

BNC METROPOLITAN DISTRICT NO. 3

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

NOTICE OF SPECIAL MEETING AND AGENDA

<u>Board of Directors</u>	<u>Office</u>	<u>Term/Expires</u>
Janis L. Emanuel	President	2025/May 2025
Robert J. Bol	Treasurer	2027/May 2027
Theodore Antenucci	Assistant Secretary	2025/May 2025
VACANT		2027/May 2025
VACANT		2027/May 2025
David Solin	Secretary	

DATE: November 16, 2023

TIME: 1:00 p.m.

PLACE: Via Zoom:

<https://us02web.zoom.us/j/5469119353?pwd=SmtlcHJETFhCQUZEcVBBOGZVU3Fqdz09>

Dial In: 1-719-359-4580

Meeting ID: 546 911 9353

Passcode: 912873

I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

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

C. Review and approve the Minutes of the October 27, 2023 Special Meeting (enclosure).

D. Discuss business to be conducted in 2024 and location (virtual and/or physical) of meetings. Schedule regular meeting dates (suggested dates are June 11, 2024 and October 15, 2024) and consider adoption of Resolution No. 2023-11-01; Resolution Establishing Regular Meeting Dates, Time and Location, and Designating Location for Posting of 24-Hour Notices (enclosure).

- E. Discuss requirements of Section 32-1-809, C.R.S., and direct staff regarding compliance for 2024 (Transparency Notice).
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F. **Insurance Matters:**

1. Discuss Cyber Security and Increased Crime Coverage.

2. Establish Insurance Committee to make final determinations regarding insurance, if necessary.

3. Authorize renewal of the District’s insurance and Special District Association (“SDA”) membership for 2024.

II. PUBLIC COMMENT

- A. Members of the public may express their views to the Board on matters that affect the District. Comments will be limited to three (3) minutes per person.
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III. FINANCIAL MATTERS

- A. Review and ratify approval of payment of claims for the following periods (enclosures):

Fund	Period ending Apr. 30, 2023	Period ending May 31, 2023	Period Ending Jun. 30, 2023	Period Ending Jul. 31, 2023
General	\$ 4,054.95	\$ 6,479.88	\$ 2,021.50	\$ 15,555.02
Debt	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Capital	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total	\$ 4,054.95	\$ 6,479.88	\$ 2,021.50	\$ 15,555.02

Fund	Period ending Aug. 31, 2023	Period ending Sep. 30, 2023	Period Ending Oct. 31, 2023
General	\$ 8,425.55	\$ 21,884.83	\$ 16,916.97
Debt	\$ -0-	\$ -0-	\$ -0-
Capital	\$ -0-	\$ -0-	\$ -0-
Total	\$ 8,425.55	\$ 21,884.83	\$ 16,916.97

- B. Review and accept unaudited financial statements through the period ending September 30, 2023, updated cash position statement dated September 30, 2023 and the property tax reconciliation (enclosure).
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- C. Review and ratify approval of 2022 Audit (enclosure), and authorization of execution of Representations Letter.
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- D. Consider engagement of Haynie & Company, CPA and Management Consultants for preparation of 2023 Audit, in the amount of \$6,700.00 (enclosure).
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- E. Conduct Public Hearing to consider Amendment of 2023 Budget and consider adoption of Resolution No. 2023-11-02, Resolution to Amend the 2023 Budget and Appropriate Expenditures (enclosure).
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- F. Conduct Public Hearing on the proposed 2024 Budget and consider adoption of Resolution to Adopt the 2024 Budget and Appropriate Sums of Money, and Resolution to Set Mill Levies, for General Fund _____, Debt Service Fund _____, and Other Fund(s) _____ for a total mill levy of _____ (enclosures – preliminary AV, draft 2024 Budget, and Resolutions).
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1. Review and consider adoption of Resolution No. 2023-11-____, Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Service Plan (enclosure).
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- G. Authorize District Accountant to prepare and sign the DLG-70 Certification of Tax Levies form (“Certification”). Direct District Accountant to file the Certification with the Board of County Commissioners and other interested parties.
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- H. Review and consider approval of Master Service Agreement and Statement of Work (SOW) between the District and CliftonLarsonAllen LLP for 2024 Accounting Services (enclosures).
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- I. Consider appointment of District Accountant to prepare the 2025 Budget and set the date for public hearing to adopt the 2025 Budget (October 15, 2024).
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IV. LEGAL MATTERS

- A. Review and consider approval of Third Amendment to 2019-2021 Operation Funding Agreement between the District and Catellus CC Note, LLC (enclosure).
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- B. Discuss status of Adams County District Court Case No. 2023CV30630, BNC Metropolitan District No. 1 and BNC Metropolitan District No. 2 v. BNC Metropolitan District No. 3, Theodore Antenucci, Janis L. Emanuel, Robert Bol, Julianna Antenucci, and Pauline Bol. **ADJOURN TO EXECUTIVE SESSION, IF NECESSARY.**
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1. Discuss and consider **rescinding** the District's December 5, 2022 approval of the Second Amendment to Cost Sharing Intergovernmental Agreement by and between BNC Metropolitan District Nos. 1, 2, and 3 ("Second Amendment"), due to the refusal of BNC Metropolitan District Nos. 1 and 2 to approve or sign the Second Amendment.
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- C. Discuss and consider adoption of Resolution No. 2023-11-____, Resolution Amending Policy on Colorado Open Records Act Requests (enclosure).
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- D. Discuss and consider ratifying approval of the following Project Fund Requisitions (enclosures):

1. Project Fund Requisition No. 1 under the District's General Obligation (Limited Tax Convertible to Unlimited Tax) Convertible Capital Appreciation Bonds, Series 2022A, dated October 2023, authorizing reimbursement to Catellus CC Note, LLC in the amount of \$581,263.39, for verified Public Improvement Costs.
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2. Project Fund Requisition No. 1 under the District's Subordinate General Obligation Limited Tax Bonds, Series 2022B(3), dated October 2023, authorizing reimbursement to Catellus CC Note, LLC in the amount of \$1,386,015.74, for verified Public Improvement Costs.
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V. CAPITAL MATTERS

A. _____

VI. OPERATION AND MAINTENANCE

A. Discuss operation and maintenance requirements for 2024.

VII. OTHER BUSINESS

A. _____

VIII. ADJOURNMENT **THERE ARE NO MORE REGULAR MEETINGS SCHEDULED FOR 2023.**

Additional Enclosure:

- Notice of rate increase from Special District Management Services, Inc.

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE BNC METROPOLITAN DISTRICT NO. 3 HELD OCTOBER 27, 2023

A Special Meeting of the Board of Directors of the BNC Metropolitan District No. 3 (referred to hereafter as “Board”) was convened on Friday, the 27th day of October 2023, at 1:00 p.m. The District Board meeting was held via Zoom video/telephone conference. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Janis L. Emanuel
Robert J. Bol

Following discussion, upon motion duly made by Director Emanuel seconded by Director Bol and, upon vote, unanimously carried, the absence of Director Theodore Antenucci was excused.

Also In Attendance Were:

David Solin; Special District Management Services, Inc.

Paula Williams, Esq. and Kate Olson, Esq.; McGeady Becher P.C.

Alyssa Ferreira and Jason Carroll; CliftonLarsonAllen LLP

Michael Kuykendall and Nick Montalbano; Catellus Development Corp.

ADMINISTRATIVE MATTERS

Disclosures 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.

Attorney Williams noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. Attorney Williams noted that all Directors’ Disclosure Statements have been filed, and that no new conflicts were disclosed at the meeting.

RECORD OF PROCEEDINGS

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 Emanuel seconded by Director Bol and, upon vote, unanimously carried, the Agenda was approved, as presented.

Location of Meeting and Posting of Notices: 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. The Board determined that the meeting would be held by video/telephonic means, and encouraged public participation via video or telephone. The Board further noted that notice of the time, date and location of the meeting was duly posted and that the District had not received any objections to the video/telephonic manner of the meeting, or any requests that the video/telephonic manner of the meeting be changed by taxpaying electors within the District boundaries.

