b>					
General	\$ 93,013	\$ 116,584	\$ 116,584	\$ 116,584	\$ 119,683
Debt Service	856,917	1,081,571	1,081,571	1,081,571	847,753
SARIA	17,130	21,607	21,607	21,607	22,181
Levied property taxes	<u>967,060</u>	<u>1,219,762</u>	<u>1,219,762</u>	<u>1,219,762</u>	<u>989,617</u>
Adjustments to actual/rounding	-	-	(4,082)	-	-
Refunds and abatements	-	-	-	-	-
Budgeted property taxes	<u>\$ 967,060</u>	<u>\$ 1,219,762</u>	<u>\$ 1,215,680</u>	<u>\$ 1,219,762</u>	<u>\$ 989,617</u>
<b>BUDGETED PROPERTY TAXES</b>					
General	\$ 93,019	\$ 116,584	\$ 116,219	\$ 116,584	\$ 119,683
Debt Service	856,963	1,081,571	1,077,943	1,081,571	847,753
SARIA	17,131	21,607	21,518	21,607	22,181
Budgeted property taxes	<u>\$ 967,113</u>	<u>\$ 1,219,762</u>	<u>\$ 1,215,680</u>	<u>\$ 1,219,762</u>	<u>\$ 989,617</u>

No assurance provided. See summary of significant assumptions.



**SORREL RANCH METROPOLITAN DISTRICT  
GENERAL FUND  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

11/2/20

	ACTUAL 2019	BUDGET 2020	ACTUAL 6/30/2020	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ 126,490	\$ 118,399	\$ 118,399	\$ 118,399	\$ 171,111
REVENUES					
Property taxes	93,013	116,584	116,219	116,584	119,683
Specific ownership taxes	7,425	6,995	6,315	8,400	8,300
Interest income	4,080	3,000	1,203	1,200	1,000
Administration Fee	4,000	1,500	1,500	1,500	1,500
Reimbursed expenditures	8,253		-	-	-
Total revenues	<u>116,771</u>	<u>128,079</u>	<u>125,237</u>	<u>127,684</u>	<u>130,483</u>
Total funds available	<u>243,261</u>	<u>246,478</u>	<u>243,636</u>	<u>246,083</u>	<u>301,594</u>
EXPENDITURES					
General and administrative					
Accounting	19,091	22,000	15,991	22,000	22,000
Audit	3,500	3,500	-	3,500	3,500
County Treasurer's fee	1,396	1,749	1,744	1,749	1,795
Directors' fees	1,100	2,100	1,600	2,100	1,600
Dues and membership	421	450	320	320	450
Election	-	1,000	893	893	-
Insurance and bonds	3,347	3,300	2,910	2,910	3,300
District management	13,308	18,000	14,205	18,000	18,000
Legal	10,452	25,000	16,917	23,000	20,000
Miscellaneous	247	500	122	500	500
Contingency	-	2,401	-	-	3,855
Total expenditures	<u>52,862</u>	<u>80,000</u>	<u>54,702</u>	<u>74,972</u>	<u>75,000</u>
TRANSFERS OUT					
Transfers to other fund	<u>72,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>124,862</u>	<u>80,000</u>	<u>54,702</u>	<u>74,972</u>	<u>75,000</u>
ENDING FUND BALANCE	<u>\$ 118,399</u>	<u>\$ 166,478</u>	<u>\$ 188,934</u>	<u>\$ 171,111</u>	<u>\$ 226,594</u>
EMERGENCY RESERVE	<u>\$ 3,300</u>	<u>\$ 3,900</u>	<u>\$ 3,800</u>	<u>\$ 3,900</u>	<u>\$ 4,000</u>
TOTAL RESERVE	<u>\$ 3,300</u>	<u>\$ 3,900</u>	<u>\$ 3,800</u>	<u>\$ 3,900</u>	<u>\$ 4,000</u>

No assurance provided. See summary of significant assumptions.