Resignation and Appointment of Secretary to the Board: The Board discussed the resignation of Larry Loften as Secretary to the Board and considered the appointment of David Solin as Secretary to the Board.

Following discussion, upon motion duly made by Director Emanuel, seconded by Director Bol and, upon vote, unanimously carried, the Board acknowledged the resignation of Larry Loften as Secretary to the Board and appointed David Solin as Secretary to the Board.

Minutes: The Board reviewed the minutes of the June 13, 2023 Special Meeting.

Following discussion, upon motion duly made by Director Emanuel, seconded by Director Bol and, upon vote, unanimously carried, the Board approved the minutes of the June 13, 2023 Special Meeting.

PUBLIC COMMENT There was no public comment.

FINANCIAL MATTERS There were no financial matters.

LEGAL MATTERS **Engineer's Report and Certification #08:** The Board reviewed Engineer's Report and Certification #08 – BNC Metropolitan District Nos. 1, 2, & 3, dated October 10, 2023 and prepared by Ranger Engineering, LLC, certifying eligible costs for Public Improvements in the total amount of \$1,989,896.59 (“Report No. 8”).

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Emanuel, seconded by Director Bol and, upon vote, unanimously carried, the Board approved Report No. 8, and accepted verified costs for Public Improvements in the amount of \$1,633,235.62, per the allocation in Report No. 8.

Project Fund Requisition(s) Pursuant to the Series 2022 Bonds: Following discussion, upon motion duly made by Director Emanuel, seconded by Director Bol and, upon vote, unanimously carried, the Board authorized a requisition or requisitions from the Project Fund(s) of the Series 2022A Bonds and/or the Series 2022B(3) Bonds in the amount of \$1,633,235.62, plus any other prior certified and approved costs that have not yet been reimbursed, pursuant to that certain Amended and Restated Facilities Funding and Acquisition Agreement, dated as of October 21, 2020, with an effective date of October 24, 2017, by and between the District and Catellus CC Note, LLC.

Resolution No. 2023-10-01, Resolution Establishing Rules and Regulations Regarding Dedication and Acceptance of Public Improvements: The Board discussed the proposed Rules and Regulations Regarding Dedication and Acceptance of Public Improvements and Resolution No. 2023-10-01, Resolution Establishing Rules and Regulations Regarding Dedication and Acceptance of Public Improvements.

Following discussion, upon motion duly made by Director Emanuel, seconded by Director Bol and, upon vote, unanimously carried, the Board approved the Rules and Regulations Regarding Dedication and Acceptance of Public Improvements, and adopted Resolution No. 2023-10-01, Resolution Establishing Rules and Regulations Regarding Dedication and Acceptance of Public Improvements.

CAPITAL MATTERS There were no capital matters.

OPERATIONS AND MAINTENANCE There were no operations and maintenance matters.

OTHER BUSINESS There was no other business.

ADJOURNMENT There being no further business to come before the Board at this time, upon motion duly made by Director Emanuel, seconded by Director Bol, and upon vote, unanimously carried, the meeting was adjourned at 1:37 p.m.

RECORD OF PROCEEDINGS

Respectfully submitted,

By: _____
Secretary for the Meeting

RESOLUTION NO. 2023-11-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE BNC METROPOLITAN DISTRICT NO. 3 ESTABLISHING REGULAR MEETING DATES, TIME, AND LOCATION, AND DESIGNATING LOCATION FOR POSTING OF 24-HOUR NOTICES

A. Pursuant to Section 32-1-903(1.5), 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 32-1-903(5), C.R.S., “location” means the physical, telephonic, electronic, or virtual place, or a combination of such means where a meeting can be attended. “Meeting” has the same meaning as set forth in Section 24-6-402(1)(b), C.R.S., and means any kind of gathering, convened to discuss public business, in person, by telephone, electronically, or by other means of communication.

C. 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.

D. 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 on a public website of the special district (“**District Website**”) at least 24 hours prior to each regular and special meeting.

E. 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.

F. Pursuant to Section 32-1-903(1.5), C.R.S., all meetings of the board that are held solely at physical locations must be held at physical locations that are within the boundaries of the district or that 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 physical location does not exceed twenty (20) miles from the district boundaries unless such provision is waived.

G. The provisions of Section 32-1-903(1.5), C.R.S., may be waived if: (1) the proposed change of the physical location of a meeting of the board appears on the agenda of a meeting; and (2) a resolution is adopted by the board stating the reason for which meetings of the board are to be held in a physical location other than under Section 32-1-903(1.5), C.R.S., and further stating the date, time and physical location of such meeting.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the BNC Metropolitan District No. 3 (the “**District**”), Adams County, Colorado:

1. That the provisions of Section 32-1-903(1.5), C.R.S., be waived pursuant to the adoption of this Resolution.

That the Board of Directors (the “**District Board**”) has determined that conducting meetings at a physical location pursuant to Section 32-1-903(1.5), 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.

2. That regular meetings of the District Board for the year 2024 shall be held on October 16, 2024 at 2:00 p.m. via Zoom Meeting.

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

3. That, until circumstances change, and a future resolution of the District Board so designates, the physical location and/or method or procedure for attending meetings of the District Board virtually (including the conference number or link) shall appear on the agenda(s) of said meetings.

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

4. That the District has established the following District Website, <https://bncmetrodistrict3.com> and the Notice of Meeting of the District Board shall be posted on the District Website at least 24 hours prior to meetings pursuant to Section 24-6-402(2)(c)(III), C.R.S. and Section 32-1-903(2), C.R.S.

That, if the District 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:

(a) On the street light pole located on the Southwest corner of E. 104th Avenue and Revere Street

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

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

RESOLUTION APPROVED AND ADOPTED on November 16, 2023.

BNC METROPOLITAN DISTRICT NO. 3

By: _____
President

Attest:

Secretary

BNC Metropolitan District No.3

April-23

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
CliftonLarsonAllen LLP	3605160	2/28/2023	2/28/2023	\$ 813.75	Accounting	107000
Colorado Community Media	81996	3/24/2023	4/23/2023	\$ 48.12	Miscellaneous	107480
McGeady Becher P.C.	702W 2-2023	2/28/2023	2/28/2023	\$ 1,442.08	Legal services	107460
McGeady Becher P.C.	702W 2-2023	2/28/2023	2/28/2023	\$ 48.00	Election expense	107581
Special District Management Services, Inc.	Mar-23	3/31/2023	3/31/2023	\$ 1,431.00	District management	107440
Special District Management Services, Inc.	Mar-23	3/31/2023	3/31/2023	\$ 272.00	Election expense	107581
				\$ 4,054.95		

BNC Metropolitan District No.3
April-23

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 4,054.95	\$ -		\$ 4,054.95
Payroll				
Total Disbursements	<u>\$ 4,054.95</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,054.95</u>

BNC Metropolitan District No.3

May-23

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
CliftonLarsonAllen LLP	3712583	4/30/2023	4/30/2023	\$ 1,764.00	Accounting	107000
McGeady Becher P.C.	Mar-23	3/31/2023	3/31/2023	\$ 2,280.78	Legal services	107460
McGeady Becher P.C.	Mar-23	3/31/2023	3/31/2023	\$ 122.00	Election expense	107581
Ranger Engineering, LLC	1652	4/21/2023	4/22/2023	\$ 577.50	Engineering	307584
Special District Management Services, Inc.	Apr-23	4/30/2023	4/30/2023	\$ 1,639.60	District management	107440
Special District Management Services, Inc.	Apr-23	4/30/2023	4/30/2023	\$ 96.00	Election expense	107581
				\$ 6,479.88		

BNC Metropolitan District No.3
May-23

	General	Debt	Capital	Totals
Disbursements Payroll	\$ 6,479.88	\$ -		\$ 6,479.88
Total Disbursements	\$ 6,479.88	\$ -	\$ -	\$ 6,479.88