**SORREL RANCH METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

11/2/20

	ACTUAL 2019	BUDGET 2020	ACTUAL 6/30/2020	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ 18,133	\$ 13,558	\$ 13,558	\$ 13,558	\$ 40,807
REVENUES					
Property taxes	856,917	1,081,571	1,077,943	1,081,571	847,753
Specific ownership taxes	68,391	64,894	58,589	78,000	59,300
Interest income	7,510	4,000	1,353	1,500	500
Bond proceeds	-	13,425,000	-	13,425,000	-
Bond premium	-	1,674,053	-	1,674,053	-
Total revenues	<u>932,818</u>	<u>16,249,518</u>	<u>1,137,885</u>	<u>16,260,124</u>	<u>907,553</u>
TRANSFERS IN					
Transfers from other funds	<u>72,000</u>	-	-	-	-
Total funds available	<u>1,022,951</u>	<u>16,263,076</u>	<u>1,151,443</u>	<u>16,273,682</u>	<u>948,360</u>
EXPENDITURES					
General and administrative					
County Treasurer's fee	12,855	16,224	16,173	16,224	12,716
Paying agent fees	2,500	2,500	1,250	2,500	2,500
Contingency	-	17,125	-	-	7,159
Debt Service					
Bond interest - Series 2006 Senior Bonds	604,038	290,806	290,806	290,806	-
Bond interest - Series 2020 Bonds	-	71,495	-	71,495	485,625
Bond principal - Series 2006 Senior Bonds	390,000	-	-	-	-
Bond principal - Series 2020 Bonds	-	-	-	-	395,000
Bond issue costs	-	490,000	-	490,000	-
Refunding payment	-	15,361,850	-	15,361,850	-
Total expenditures	<u>1,009,393</u>	<u>16,250,000</u>	<u>308,229</u>	<u>16,232,875</u>	<u>903,000</u>
Total expenditures and transfers out requiring appropriation	<u>1,009,393</u>	<u>16,250,000</u>	<u>308,229</u>	<u>16,232,875</u>	<u>903,000</u>
ENDING FUND BALANCE	<u>\$ 13,558</u>	<u>\$ 13,076</u>	<u>\$ 843,214</u>	<u>\$ 40,807</u>	<u>\$ 45,360</u>

No assurance provided. See summary of significant assumptions.

**SORREL RANCH METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

11/2/20

	ACTUAL 2019	BUDGET 2020	ACTUAL 6/30/2020	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
Property taxes - SARIA	17,130	21,607	21,518	21,607	22,181
Total revenues	<u>17,130</u>	<u>21,607</u>	<u>21,518</u>	<u>21,607</u>	<u>22,181</u>
Total funds available	<u>17,130</u>	<u>21,607</u>	<u>21,518</u>	<u>21,607</u>	<u>22,181</u>
EXPENDITURES					
General and Administrative					
County Treasurer's fee	257	324	323	324	333
SARIA payment	16,873	21,283	21,195	21,283	21,848
Total expenditures	<u>17,130</u>	<u>21,607</u>	<u>21,518</u>	<u>21,607</u>	<u>22,181</u>
Total expenditures and transfers out requiring appropriation	<u>17,130</u>	<u>21,607</u>	<u>21,518</u>	<u>21,607</u>	<u>22,181</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**SORREL RANCH METROPOLITAN DISTRICT  
2021 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. The maximum adjusted mill levy for debt service would be 55.663.

**SORREL RANCH METROPOLITAN DISTRICT  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues** (continued)

**Specific Ownership Taxes**

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7% of the property taxes collected 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 0.5%.

**Expenditures**

**General and Administrative Expenditures**

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

**Capital Outlay**

Anticipated expenditures for capital outlay in 2021 are displayed on page 6 of the Budget.

**Debt Service**

The principal and interest payments in 2021 are provided based on the debt amortization schedule from the General Obligation Refunding Bonds Series 2020 (discussed under Debt and Leases).

**Debt and Leases**

**Limited Tax Convertible to Unlimited Tax General Obligation Bonds, Series 2006.** 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.

**SORREL RANCH METROPOLITAN DISTRICT  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**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 Series 2006 Senior Bonds and \$273,500 for the Series 2006 Subordinate Bonds. The Series 2006 Senior and Subordinate Bonds were repaid in their entirety with the issuance of the Series 2020 Refunding Bonds.

**Limited Tax General Obligation Refunding Bonds, Series 2020.** On October 8, 2020, the District issued General Obligation Limited Tax Refunding Bonds, Series 2020 (the "Series 2020 Bonds"). The proceeds from the sale of the Bonds were used for the purpose of: (i) paying the costs of the Refunding Project, (ii) purchasing the Insurance Policy and the Reserve Fund Insurance Policy, and (iii) paying the costs of issuance of the Bonds. The Bonds shall be secured by a Municipal Bond Insurance Policy and a Debt Service Reserve Fund Insurance Policy provided by Assured Guaranty Municipal Corp ("AGM") in accordance with the terms of Commitments relating to the Bonds dated September 22, 2020 between the District and AGM. Pledged Revenues consists of revenues derived from the imposition of the Required Mill Levy (see below), Specific Ownership Taxes attributable to the Required Mill Levy, and any other legally available moneys of the District credited to the Bond Fund.

The Bonds are not secured by property lying within the District, but rather by, among other things, the District's obligation to annually determine, fix and certify a rate of levy, not to exceed the Required Mill Levy. The District has covenanted in the Bond Resolution to impose the Required Mill Levy on all of the taxable property of the District, in an amount sufficient to pay the principal of, premium if any, and interest on the Bonds as they become due and payable, and to replenish the Reserve Fund in the amount of the Reserve Fund Requirement, but not in excess of 50.000 mills, as adjusted. The Reserve Fund Requirement is the least of: (i) 10% of the proceeds of the Bonds, (ii) the maximum annual principal and interest payable with respect to the Bonds, or (iii) 125% of the average annual principal and interest payable with respect to the Bonds. The Reserve Fund is funded with the issuance of the Debt Service Reserve Fund Insurance Policy, as mentioned above.

The Series 2020 Bonds were issued as serial bonds and term bonds bearing interest at 2.00% to 5.00%, payable semiannually on June 1 and December 1, beginning on December 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2021. The Serial Bonds maturing on and after December 1, 2031 are subject to redemption prior to maturity, at the option of the District, as a whole or in multiples of \$5,000, on December 1, 2030, with no redemption premium.

**SORREL RANCH METROPOLITAN DISTRICT  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (continued)**

**Operating 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 was 5.840% for 2019 and 4.880 for 2020. The term of the Agreement extends until December 31, 2027 unless terminated earlier by mutual agreement of the parties. All budgeted repayments shall be made on December 1st of each year.

**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, where by 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 3.980% for 2007 and adjusted each January 1<sup>st</sup> 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. 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 of all of such improvements, or to reimburse the Developer for part or all of the Developer advances.

The following is an analysis of anticipated changes in the District’s long-term obligations, subordinate to the Senior Bonds, for the years ending in December 31, 2020 and 2021.

	December 31, 2019	Additions	Reductions	December 31, 2020
G.O. Limited Tax Bonds:				
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				
General Obligation Bonds	2,028,233	272,430	2,300,663	-
Series 2006 - Subordinate				
Developer Advances				
Operating	232,967	14,178	-	247,145
Capital	801,012	49,023	-	850,035
Total	<u>\$ 7,073,073</u>	<u>\$ 335,631</u>	<u>\$ 5,020,663</u>	<u>\$ 2,388,041</u>

**SORREL RANCH METROPOLITAN DISTRICT  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (continued)**

	December 31, 2020	Additions	Reductions	December 31, 2021
Developer Advances				
Operating	\$ 289,574	-	-	\$ 289,574
Capital	1,001,287	-	-	1,001,287
Accrued Interest on				
Developer Advances				
Operating	247,145	14,131	-	261,276
Capital	850,035	48,863	-	898,898
Total	<u>\$ 2,388,041</u>	<u>\$ 62,994</u>	<u>\$ -</u>	<u>\$ 2,451,035</u>

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 2021, as defined under TABOR.

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



**SORREL RANCH METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
December 31, 2020**

<b>Bonds and Interest Maturing in the Year Ending December 31,</b>	<b>\$13,425,000 Limited Tax General Obligation Bonds Series 2020 Dated October 8, 2020 Principal Due December 1, Interest Rates - 2.00% - 5.00% Payable June 1 and December 1</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 395,000	\$ 485,625	\$ 880,625
2022	405,000	477,725	882,725
2023	415,000	469,625	884,625
2024	420,000	461,325	881,325
2025	445,000	440,325	885,325
2026	465,000	418,075	883,075
2027	490,000	394,825	884,825
2028	510,000	370,325	880,325
2029	540,000	344,825	884,825
2030	565,000	317,825	882,825
2031	595,000	289,575	884,575
2032	615,000	265,775	880,775
2033	640,000	241,175	881,175
2034	665,000	215,575	880,575
2035	695,000	188,975	883,975
2036	720,000	161,175	881,175
2037	750,000	132,375	882,375
2038	780,000	102,375	882,375
2039	800,000	82,875	882,875
2040	820,000	62,875	882,875
2041	840,000	42,375	882,375
2042	855,000	21,375	876,375
	<b>\$ 13,425,000</b>	<b>\$ 5,987,000</b>	<b>\$ 19,412,000</b>

No assurance provided. See summary of significant assumptions.