BNC Metropolitan District No.3

June-23

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
Bol, Robert	5.10.2023 Meeting	5/10/2023	5/10/2023	\$ 92.35	Directors' fees	107250
Bol, Robert	6.13.2023 Meeting	6/13/2023	6/13/2023	\$ 92.35	Directors' fees	107250
RLI Surety	583969	5/9/2023	5/9/2023	\$ 250.00	Insurance and bonds	107360
Special District Management Services, Inc.	May-23	5/31/2023	5/31/2023	\$ 1,442.80	District management	107440
Special District Management Services, Inc.	May-23	5/31/2023	5/31/2023	\$ 144.00	Election expense	107581
				\$ 2,021.50		

BNC Metropolitan District No.3
June-23

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 1,836.80	\$ -		\$ 1,836.80
Payroll	184.70			184.70
Total Disbursements	<u>\$ 2,021.50</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,021.50</u>

BNC Metropolitan District No.3
July-23

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
CliftonLarsonAllen LLP	3765081	5/31/2023	5/31/2023	\$ 1,677.64	Accounting	107000
CliftonLarsonAllen LLP	3798997	6/30/2023	6/30/2023	\$ 943.16	Accounting	107000
CliftonLarsonAllen LLP	3765073	5/31/2023	5/31/2023	\$ 1,367.10	Accounting	107000
McGeady Becher P.C.	702W 05-2023	5/31/2023	5/31/2023	\$ 9,807.52	Legal services	107460
Special District Management Services, Inc.	Jun-23	6/30/2023	6/30/2023	\$ 1,759.60	District management	107440
				\$ 15,555.02		

BNC Metropolitan District No.3
July-23

	General	Debt	Capital	Totals
Disbursements	\$ 15,555.02	\$ -		\$ 15,555.02
Payroll				
Total Disbursements	\$ 15,555.02	\$ -	\$ -	\$ 15,555.02

BNC Metropolitan District No.3

August-23

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
McGeady Becher P.C.	702W 6-2023	6/30/2023	6/30/2023	\$ 5,839.95	Legal services	107460
Otten Johnson Robinson Neff + Ragonetti, PC	484218	7/18/2023	7/18/2023	\$ 2,293.00	Legal services	107460
Special District Management Services, Inc.	Jul-23	7/31/2023	7/31/2023	\$ 292.60	District management	107440
				\$ 8,425.55		

BNC Metropolitan District No.3
August-23

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 8,425.55	\$ -		\$ 8,425.55
Payroll				
Total Disbursements	\$ 8,425.55	\$ -	\$ -	\$ 8,425.55

BNC Metropolitan District No.3
September-23

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
CliftonLarsonAllen LLP	3870932	7/31/2023	7/31/2023	\$ 5,964.53	Accounting	107000
CliftonLarsonAllen LLP	3870836	8/31/2023	8/31/2023	\$ 2,256.45	Accounting	107000
McGeady Becher P.C.	702W 07-2023	7/31/2023	7/31/2023	\$ 3,288.05	Legal services	107460
Otten Johnson Robinson Neff + Ragonetti, PC	486233	8/31/2023	8/31/2023	\$ 7,624.00	Legal services	107460
Otten Johnson Robinson Neff + Ragonetti, PC	485555	8/16/2023	8/16/2023	\$ 1,956.00	Legal services	107460
Special District Management Services, Inc.	Aug-23	8/31/2023	8/31/2023	\$ 795.80	District management	107440
				\$ 21,884.83		

BNC Metropolitan District No.3
September-23

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 21,884.83	\$ -		\$ 21,884.83
Payroll				
Total Disbursements	<u>\$ 21,884.83</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,884.83</u>

**BNC Metropolitan District No.3
October-23**

Vendor	Invoice #	Date	Due Date	Amount	Expense Account	Account Number
CO Special District Prop and Liab Pool	24WC-60372-0269	8/14/2023	8/14/2023	\$ 450.00	Prepaid insurance	101255
Colorado Community Media	96966	10/6/2023	11/5/2023	\$ 35.68	Miscellaneous	107480
Colorado Special Districts Property and Liability Pool	101255	9/5/2023	9/5/2023	\$ 2,076.00	Prepaid insurance	101255
McGeady Becher P.C.	702W 9-2023	9/30/2023	9/30/2023	\$ 3,042.01	Legal services	107460
McGeady Becher P.C.	702W 8-2023	8/31/2023	8/31/2023	\$ 2,225.28	Legal services	107460
Otten Johnson Robinson Neff + Ragonetti, PC	487429	9/30/2023	9/30/2023	\$ 1,283.50	Legal services	107460
Ranger Engineering, LLC	1759	10/11/2023	10/11/2023	\$ 6,352.50	Engineering	307584
Special District Management Services, Inc.	Sep-23	9/30/2023	9/30/2023	\$ 857.00	District management	107440
T. Charles Wilson	13258	9/14/2023	9/14/2023	\$ 595.00	Prepaid insurance	101255
				\$ 16,916.97		

BNC Metropolitan District No.3
October-23

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 16,916.97	\$ -		\$ 16,916.97
Payroll				
Total Disbursements	\$ 16,916.97	\$ -	\$ -	\$ 16,916.97

BNC METROPOLITAN DISTRICT NO. 3

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

BNC Metro District No. 3
Balance Sheet - Governmental Funds
September 30, 2023

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
Assets			
Checking Account	\$ 1,311.49	\$ -	\$ 1,311.49
CSAFE	-	4,278,673.52	4,278,673.52
UMB 2022A Restricted Project Fund	-	579,029.91	579,029.91
UMB 2022B Restricted Project Fund	-	4,873,104.23	4,873,104.23
Receivable from County Treasurer	32.29	-	32.29
Prepaid Insurance	3,121.00	-	3,121.00
Prepaid Expenses	1,663.20	-	1,663.20
Total Assets	<u>\$ 6,127.98</u>	<u>\$ 9,730,807.66</u>	<u>\$ 9,736,935.64</u>
Liabilities			
Accounts Payable	\$ 61,861.83	\$ 9,157.50	\$ 71,019.33
Payroll Liabilities			
Payroll Taxes Payable	91.80	-	91.80
Total Payroll Liabilities	<u>91.80</u>	<u>-</u>	<u>91.80</u>
Total Liabilities	<u>61,953.63</u>	<u>9,157.50</u>	<u>71,111.13</u>
Fund Balances	<u>(55,825.65)</u>	<u>9,721,650.16</u>	<u>9,665,824.51</u>
Liabilities and Fund Balances	<u>\$ 6,127.98</u>	<u>\$ 9,730,807.66</u>	<u>\$ 9,736,935.64</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.

BNC Metro District No. 3
General Fund Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
For the Period Ending September 30, 2023

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property taxes	\$ 4,984.00	\$ 4,984.14	\$ (0.14)
Specific ownership taxes	349.00	402.64	(53.64)
Total Revenue	<u>5,333.00</u>	<u>5,386.78</u>	<u>(53.78)</u>
Expenditures			
Accounting	18,500.00	17,894.37	605.63
Auditing	6,100.00	6,100.00	-
County Treasurer's fee	75.00	74.76	0.24
Directors' fees	100.00	200.00	(100.00)
Dues and membership	400.00	311.41	88.59
Insurance	4,000.00	3,271.00	729.00
District management	17,500.00	10,193.40	7,306.60
Legal	13,000.00	19,761.81	(6,761.81)
Legal - Special Counsel	-	13,156.50	(13,156.50)
Miscellaneous	500.00	672.12	(172.12)
Election	2,000.00	928.20	1,071.80
Contingency	825.00	-	825.00
Total Expenditures	<u>63,000.00</u>	<u>72,563.57</u>	<u>(9,563.57)</u>
Other Financing Sources (Uses)			
Developer advance	57,000.00	21,000.00	36,000.00
Total Other Financing Sources (Uses)	<u>57,000.00</u>	<u>21,000.00</u>	<u>36,000.00</u>
Net Change in Fund Balances	(667.00)	(46,176.79)	45,509.79
Fund Balance - Beginning	1,490.00	(9,648.86)	12,138.86
Fund Balance - Ending	<u>\$ 823.00</u>	<u>\$ (55,825.65)</u>	<u>\$ 57,648.65</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.

SUPPLEMENTARY INFORMATION

BNC Metro District No. 3
Capital Projects Fund Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
For the Period Ending September 30, 2023

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Interest income	\$ 95,000.00	\$ 304,128.50	\$ (209,128.50)
Total Revenue	<u>95,000.00</u>	<u>304,128.50</u>	<u>(209,128.50)</u>
Expenditures			
Accounting	5,000.00	-	5,000.00
Bond issue costs	34,070.00	31,050.00	3,020.00
Engineering	15,000.00	2,475.00	12,525.00
Capital outlay	9,493,902.00	-	9,493,902.00
Total Expenditures	<u>9,547,972.00</u>	<u>33,525.00</u>	<u>9,514,447.00</u>
Other Financing Sources (Uses)			
Repay developer advance	(5,400,000.00)	-	(5,400,000.00)
Developer advance	5,400,000.00	-	5,400,000.00
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(9,452,972.00)	270,603.50	(9,723,575.50)
Fund Balance - Beginning	9,442,972.00	9,451,046.66	4,043,043.34
Fund Balance - Ending	<u>\$ (10,000.00)</u>	<u>\$ 9,721,650.16</u>	<u>\$ (5,680,532.16)</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.

BNC METROPOLITAN DISTRICT NO. 3
Property Taxes Reconciliation
2023

	Current Year							Prior Year			
	Property Taxes	Prior Year Property Taxes Received in 2020	Specific Ownership Taxes	Interest	Treasurer's Fees	Net Amount Received	% of Total Property Taxes Received		Total Cash Received	% of Total Property Taxes Received	
							Monthly	Y-T-D		Monthly	Y-T-D
January	\$ -	\$ -	\$ 212.60	\$ -	\$ -	\$ 212.60	0.00%	0.00%	\$ 19.53	0.00%	0.00%
February	-	-	27.36	-	-	27.36	0.00%	0.00%	556.87	19.65%	19.65%
March	811.56	-	28.36	-	(12.17)	827.75	16.28%	16.28%	21.90	0.00%	19.65%
April	3,466.07	-	(219.37)	-	(51.99)	3,194.71	69.54%	85.83%	293.75	9.86%	29.51%
May	69.33	-	233.15	-	(1.04)	301.44	1.39%	87.22%	1,398.43	50.83%	80.34%
June	637.18	-	26.53	-	(9.56)	654.15	12.78%	100.00%	483.72	17.15%	97.49%
July	-	-	29.72	-	-	29.72	0.00%	100.00%	21.04	0.00%	97.49%
August	-	-	32.00	-	-	32.00	0.00%	100.00%	25.37	0.00%	97.49%
September	-	-	32.29	-	-	32.29	0.00%	100.00%	27.75	0.00%	97.49%
October	-	-	-	-	-	-	0.00%	100.00%	22.74	0.00%	97.49%
November	-	-	-	-	-	-	0.00%	100.00%	23.34	0.00%	97.49%
December	-	-	-	-	-	-	0.00%	100.00%	20.79	0.00%	97.49%
\$	4,984.14	\$ -	\$ 402.64	\$ -	\$ (74.76)	\$ 5,312.02	100.00%	100.00%	\$ 2,915.23	97.49%	97.49%

	Taxes Levied	% of Levied	Property Taxes Collected	% Collected to Amount Levied	Assessed Valuation	Mills Levied
Property Tax						
General Fund	\$ 4,984	100.00%	\$ 4,984.14	100.00%		70.135
	<u>\$ 4,984</u>	<u>100.00%</u>	<u>\$ 4,984.14</u>	<u>100.00%</u>	<u>\$ 71,070</u>	<u>70.135</u>
Specific Ownership Tax						
General Fund	\$ 349	100.00%	\$ 402.64	115.37%		
	<u>\$ 349</u>	<u>100.00%</u>	<u>\$ 402.64</u>	<u>115.37%</u>		
Treasurer's Fees						
General Fund	\$ 75	100.00%	\$ 74.76	99.68%		
	<u>\$ 75</u>	<u>100.00%</u>	<u>\$ 74.76</u>	<u>99.68%</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.

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

Services Provided

The District, a quasi-municipal corporation, was formed by Court Order issued on January 8, 2004 and recorded on January 27, 2004 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Commerce City, Adams County, Colorado.

The District was established to provide for acquisition, construction, and installation of water, sanitation, drainage, street improvements, parks and recreational facilities, television relay and translation, and mosquito control.

On November 4, 2003, voters of the District elected to approve general obligation indebtedness not to exceed \$60,000,000 at an interest rate not to exceed 15%. They also passed an election question to increase property taxes \$500,000 annually, without limitation of rate, to pay the District's operations, maintenance and other expenses. Additionally, the District's electors authorized the District to collect, retain and spend all revenue, other than ad valorem taxes, without regard to any limitations under TABOR.

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.

Revenue

Property Taxes

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

The calculation of the taxes levied is displayed on Property Tax Summary page of the budget at the adopted total mill levy of 70.135 mills.

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

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

Revenue (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.

Developer Advance

The District is in the development stage. As such, the operating and administrative expenditures will be mainly funded by the Developer. A major portion of the capital expenditures are also expected to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 2%.

Expenditures

General and administrative expenditures

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

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

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

Debt and Leases

On December 29, 2022 the District issued the Limited Tax General Obligation Bonds, Series 2022A (the "Senior Bonds") and Subordinate Cash Flow Bonds, Series 2022B (the "Subordinate Bonds"), in the respective amounts of \$11,815,297.50 and \$4,790,000.

Proceeds of the Senior and Subordinate Bonds will be used for the purpose of paying Project Costs, which are the costs attributing to the acquisition, construction, and installation of approved public facilities and costs of issuing the Senior and Subordinate Bonds.

The District has outstanding Developer advances. The anticipated Developer advances are as follows:

	Balance - December 31, 2021			Balance - December 31, 2022*			Balance - December 31, 2023*
	Additions	Reductions	Additions	Reductions	Additions	Reductions	2023*
Developer Advances:							
Operations	\$ 225,641	\$ 19,000	\$ -	\$ 244,641	\$ 57,000	\$ -	\$ 301,641
Capital	-	10,980,109	10,980,109	-	5,400,000	5,400,000	-
Accrued Interest on Developer Advances:							
Operations	124,247	18,811	-	143,058	21,851	-	164,910
Capital	-	-	-	-	-	-	-
Total	\$ 349,888	\$ 11,017,920	\$ 10,980,109.00	\$ 387,699	\$ 5,478,851	\$ 5,400,000	\$ 466,551

*Estimated balances

Reserves

Emergency Reserve Funds

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

**BNC METROPOLITAN DISTRICT NO. 3
Adams County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**


YEAR ENDED DECEMBER 31, 2022


**BNC METROPOLITAN DISTRICT NO. 3
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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
BNC Metropolitan District No. 3

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of BNC Metropolitan District No. 3 (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of BNC Metropolitan District No. 3, as of December 31, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of BNC Metropolitan District No. 3 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about BNC Metropolitan District No. 3's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BNC Metropolitan District No. 3's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BNC Metropolitan District No. 3's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

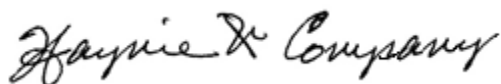
Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise BNC Metropolitan District No. 3's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Littleton, Colorado
September 21, 2023

BASIC FINANCIAL STATEMENTS

**BNC METROPOLITAN DISTRICT NO. 3
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 3,926
Cash and Investments - Restricted	9,458,975
Receivable from County Treasurer	229
Prepaid Expenses	5,308
Property Tax Receivable	4,984
Capital Assets, Not Being Depreciated	11,292,166
Total Assets	20,765,588
LIABILITIES	
Accounts Payable	26,979
Payroll Taxes Payable	61
Noncurrent Liabilities:	
Due in More Than One Year	17,304,506
Total Liabilities	17,331,546
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	4,984
Total Deferred Inflows of Resources	4,984
NET POSITION	
Restricted For:	
Emergency Reserves	1,246
Unrestricted	3,427,812
Total Net Position	\$ 3,429,058

See accompanying Notes to Basic Financial Statements.