RESOLUTION NO. 2020 - 11 - \_\_\_\_

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE SORREL RANCH METROPOLITAN DISTRICT  
TO ADOPT THE 2021 BUDGET AND APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the Sorrel Ranch Metropolitan District (“District”) has appointed the District Accountant to prepare and submit a proposed 2021 budget to the Board at the proper time; and

WHEREAS, the District Accountant has submitted a proposed budget to this Board on or before October 15, 2020, for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on November 9, 2020, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

WHEREAS, the Board of Directors of the District has made provisions therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any inter-fund transfers listed therein, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sorrel Ranch Metropolitan District:

1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the Sorrel Ranch Metropolitan District for the 2021 fiscal year.

2. That the budget, as hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. That the sums set forth as the total expenditures of each fund in the budget attached hereto as **EXHIBIT A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

ADOPTED this 9th day of November, 2020.

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Secretary

(SEAL)

EXHIBIT A  
(Budget)

I, David Solin, hereby certify that I am the duly appointed Secretary of the Sorrel Ranch Metropolitan District, and that the foregoing is a true and correct copy of the budget for the budget year 2021, duly adopted at a meeting of the Board of Directors of the Sorrel Ranch Metropolitan District held on November 9, 2020.

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

RESOLUTION NO. 2020 - 11 - \_\_\_\_

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE SORREL RANCH METROPOLITAN DISTRICT  
TO SET MILL LEVIES

WHEREAS, the Board of Directors of the Sorrel Ranch Metropolitan District (“District”) has adopted the 2021 annual budget in accordance with the Local Government Budget Law on November 9, 2020; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2021 Budget and Appropriate Sums of Money, and such budget is incorporated herein by this reference; and

WHEREAS, the amount of money necessary to balance the budget for general fund expenses from property tax revenue is identified in the budget; and

WHEREAS, the amount of money necessary to balance the budget for debt service fund expenses from property tax revenue is identified in the budget; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sorrel Ranch Metropolitan District:

1. That for the purposes of meeting all general fund expenses of the District during the 2020 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

2. That for the purposes of meeting all debt service fund expenses of the District during the 2021 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

3. That the District Accountant of the District is hereby authorized and directed to immediately certify to the County Commissioners of Arapahoe County, Colorado, the mill levies for the District as set forth in the District’s Certification of Tax Levies (attached hereto as **EXHIBIT A** and incorporated herein by reference), recalculated as needed upon receipt of the final certification of valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits.

ADOPTED this 9th day of November, 2020.

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Secretary

(SEAL)

**EXHIBIT A**  
(Certification of Tax Levies)

RESOLUTION NO. 2020-11- \_\_\_\_\_

RESOLUTION OF THE BOARD OF DIRECTORS OF SORREL RANCH  
METROPOLITAN DISTRICT AUTHORIZING ADJUSTMENT OF THE DISTRICT  
MILL LEVY IN ACCORDANCE WITH THE COLORADO CONSTITUTION,  
ARTICLE X, SECTION 3

- A. Sorrel Ranch Metropolitan District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado pursuant to Title 32, Colorado Revised Statutes.
- B. The District operates pursuant to its Amended and Restated Service Plan approved by the City Counsel for the City of Aurora on August 30, 2004, as modified on August 14, 2006 (the “**Service Plan**”), which provides the District with the authority to impose mill levies on taxable property. Such mill levies will be the primary source of revenue for repayment of debt service, public improvements, and operations and maintenance costs of the District.
- C. The Service Plan authorizes a maximum mill levy of fifty (50) mills for the payment of Debt (as defined in the Service Plan) (the “**Maximum Debt Mill Levy**”) and requires the District to impose the ARI Mill Levy (as defined in the Service Plan) upon the taxable property within the District pursuant to the provisions of the Service Plan (the ARI Mill Levy with the Maximum Debt Mill Levy are collectively referred to herein as the “**Maximum Mill Levies**”).
- D. The Service Plan and Article X, Section 3 of the Colorado Constitution (the “**Gallagher Amendment**”) authorize adjustment of the Maximum Mill Levies if, on or after January 1, 2004, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement. The Maximum Mill Levies may be increased or decreased to reflect such changes. Such increases or decreases shall be determined by the Board in good faith (such determination to be binding and final) so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes.
- E. The Service Plan and Gallagher Amendment provide that, for purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.
- F. The Colorado General Assembly (the “**General Assembly**”) passed House Bill 17-1349, signed by the Governor of Colorado on June 15, 2017, which amended Section 39-1-104.2, C.R.S. by setting the ratio of valuation for assessment for real residential property at 7.2% (decreased from 7.96%) for property tax years commencing on and after January 1, 2017, until the next property tax year that the General Assembly determined to adjust the ratio of valuation for assessment for residential real property.
- G. In 2019, the General Assembly passed Senate Bill 19-255, signed by the Governor of Colorado on June 3, 2019, further amending Section 39-1-104.2, C.R.S. by setting the ratio of valuation for assessment for real residential property at 7.15% (decreased from 7.2%)



for property tax years commencing on or after January 1, 2019, until the next property tax year that the General Assembly determines to adjust the ratio of valuation for assessment for residential real property.