**BNC METROPOLITAN DISTRICT NO. 3
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	\$ 67,556	\$ -	\$ -	\$ -	\$ (67,556)
Interest and Related Costs on Long-Term Debt	310,316	-	-	-	(310,316)
Total Governmental Activities	\$ 377,872	\$ -	\$ -	\$ -	(377,872)
GENERAL REVENUES					
					38,895
					2,645
					69,757
					111,297
CHANGE IN NET POSITION					(266,575)
					3,695,633
NET POSITION - END OF YEAR					\$ 3,429,058

See accompanying Notes to Basic Financial Statements.

**BNC METROPOLITAN DISTRICT NO. 3
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 3,926	\$ -	\$ 3,926
Cash and Investments - Restricted	1,246	9,457,729	9,458,975
Receivable from County Treasurer	229	-	229
Prepaid Expenses	5,308	-	5,308
Property Tax Receivable	4,984	-	4,984
	<u>\$ 15,693</u>	<u>\$ 9,457,729</u>	<u>\$ 9,473,422</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 20,296	\$ 6,683	\$ 26,979
Payroll Taxes Payable	61	-	61
Total Liabilities	<u>20,357</u>	<u>6,683</u>	<u>27,040</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenue	4,984	-	4,984
Total Deferred Inflows of Resources	<u>4,984</u>	<u>-</u>	<u>4,984</u>
FUND BALANCES			
Nonspendable:			
Prepaid Expenses	5,308	-	5,308
Restricted For:			
Emergency Reserves	1,246	-	1,246
Capital Projects	-	9,451,046	9,451,046
Unassigned	(16,202)	-	(16,202)
Total Fund Balances	<u>(9,648)</u>	<u>9,451,046</u>	<u>9,441,398</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 15,693</u>	<u>\$ 9,457,729</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	(16,607,924)
Developer Advance Payable	(553,198)
Developer Advance Interest Payable	(143,384)
	<u>(17,304,506)</u>

Net Position of Governmental Activities	<u>\$ 3,429,058</u>
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See accompanying Notes to Basic Financial Statements.

BNC METROPOLITAN DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General	Capital Projects	Total Governmental Funds
REVENUES			
Property Taxes	\$ 38,895	\$ -	\$ 38,895
Specific Ownership Taxes	2,645	-	2,645
Net Investment Income	-	69,757	69,757
Total Revenues	41,540	69,757	111,297
EXPENDITURES			
General and Administrative:			
Accounting	18,360	-	18,360
Auditing	5,500	-	5,500
County Treasurer's Fees	583	-	583
Directors' Fees	200	-	200
Dues and Licenses	312	-	312
Insurance and Bonds	2,481	-	2,481
District Management	14,535	-	14,535
Legal	17,366	-	17,366
Miscellaneous	315	-	315
Election	1,221	-	1,221
Capital:			
Engineering	-	6,683	6,683
Capital Outlay	-	11,292,166	11,292,166
Bond Issue Costs	-	288,553	288,553
Total Expenditures	60,873	11,587,402	11,648,275
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(19,333)	(11,517,645)	(11,536,978)
OTHER FINANCING SOURCES (USES)			
Bond Issuance Proceeds	-	16,605,298	16,605,298
Developer Advance	15,500	11,292,166	11,307,666
Repay Developer Advance	-	(10,980,109)	(10,980,109)
Total Other Financing Sources (Uses)	15,500	16,917,355	16,932,855
NET CHANGE IN FUND BALANCES	(3,833)	5,399,710	5,395,877
Fund Balances - Beginning of Year	(5,815)	4,051,336	4,045,521
FUND BALANCES - END OF YEAR	\$ (9,648)	\$ 9,451,046	\$ 9,441,398

See accompanying Notes to Basic Financial Statements.

**BNC METROPOLITAN DISTRICT NO. 3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Governmental Funds \$ 5,395,877

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of any cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay 11,292,166

Long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Bond Issuance Proceeds	(16,605,298)
Developer Advance	(11,307,666)
Repay Developer Advance Principal	10,980,109

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accretion on Bonds	(2,626)
Accrued Interest on Developer Advances - Change in Liability	<u>(19,137)</u>

Change in Net Position of Governmental Activities \$ (266,575)

**BNC METROPOLITAN DISTRICT NO. 3
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 38,823	\$ 38,895	\$ 72
Specific Ownership Taxes	2,718	2,645	(73)
Total Revenues	41,541	41,540	(1)
EXPENDITURES			
Accounting	15,000	18,360	(3,360)
Auditing	6,000	5,500	500
County Treasurer's Fees	583	583	-
Directors' Fees	-	200	(200)
Dues and Licenses	400	312	88
Insurance and Bonds	4,000	2,481	1,519
District Management	15,000	14,535	465
Legal	19,000	17,366	1,634
Miscellaneous	-	315	(315)
Election	1,000	1,221	(221)
Contingency	2,017	-	2,017
Total Expenditures	63,000	60,873	2,127
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(21,459)	(19,333)	2,126
OTHER FINANCING SOURCES (USES)			
Developer Advance	22,382	15,500	(6,882)
Total Other Financing Sources (Uses)	22,382	15,500	(6,882)
NET CHANGE IN FUND BALANCE	923	(3,833)	(4,756)
Fund Balance - Beginning of Year	1,000	(5,815)	(6,815)
FUND BALANCE - END OF YEAR	\$ 1,923	\$ (9,648)	\$ (11,571)

See accompanying Notes to Basic Financial Statements.

**BNC METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 DEFINITION OF REPORTING ENTITY

BNC Metropolitan District No. 3 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by an order and decree of the District Court for Adams County, Colorado issued on January 8, 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City of Commerce City on September 15, 2003. The District is located in Commerce City, Adams County, Colorado.

The District was established to provide financing for the acquisition, construction, and installation of water, sanitation, drainage, street improvements, parks and recreational facilities, television relay and translation, and mosquito control.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

**BNC METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

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

**BNC METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

The District amended its budget for the year ending December 31, 2022.

Pooled Cash and Investments

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

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of the net investment in capital assets.

Equity

Net Position

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

BNC METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance

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

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

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

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

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

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

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

Deficits

The General Fund reported a deficit in the fund financial statements as of December 31, 2022. The deficit will be eliminated with the receipt of Developer advances in 2023.

**BNC METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 3,926
Cash and Investments - Restricted	9,458,975
Total Cash and Investments	\$ 9,462,901

Cash and investments as of December 31, 2022, consist of the following:

Deposits with Financial Institutions	\$ 5,172
Investments	9,457,729
Total Cash and Investments	\$ 9,462,901

Deposits with Financial Institutions

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

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

At December 31, 2022, the District's cash deposits had a bank and carrying balance of \$5,172.

Investments

The District has an investment policy by which it follows state statutes regarding investments.

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

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

**BNC METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

As of December 31, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 4,121,093
Morgan Stanley Institutional Liquidity Funds	Weighted-Average Under 60 Days	5,336,636
Total		<u>\$ 9,457,729</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operates similar to a money market fund, with each share valued at \$1.00. CSAFE CASH FUND may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, highest rated commercial paper, and any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

**BNC METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

CSAFE (Continued)

A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Morgan Stanley Institutional Liquidity Funds

The debt service money that is included in the trust accounts at United Missouri Bank is invested in the Morgan Stanley Institutional Liquidity Funds' Treasury Securities Portfolio. This portfolio is a money market fund that is managed by Morgan Stanley Investment Management and each share is equal in value to \$1.00. The fund is AAAM rated and invests exclusively in U.S. Treasury obligations and repurchase agreements collateralized by U.S. Treasury securities. The average maturity of the underlying securities is 90 days or less.

The fund records its investments at amortized cost and the District records its investments in the fund at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2022, follows:

	Balance - December 31, 2021	Increases	Decreases	Balance - December 31, 2022
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 11,292,166	\$ -	\$ 11,292,166
Capital Assets, Net	<u>\$ -</u>	<u>\$ 11,292,166</u>	<u>\$ -</u>	<u>\$ 11,292,166</u>

Upon completion and acceptance, certain assets will be conveyed to other local governments.

**BNC METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2022:

	Balance - December 31, 2021	Additions	Retirements	Balance - December 31, 2022	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Series 2022A	\$ -	\$ 11,817,924	\$ -	\$ 11,817,924	\$ -
Series 2022B	-	4,790,000	-	4,790,000	-
Developer Advances:					
Operations	225,641	15,500	-	241,141	-
Capital	-	11,292,166	10,980,109	312,057	-
Accrued Interest on Developer Advances:					
Operations	124,247	19,000	-	143,247	-
Capital	-	137	-	137	-
Total	<u>\$ 349,888</u>	<u>\$ 27,934,727</u>	<u>\$ 10,980,109</u>	<u>\$ 17,304,506</u>	<u>\$ -</u>

General Obligation (Limited Tax Convertible to Unlimited Tax) Convertible Capital Appreciation Bonds, Series 2022A (the Senior Bonds) and **Subordinate General Obligation Limited Tax Bonds, Series 2022B(3)** (the Subordinate Bonds and together with the Senior Bonds, the Bonds).

The District issued the Bonds on December 29, 2022, in the original principal amount of \$11,815,297.50 and appreciating to a principal amount of \$12,750,000 for the Senior Bonds and \$4,790,000 for the Subordinate Bonds.

Proceeds of the Bonds

Proceeds from the sale of the Bonds were used to pay (a) the Project Costs (as defined in the Senior and Subordinate Indentures), including amounts due under the FFAA (defined and described in Note 6) and (b) other costs incurred in connection with the issuance of the Bonds.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2027, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2027, through November 30, 2028	3.00%
December 1, 2028, through November 30, 2029	2.00
December 1, 2029, through November 30, 2030	1.00
December 1, 2030, and thereafter	0.00

**BNC METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Senior Bonds Details

The Senior Bonds were issued as capital appreciation bonds, convertible to current interest bonds. The Senior Bonds accrete in value at an annual yield equal to 4.0% from their date of issuance to December 1, 2024. The accreted amount compounds semi-annually on June 1 and December 1, beginning on June 1, 2023, to and including December 1, 2024. Such accreted amount, together with the original principal amount of the Senior Bonds, at conversion on December 1, 2024, will be \$12,750,000.

Upon conversion to current interest bonds, the Senior Bonds will bear interest at 4.0% per annum, payable semi-annually to the extent of Senior Pledged Revenue on June 1 and December 1, commencing on June 1, 2025. Annual mandatory sinking fund principal payments on the Senior Bonds are due on December 1, beginning on December 1, 2025. The Senior Bonds mature on December 1, 2052.

To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid, subject to termination on December 2, 2062. To the extent interest on any Senior Bond is not paid when due, such interest shall compound on each interest payment date, at the rate then borne by the Senior Bond.

The Senior Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on December 2, 2062, regardless of the amount of principal and interest amounts remaining unpaid.

The Senior Bonds may be subject to acceleration pursuant to mandatory redemption provisions as described in the Senior Indenture.

No assets have been pledged as collateral on the Senior Bonds.

Events of Default of the Senior Bonds

Events of default occur if the District fails to impose the Senior Required Mill Levy (defined below), or to apply the Senior Pledged Revenue (defined below) as required by the Senior Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Senior Indenture.

Acceleration of the Senior Bonds shall not be an available remedy for an Event of Default.

Senior Pledged Revenue

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue, consisting of the moneys derived by the District from (1) the Senior Required Mill Levy; (2) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy; and (3) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue (the Senior Pledged Revenue).

BNC METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Senior Required Mill Levy

The Senior Required Mill Levy, prior to the Conversion Date (defined below), is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the Senior Bonds as they come due, but (i) not in excess of 50 mills (as adjusted for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement on or after August 21, 2000), and (ii) for so long as the Senior Surplus Fund is less than the Maximum Surplus Amount, not less than 50 mills (as adjusted), or such lesser mill levy which will pay the Senior Bonds as they come due and will fund the Senior Surplus Fund (defined below) up to the Maximum Surplus Amount (defined below) (the Senior Required Mill Levy).

After the Conversion Date, the Senior Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the Bonds when due, without limitation of rate.

The Conversion Date is the first date on which the Debt to Assessed Ratio is 50% or less and no amounts of principal or interest on the Senior Bonds are due but unpaid (the Conversion Date).

Senior Surplus Fund

The Senior Bonds are additionally secured by amounts in the Senior Surplus Fund. Prior to the Conversion Date, Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Senior Surplus Fund (the Senior Surplus Fund), up to the Maximum Surplus Amount of \$1,181,530 (the Maximum Surplus Amount). After the Conversion Date, the Senior Surplus Fund shall be terminated, and moneys therein remitted to the District for application to any lawful purpose of the District.

Details of the Subordinate Bonds

The Subordinate Bonds bear interest at 6.0% per annum, payable annually to the extent of Subordinate Pledged Revenue available on each December 15, commencing on December 15, 2023. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to maturity on December 15, 2052.

To the extent principal of any Subordinate Bond is not paid when due, such principal shall remain outstanding until paid, subject to termination on December 16, 2062. To the extent interest on any Subordinate Bond is not paid when due, such interest shall compound on each interest payment date, at the rate then borne by the Subordinate Bond.

The Subordinate Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on December 16, 2062, regardless of the amount of principal and interest amounts remaining unpaid.

The Subordinate Bonds may be subject to acceleration pursuant to mandatory redemption provisions as described in the Subordinate Indenture.

**BNC METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Details of the Subordinate Bonds (Continued)

No assets have been pledged as collateral on the Subordinate Bonds.

Events of Default of the Subordinate Bonds

Events of default occur if the District fails to impose the Subordinate Required Mill Levy, or to apply the Subordinate Pledged Revenues as required by the Subordinate Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Subordinate Indenture.

Acceleration of the Subordinate Bonds shall not be an available remedy for an Event of Default.

Subordinate Pledged Revenue

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue, consisting of the moneys derived by the District from (1) the Subordinate Required Mill Levy (defined below); (2) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy (defined below); and (3) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue (the Subordinate Pledged Revenue).

Subordinate Required Mill Levy

The Subordinate Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year in the amount of 50 mills (as adjusted for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement on or after August 21, 2000) less the amount of the Senior Bond Mill Levy, or such lesser mill levy which will fund the Subordinate Bond Fund in an amount sufficient to pay all or the principal and interest of the Bonds in full. If the amount of the Senior Bond Mill Levy equals or exceeds 50 mills in any year, adjusted for changes aforesaid, the Subordinate Required Mill Levy for that year shall be zero.

**BNC METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Maturity Schedule

The accreted amount of the District's Senior Bonds, after conversion, will mature as follows:

<u>Year Ending December 31,</u>	Series 2022A		
	Principal	Interest	Total
2023	\$ -	\$ -	\$ -
2024	-	-	-
2025	-	510,000	510,000
2026	180,000	510,000	690,000
2027	200,000	502,800	702,800
2028-2032	1,265,000	2,379,400	3,644,400
2033-2037	1,745,000	2,090,000	3,835,000
2038-3042	2,340,000	1,695,400	4,035,400
2043-2047	3,060,000	1,172,200	4,232,200
2048-2052	3,960,000	490,800	4,450,800
Total	<u>\$ 12,750,000</u>	<u>\$ 9,350,600</u>	<u>\$ 22,100,600</u>

Due to the cash flow nature of the Subordinate Bonds that are payable only to the extent of Subordinate Pledged Revenue available, principal and interest payments on the Subordinate Bonds cannot be predicted with certainty and are not presented in the maturity schedule.