H. On October 8, 2020, the District issued its Limited Tax General Obligation Refunding Bonds, Series 2020 (the “**Series 2020 Bonds**”) in the principal amount of \$13,425,000 pursuant to a resolution adopted by the Board of Directors (the “**Board**”) on September 17, 2020 (the “**Bond Resolution**”).

I. Pursuant to the terms of the Bond Resolution, the District is required to impose a debt service mill levy in an amount not in excess of fifty (50) mills, as adjusted pursuant to the Gallagher Amendment, subject to the specific provisions of the Bond Resolution.

J. The Bond Resolution and the Gallagher Amendment allow for a maximum mill levy imposition of 55.664 mills for the payment of the Series 2020 Bonds (the “**Maximum Adjusted Debt Mill Levy**”).

K. However, the Bond Resolution does not require the District to impose the Maximum Adjusted Debt Mill Levy for collection year 2021 as the District is able to make all debt service payments due and payable in 2021 with the imposition of a debt service mill levy of 42.50 mills.

L. The Board, as required by the Service Plan and authorized by the Gallagher Amendment, determines it to be in the best interest of the District, its residents, users, property owners, and the public to adjust the ARI Mill Levy for collection year 2021 to mitigate the effect of the 2019 statutory change in the ratio of valuation for assessment to 7.15%, so that actual tax revenues are neither diminished nor enhanced as a result of the change in the ratio of valuation for assessment for residential real property.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sorrel Ranch Metropolitan District, Arapahoe County, Colorado:

1. The Board of the District hereby authorizes the adjustment of the ARI Mill Levy for collection year 2021 to reflect the 2019 statutory change in the ratio of valuation for assessment for residential real property to 7.15%.

2. The Gallagher Amendment allows for a mill levy imposition of 1.112 mills for the ARI Mill Levy (the “**Adjusted ARI Mill Levy**”) so that District revenues shall be neither diminished nor enhanced as a result of the change in the ratio of valuation for assessment to 7.15% as required by the Service Plan and authorized by the Gallagher Amendment.

3. The Adjusted ARI Mill Levy shall be reflected in the District’s Certification of Tax Levies to be submitted to the Arapahoe Board of County Commissioners on or before December 15, 2020, for collection in 2021.

**[SIGNATURE PAGE TO RESOLUTION AUTHORIZING ADJUSTMENT OF THE  
DISTRICT MILL LEVY IN ACCORDANCE WITH THE COLORADO  
CONSTITUTION, ARTICLE X, SECTION 3]**

RESOLUTION APPROVED AND ADOPTED ON November 9, 2020.

**SORREL RANCH METROPOLITAN  
DISTRICT**

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

RESOLUTION NO. 2020-11-\_\_\_\_

**AMENDED AND RESTATED RESOLUTION OF THE BOARD OF DIRECTORS OF  
SORREL RANCH METROPOLITAN DISTRICT REGARDING CONTINUING  
DISCLOSURE POLICIES AND PROCEDURES**

A. The Sorrel Ranch Metropolitan District, City of Aurora, Arapahoe County, Colorado (the “**District**”) has entered into the continuing disclosure undertaking(s) set forth in **Exhibit A** attached hereto (referred to collectively herein, whether one or more than one, the “**Continuing Disclosure Undertaking**”).

B. The Board of Directors of the District (the “**Board**”) desires to adopt policies and procedures in an effort to ensure compliance by the District with its obligations set forth in the Continuing Disclosure Undertaking (the “**Continuing Disclosure Policy**”).

C. The Board intends that this Continuing Disclosure Policy amend and restate Resolution No. 2014-11-04 Regarding Continuing Disclosure Policies and Procedures, as adopted by the Board on November 3, 2014 (the “**Previous Policy**”).

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SORREL RANCH METROPOLITAN DISTRICT, ARAPAHOE COUNTY, COLORADO:

1. The Continuing Disclosure Policy, as hereby approved, adopted and made a part of the public records of the District, shall be to impose the procedures set forth in **Exhibit B** attached hereto (the “**Compliance Procedures**”).

2. The Board hereby delegates the tasks and responsibilities set forth in the Compliance Procedures to the responsible parties as set forth therein.

3. The Continuing Disclosure Policy is intended to amend and restate the Previous Policy and is intended to supplement any procedures evidenced in writing by any Official Statement or continuing disclosure undertaking heretofore or hereafter issued, entered into or executed and delivered by the District or on its behalf.