Debt Authorization

On November 4, 2003, the District's voters authorized total indebtedness of \$180,000,000. At December 31, 2022, the District had authorized but unissued general obligation indebtedness in the following amounts for the following purposes:

	Authorized November 4, 2003 Election	Authorization Used Series 2022A	Authorization Used Series 2022B	Remaining at December 31, 2022
Street Improvements	\$ 21,000,000	\$ 5,367,750	\$ 2,016,590	\$ 13,615,660
Parks and Recreation	16,000,000	1,453,500	546,060	14,000,440
Water	11,000,000	2,486,250	934,050	7,579,700
Sanitation/Storm Sewer	9,500,000	3,442,500	1,293,300	4,764,200
Mosquito Control	1,000,000	-	-	1,000,000
Operational Expenses	500,000	-	-	500,000
TV Relay and Translation	1,000,000	-	-	1,000,000
Intergovernmental Agreements	60,000,000	-	-	60,000,000
Refunding of Debt	60,000,000	-	-	60,000,000
Total	<u>\$ 180,000,000</u>	<u>\$ 12,750,000</u>	<u>\$ 4,790,000</u>	<u>\$ 162,460,000</u>

As of December 31, 2022, the District had \$42,460,000 remaining authority under the Service Plan.

**BNC METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 AGREEMENTS

Operation Funding Agreements

The District entered into a series of Operations Funding Agreements with 104th Avenue Investment Partners LLC (the Original Developer) for fiscal years 2004 – 2009 (the 2004-2009 OFA) whereby the Original Developer agreed to advance various amounts to the District for the operations and maintenance expenses of the District with an interest rate of 8.00%.

The District entered into an Operation Funding Agreement with Catellus CC Note, LLC (the Developer) on October 24, 2017, with an effective date of January 1, 2017 (the 2017-2018 OFA). Pursuant to the 2017-2018 OFA, which was consented to by the Original Developer, the Developer agreed to advance funds to the District for the operations and maintenance expenses of the District for fiscal years 2017 through 2018, not to exceed a total of \$75,000.00 and with an interest rate of 8.00%.

The District entered into an Operation Funding Agreement with the Developer on October 21, 2020, with an effective date of January 1, 2019, as amended on November 18, 2021 and December 5, 2022 (the 2019-2021 OFA). Pursuant to the 2019-2021 OFA, the Developer will provide advances to the District for operations and maintenance for fiscal years 2019 through 2023 not to exceed a total of \$171,000.00. The advances will bear an interest rate of 8.00%.

The total amount due as of December 31, 2022, under the 2004-2009 OFA, 2017-2018 OFA, and 2019-2021 OFA, is \$384,388 (\$241,141 in principal and \$143,247 in accrued interest).

Facilities Funding and Acquisition Agreement

The District entered into a Facilities Funding and Acquisition Agreement with the Developer on October 24, 2017, as amended by that certain Amended and Restated Facilities Funding and Acquisition Agreement on October 21, 2020, with an effective date of October 24, 2017 (the FFAA). Pursuant to the FFAA, the Developer will provide advances to the District to finance public improvement costs verified by an independent engineer. The advances will bear an interest rate of 8.00%.

The total amount due as of December 31, 2022 under the FFAA is \$312,194 (\$312,057 in principal and \$137 in accrued interest).

Cost Sharing Intergovernmental Agreement

The District entered into a Cost Sharing Intergovernmental Agreement with BNC Metropolitan District No. 1 and BNC Metropolitan District No. 2 on October 24, 2017, as amended on December 23, 2019 (the IGA). Pursuant to the IGA, the District shall be the Constructing District. BNC Metropolitan District Nos. 1 and 2 are to transfer to the District the amounts necessary for the District to complete the remaining public improvements. In the event that the District does not utilize the funds provided by BNC Metropolitan District No. 1 or 2 on or before December 31, 2022, the District shall return such funds and BNC Metropolitan District No. 1 or 2 shall be entitled to complete the remaining public improvements as described in more detail therein.

**BNC METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 AGREEMENTS (CONTINUED)

Reimbursement Agreement with Catellus CC Note, LLC and AMH Development, LLC

The District entered into a Reimbursement Agreement with Developer and AMH Development, LLC (AMH Builder) on June 23, 2021 pertaining to property located within the boundaries of the District. Pursuant to this agreement, AMH Builder will construct or cause the construction of certain public improvements, including street, park and recreation, water, sanitary and storm drainage, and television relay and translation improvements (Permissible Improvements) which benefit property within the District's boundaries and/or service area.

AMH Builder will construct the Permissible Improvements at its own expense and, pursuant to the June 4, 2021 Purchase and Sale Agreement by and between the Developer and AMH Builder, now directs the District to reimburse the Developer for costs incurred by AMH Builder for design, testing, engineering, and construction of the improvements. Subject to the receipt of funding, the District agrees to reimburse the Developer for Certified Construction Costs (defined therein) up to a maximum amount of \$60,000,000.00 together with interest thereon. Certified Construction Costs shall accrue interest from the date such costs are incurred by AMH Builder. Simple interest shall accrue on amounts reimbursable to the Developer under this agreement, until paid, at a rate of 8.00% per annum.

Reimbursement Agreement with Catellus CC Note, LLC and Century Land Holdings, LLC

The District entered into a Reimbursement Agreement with the Developer and Century Land Holdings, LLC (Century Builder) on June 24, 2021 pertaining to property located within the boundaries of the District. Pursuant to this agreement, Century Builder will construct or cause the construction of Permissible Improvements which benefit property within the District's boundaries and/or service area. Century Builder will construct the Permissible Improvements at its own expense and, pursuant to the December 23, 2020 Purchase and Sale Agreement by and between the Developer and Century Builder, now directs the District to reimburse the Developer for costs incurred by Century Builder for design, testing, engineering, and construction of the improvements. Subject to the receipt of funding, the District agrees to reimburse the Developer for Certified Construction Costs (defined therein) up to a maximum amount of \$60,000,000.00 together with interest thereon. Certified Construction Costs shall accrue interest from the date such costs are incurred by AMH Builder. Simple interest shall accrue on amounts reimbursable to the Developer under this agreement, until paid, at a rate of 8.00% per annum.

NOTE 7 NET POSITION

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

The District had a restricted net position of \$1,246 for emergencies.

NOTE 8 RELATED PARTIES

The Developer of the property which constitutes the District is Catellus CC Note, LLC. A majority of the members of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

BNC METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

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

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

On November 4, 2003, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

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

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

SUPPLEMENTARY INFORMATION

**BNC METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Investment Income	\$ 3,500	\$ 7,000	\$ 69,757	\$ 62,757
Total Revenues	3,500	7,000	69,757	62,757
EXPENDITURES				
Accounting	15,000	1,000	-	1,000
Engineering	5,000	7,000	6,683	317
Bond Issue Costs	-	288,553	288,553	-
Capital Outlay	4,034,618	11,292,166	11,292,166	-
Contingency	-	2,119,115	-	2,119,115
Total Expenditures	4,054,618	13,707,834	11,587,402	2,120,432
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(4,051,118)	(13,700,834)	(11,517,645)	2,183,189
OTHER FINANCING SOURCES (USES)				
Bond Issuance Proceeds		16,605,298	16,605,298	-
Developer Advance	4,034,528	11,292,166	11,292,166	-
Repay Developer Advance	(4,034,528)	(11,292,166)	(10,980,109)	312,057
Total Other Financing Sources (Uses)	-	16,605,298	16,917,355	312,057
NET CHANGE IN FUND BALANCE				
	(4,051,118)	2,904,464	5,399,710	2,495,246
Fund Balance - Beginning of Year	4,051,118	4,051,336	4,051,336	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 6,955,800</u>	<u>\$ 9,451,046</u>	<u>\$ 2,495,246</u>

BNC METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2022

\$11,815,297.50 (Value at Issuance)
 \$12,750,000 (Value at Conversion Date)
 General Obligation Limited Tax
 Convertible Capital Appreciation Bonds
 Series 2022A
 Dated December 29, 2022
 Interest Rate 4.00%
 Principal Due December 1
 Interest Payable June 1 and December 1