4. The Board may revise the Continuing Disclosure Policy from time to time as the Board deems necessary or desirable to comply with federal and state securities laws or otherwise as the Board may determine in its sole discretion.

5. Prior to the engagement of the responsible parties listed in the Compliance Procedure, and other consultants as may be applicable with respect to the Continuing Disclosure Undertaking, such responsible parties and consultants shall be required to review and comply with the Continuing Disclosure Policy, including, without limitation, the responsibilities set forth in the Compliance Procedures.

6. Within thirty (30) days, or earlier if necessary, of entering into any new continuing disclosure undertaking and/or with respect to any changes or modifications to the Continuing Disclosure Undertaking, the responsible parties and consultants shall meet with bond

counsel and disclosure counsel to review the continuing disclosure compliance requirements and develop a process for compliance with respect to such new and/or changed continuing disclosure undertaking.

RESOLUTION APPROVED AND ADOPTED on November 9, 2020.

**SORREL RANCH METROPOLITAN  
DISTRICT**

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

Attest:

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

**EXHIBIT A**

Continuing Disclosure Undertaking

**SORREL RANCH METROPOLITAN DISTRICT  
IN THE CITY OF AURORA  
ARAPAHOE COUNTY, COLORADO**

**CONTINUING DISCLOSURE AGREEMENT**

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is between the Sorrel Ranch Metropolitan District, in the City of Aurora, Arapahoe County, Colorado (the “Issuer”), and UMB Bank, n.a., as dissemination agent, and is executed and delivered in connection with the issuance of the District’s General Obligation Limited Tax Refunding Bonds, Series 2020, in the aggregate principal amount of \$13,425,000 (the “Bonds”) dated as of October 8, 2020. The Bonds are being issued pursuant to a bond resolution adopted by the Board of Directors of the District on September 17, 2020 (the “Bond Resolution”). The District covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Board*” means the Board of Directors of the District.

“*Bond Resolution*” means the resolution adopted by the Board on September 17, 2020, authorizing the issuance of the Bonds.

“*Bonds*” means the District’s General Obligation Limited Tax Refunding Bonds, Series 2020, issued pursuant to the Bond Resolution.

“*Dissemination Agent*” means, initially, UMB Bank, n.a., or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“*Fiscal Year*” means the calendar year commencing on January 1 of each year and ending on December 31 of the same year.

“*Listed Events*” means any of the events listed in Section 5 of this Disclosure Agreement.

“*MSRB*” means the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system, which is currently available at <http://emma.msrb.org>.

“*Official Statement*” means the final Official Statement prepared in connection with the Bonds.

“*Participating Underwriter*” means the original underwriter of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as in effect on the date of this Disclosure Agreement.

“*SEC*” means the Securities and Exchange Commission.

### SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Issuer’s fiscal year of each year, commencing nine (9) months following the end of the Issuer’s fiscal year ending December 31, 2020, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than ten (10) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if the Issuer has selected one). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner, file or cause to be filed with the MSRB a notice in substantially the form attached to this Disclosure Agreement as Exhibit “A.”

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements, if any, prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit “B” hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents (including official statements), which are available to the public on the MSRB’s Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Listed Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds. All of the events currently mandated by the Rule are listed below; however, some may not apply to the Bonds.

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, *if material*;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of bondholders, *if material*;
- (8) Bond calls, *if material*, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, *if material*;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;<sup>1</sup>
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*;

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<sup>1</sup> For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.



(14) Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;

(15) Incurrence of a financial obligation<sup>2</sup> of the obligated person, *if material*, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, *if material*; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation<sup>2</sup> of the obligated person, any of which reflect financial difficulties.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Agreement shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Agreement, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer elects not to appoint a successor Dissemination Agent, it shall perform the duties thereof under this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement and any other agreement between the Issuer and the Dissemination Agent. The District agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless

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<sup>2</sup> For purposes of the events identified in subparagraphs (b)(5)(i)(C)(15) and (16) of the Rule, the term "financial obligation" is defined to mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term "financial obligation" shall not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with the Rule. In complying with Listed Events (15) and (16), the Issuer intends to apply the guidance provided by the Rule or other applicable federal securities law, SEC Release No. 34-83885 (August 20, 2018) and any future guidance provided by the SEC or its staff.

against any loss, expense and liabilities which it may incur arising out of or in the exercise or performances of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim or liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent may resign as dissemination agent hereunder at any time upon thirty (30) days prior written notice to the District. The Dissemination Agent shall not be responsible in any manner for the content of any notice or Annual Report prepared by the District pursuant to this Disclosure Agreement. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) In addition to the filing duties on behalf of the Issuer described in this Disclosure Agreement, the Dissemination Agent shall:

(1) each year, prior to the date for providing the Annual Report, determine the appropriate electronic format prescribed by the MSRB;

(2) send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof;

(3) upon request certify in writing to the Issuer that the Annual Report has been provided pursuant to this Disclosure Agreement and the date it was provided; and

(4) If the Annual Report (or any portion thereof) is not provided to the MSRB by the date required in Section 3(a), the Dissemination Agent shall file with the MSRB a notice in substantially the form attached to this Disclosure Agreement as Exhibit "A".

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement and may waive any provision of this Disclosure Agreement, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Bond Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Colorado without regard to choice of law analysis. Venue for any judicial proceeding to enforce or interpret this Disclosure Agreement shall be in the District Court located in Arapahoe County, Colorado.

SECTION 14. Electronic Transactions. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

IN WITNESS WHEREOF, the District and the Dissemination Agent have caused this Continuing Disclosure Agreement to be executed in their respective names, all as of the date first above written.



**SORREL RANCH METROPOLITAN  
DISTRICT, IN THE CITY OF AURORA,  
ARAPAHOE COUNTY, COLORADO**

By *Mark A. Selby*  
President

Attest:

*[Signature]*  
Secretary

**UMB BANK, N.A.,**  
as Dissemination Agent

By: \_\_\_\_\_  
Title: Vice President

IN WITNESS WHEREOF, the District and the Dissemination Agent have caused this Continuing Disclosure Agreement to be executed in their respective names, all as of the date first above written.

**SORREL RANCH METROPOLITAN  
DISTRICT, IN THE CITY OF AURORA,  
ARAPAHOE COUNTY, COLORADO**

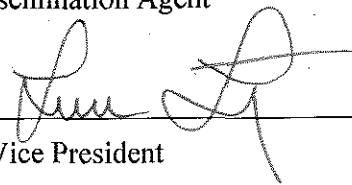
By \_\_\_\_\_  
President

[SEAL]

Attest:

\_\_\_\_\_  
Secretary

**UMB BANK, N.A.,  
as Dissemination Agent**

By:  \_\_\_\_\_  
Title: Vice President

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Sorrel Ranch Metropolitan District, City of Aurora, Arapahoe County, Colorado (the "District").

Name of Bond Issue: General Obligation Limited Tax Refunding Bonds, Series 2020 in the aggregate principal amount of \$13,425,000 (the "Bonds").

Date of Issuance: October 8, 2020.

CUSIP No. \_\_\_\_.

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution dated September 17, 2020, and by the Continuing Disclosure Agreement, dated as of October 8, 2020, between the District and UMB Bank, n.a., as Dissemination Agent. The District has represented that the Annual Report will be filed by \_\_\_\_ [date] \_\_\_\_.

Dated: \_\_\_\_\_, 20\_\_.

**UMB BANK, N.A.,**  
as Dissemination Agent

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

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

Title: \_\_\_\_\_

**EXHIBIT B**

**INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED**

History of District's Assessed Valuations and Mill Levies  
Property Tax Collections for the District  
Ten Largest Taxpayers in the District for 2019

## EXHIBIT B

### Compliance Procedure

Sorrel Ranch Metropolitan District, City of Aurora, Arapahoe County, Colorado  
\$13,425,000 General Obligation Limited Tax Refunding Bonds, Series 2020

Subject to SEC Rule 15c2-12: YES

<b>FINANCIAL DISCLOSURES</b>	
<b>Submittal Date</b>	<b>Required Documentation Prepared By:</b>
<p><b>Annual Reports:</b> The District will, or will cause the Dissemination Agent to, not later than 9 months following the end of each fiscal year (September 30) to provide the Annual Report to the MSRB (commencing with the fiscal year ending December 31, 2020).</p> <p><b>The District will provide the Annual Report to the Dissemination Agent, if one is selected, no less than ten (10) business days prior to the due date to the MSRB (September 15).</b></p>	<p><b>Annual Financial Statements:</b> The then-current accountant (the “<b>District Accountant</b>”) to provide the audited annual financial statements. If the audited annual financial statements are not available by the filing date, the same will be provided when and if available.</p> <p><b>Tables in Official Statement:</b> The District Accountant will update the information identified in the following tables in the Official Statement:</p> <ul style="list-style-type: none"> <li>• History of District’s Assessed Valuations and Mill Levies;</li> <li>• Property Tax Collections for the District; and</li> <li>• Ten Largest Taxpayers in the District.</li> </ul>
<p><b>Note:</b></p> <ol style="list-style-type: none"> <li>1. Pursuant to Section O(i) of the Insurance Agreement between the District and Assured Guaranty Municipal Corp. (the “<b>Insurer</b>”), dated October 8, 2020 (the “<b>Insurance Agreement</b>”), to the extent the audited annual financial statements are not filed with the MSRB, the District is to provide the same to the Insurer prior to the end of the 9<sup>th</sup> month after the District’s Fiscal year end (<b><u>together with a certification of the District that it is not aware of any default or Event of Default under the Bond Resolution</u></b>), and, upon request, the District will provide its annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time.</li> <li>2. Pursuant to the Insurance Agreement, the District is to provide all information furnished pursuant to the Continuing Disclosure Agreement simultaneously to the Insurer.</li> </ol>	

**Procedure:**

1. The District Accountant will assemble/prepare the Annual Report (including the certification discussed under Note 1 above) and will either: (i) transmit the same to the Dissemination Agent (as defined in **Exhibit A**, Continuing Disclosure Agreement), on or before September 15 of each year; or (ii) will file the Annual Report with the MSRB by September 30 of each year.
2. The District Accountant will copy the Insurer, the then-current general counsel (“**General Counsel**”), and the then-current District manager (“**District Manager**”) on all submittals of the Annual Report.



<b>NOTICE OF MATERIAL EVENT</b>		
<b>Reporting / Submittal Deadlines</b>	<b>Responsible Party to Report Event of Default</b>	<b>Party Responsible to Notify Dissemination Agent/MSRB of Event of Default</b>
District shall file or shall cause to be filed, with the MSRB in a timely manner not in excess of ten (10) business days after the occurrence of an event of default listed in the Continuing Disclosure Agreement, a notice of such event	District Accountant, General Counsel, District Manager, or anyone who has actual knowledge of a material event	District Accountant

**McGeady Becher P.C.**  
**Document Retention Policy**

**Types of Documents**

In representing you we will or may take possession of, create, and/or keep various types of documents. These consist of documents you provide to us, documents which constitute the District's official public record, and internal documents we create to assist us in providing services to you.

**Documents You Provide to Us**

It is our policy to copy and return original documents you provide to us as soon as practicable. Exceptions to this policy are original documents which should be kept as part of the District's official public record, instances where we must have an original document to represent you, or cases where we have affirmatively agreed retain a document for safekeeping.

**The District's Record**

As a part our engagement, we will maintain the District's official public Record (the "Record"). The Record is a highly useful and detailed compilation of documents reflecting the official actions of the District and serves multiple functions. First, it collects those documents which the public is entitled to inspect and copy under various state and federal public records and freedom of information statutes. Second, it organizes the records of the District – such as its contracts, land and title records, and easements - in a manner which is useful in conducting the ongoing business of the District. Third, the Record helps expedite the District's annual audit process. Fourth, in the event you should change legal counsel or employ in-house counsel, the Record will enable that counsel to understand the status and assume representation of the District with maximum efficiency.

The Record includes the District's organizational documents, fully-executed agreements which are still in effect, rules, regulations, resolutions adopted by the District, official minutes books, meeting notices, agendas, insurance policies, District maps, election records, bond documents, audit documents, and many more. A comprehensive list of documents comprising the Record is available from us at any time upon request.

Creating and maintaining the Record is an important and complex task, and you agree to pay our actual costs and hourly fees associated with doing this.

**Supplemental Documents**

All other documents created in course of representing you are referred to as Supplemental Documents. These include our notes, drafts, memoranda, worksheets, electronic communications, and other electronic documents stored in various media or file servers.

### **Documents We Retain**

Except as provided in this Document Retention Policy or an amendment thereto, we will keep the Record and any original documents accepted by us for safekeeping so long as we represent you.

### **Delivery of the Record**

Once a matter is concluded or our representation terminated, we deliver the original, printed Record, together with any original documents we have accepted for safekeeping, to you or the District's designee, provided our fees and costs have been paid in full. If you do not designate someone to receive these records, we will deliver them to a then-current officer or director of the District. If we are unable to deliver these documents because of your failure to designate a recipient, we may retain, destroy, or otherwise dispose of them in manner which assures their continued confidentiality within thirty (30) days following the conclusion of a matter or the termination of our representation.

We will also confidentially destroy the Record of any District in our possession if a final order of dissolution of the District is entered.

All other documents, including all Supplemental Documents, are routinely, periodically, confidentially, and permanently purged by us once they are no longer useful to us in providing services to you.