Year Ending December 31.	Value at Issuance	Accretion	Accreted Value	Principal	Interest	Total
	\$11,815,297.50					
2023		\$ 436,867	\$ 12,254,790	\$ -	\$ -	\$ -
2024		495,210	12,750,000	-	-	-
2025				-	510,000	510,000
2026				180,000	510,000	690,000
2027				200,000	502,800	702,800
2028				225,000	494,800	719,800
2029				230,000	485,800	715,800
2030				255,000	476,600	731,600
2031				265,000	466,400	731,400
2032				290,000	455,800	745,800
2033				305,000	444,200	749,200
2034				330,000	432,000	762,000
2035				345,000	418,800	763,800
2036				375,000	405,000	780,000
2037				390,000	390,000	780,000
2038				420,000	374,400	794,400
2039				435,000	357,600	792,600
2040				470,000	340,200	810,200
2041				490,000	321,400	811,400
2042				525,000	301,800	826,800
2043				545,000	280,800	825,800
2044				585,000	259,000	844,000
2045				605,000	235,600	840,600
2046				650,000	211,400	861,400
2047				675,000	185,400	860,400
2048				720,000	158,400	878,400
2049				745,000	129,600	874,600
2050				795,000	99,800	894,800
2051				825,000	68,000	893,000
2052				875,000	35,000	910,000
Total				<u>\$ 12,750,000</u>	<u>\$ 9,350,600</u>	<u>\$ 22,100,600</u>


**BNC METROPOLITAN DISTRICT NO. 3
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2022**


Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percentage Collected to Levied
		General	Levied	Collected	
2018	\$ 33,620	69.649	\$ 2,342	\$ -	N/A
2019	33,010	69.649	2,299	4,796	208.61
2020	47,600	70.135	3,338	3,338	100.00
2021	39,150	70.135	2,746	2,677	97.49
2022	553,550	70.135	38,823	38,895	100.18
Estimated for the Year Ending December 31, 2023	\$ 71,070	70.135	\$ 4,984		


NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.



1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

October 10, 2023

Board of Directors
BNC Metropolitan District No. 3
φ CliftonLarsonAllen LLP
8390 E. Crescent Parkway, Suite 300
Greenwood Village, CO 80111-4544

To the Members of the Board:

This will confirm our understanding of the arrangements for our audit of the financial statements of BNC Metropolitan District No. 3 (District) for the year ended December 31, 2023. We understand the District employs CliftonLarsonAllen, LLP as its manager (“Manager”), which firm may be referenced herein as “Management”.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, each major fund, including the disclosures, and budgetary comparison schedule—general fund, which collectively comprise the basic financial statements of BNC Metropolitan District No. 3 as of and for the year ended December 31, 2023.

Management has elected to omit the Management’s Discussion and Analysis (MD&A) that accounting principles in the United States of America (GAAP) require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have also been engaged to report on supplementary information other than RSI that accompanies BNC Metropolitan District No. 3’s financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America (GAAS) and will provide an opinion on it in relation to the financial statements as a whole:

- 1) Capital Projects Fund -Schedule of Revenues, Expenditures and Changes in Fund Balance–Budget and Actual

In connection with our audit of the basic financial statements, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



An independently owned member
RSM US Alliance



1) Schedule of Assessed Valuation, Mill Levy, and Property Taxes Collected

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

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

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental 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.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

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

We have identified the following significant risks of material misstatement as part of our audit planning:

- Management override of controls

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of BNC Metropolitan District No. 3's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and 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 of each opinion unit taken as a whole.

You are 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 the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud

could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Haynie & Company and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the State of Colorado or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Haynie & Company personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the State of Colorado or its designee. The State of Colorado or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

We estimate that our fees for these services will be \$6,700. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full. Accounts in excess of 30 days will accrue finance charges at 1.5% per month. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Ty Holman is the engagement partner and is responsible for supervising the engagement and signing the report. We expect to begin our audit on a mutually agreed upon date and to issue our report no later than July 31, 2024.

Reporting

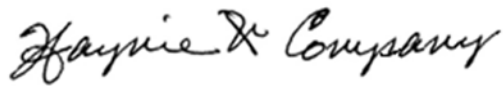
We will issue a written report upon completion of our audit of BNC Metropolitan District No. 3's financial statements. Our report will be addressed to the Board of Directors of BNC Metropolitan District No. 3. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify

our opinions or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

If this letter correctly expresses your understanding, please sign the enclosed copy where indicated and return it to us.

We appreciate the opportunity to serve you.

Sincerely,



Haynie & Company

Accepted and agreed to:
BNC Metropolitan District No. 3

Officer signature

Title

Date

Attest:

By:

Title

RESOLUTION NO. 2023-11-02
RESOLUTION TO AMEND THE 2023 BUDGET
FOR THE BNC METROPOLITAN DISTRICT NO. 3

WHEREAS, the Board of Directors of the BNC Metropolitan District No. 3 adopted a budget and appropriated funds for the fiscal year 2023 as follows:

General Fund	\$ 63,000
Capital Projects Fund	\$ 14,937,972

WHEREAS, the necessity has arisen for additional expenditures in the Capital Projects Fund requiring the unanticipated expenditure of funds in excess of those appropriated for the fiscal year 2023; and

WHEREAS, the expenditure of such funds is a contingency which could not have been reasonably foreseen at the time of adoption of the budget; and

WHEREAS, funds are available for such expenditures in the Capital Projects Fund from bond proceeds.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the BNC Metropolitan District No. 3 shall and hereby does amend the adopted Budget for the fiscal year 2023 and adopts a supplemental budget and appropriation for the Capital Projects Fund for the fiscal year 2023, as follows:

Capital Projects Fund	\$ _____
-----------------------	----------

BE IT FURTHER RESOLVED, that such sums are hereby appropriated from the revenues of the District to the proper funds for the purposes stated.

DATED this 16th day of November, 2023.

BNC METROPOLITAN DISTRICT NO. 3

By: _____
Secretary

Ken Musso
ASSESSOR



Assessor's Office
4430 South Adams County Parkway
2nd Floor, Suite C2100
Brighton, CO 80601-8201
PHONE 720.523.6038
FAX 720.523.6037
www.adcogov.org

AUG 28 2023

August 25, 2023

BNC METRO DISTRICT 3
SPECIAL DISTRICT MANAGEMENT SERVICES INC
Attn: ANN E FINN
141 UNION BLVD STE 150
LAKEWOOD CO 80228-1898

To ANN E FINN:

Enclosed is the 2023 preliminary valuation. This valuation along with all other statutory requirements is on the enclosed form. A final certification of value will be sent out on or before December 10, 2023.

This value is subject to change by the County Board of Equalization, Board of Assessment Appeals and the State Board of Equalization as provided by law.

Sincerely,

A handwritten signature in black ink, appearing to read 'KM', written over a horizontal line.

Ken Musso
Adams County Assessor
KM/rmb

CERTIFICATION OF VALUATION BY ADAMS COUNTY ASSESSOR

Name of Jurisdiction: **223 - BNC METRO DISTRICT 3**

IN ADAMS COUNTY ON 8/24/2023

New Entity: No

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (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 2023 IN ADAMS COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:		\$71,070
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *		\$534,920
3. LESS TIF DISTRICT INCREMENT, IF ANY:		\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:		\$534,920
5. NEW CONSTRUCTION: **		\$0
6. INCREASED PRODUCTION OF PRODUCING MINES: #		\$0
7. ANNEXATIONS/INCLUSIONS:		\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #		\$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.): ##		\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(a) C.R.S.):		\$0.00
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.):		\$0.00

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

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

Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b), C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2023 IN ADAMS COUNTY, COLORADO ON AUGUST 25, 2023

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @		\$1,468,746
ADDITIONS TO TAXABLE REAL PROPERTY:		
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !		\$0
3. ANNEXATIONS/INCLUSIONS:		\$0
4. INCREASED MINING PRODUCTION: %		\$0
5. PREVIOUSLY EXEMPT PROPERTY:		\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:		\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:		\$0

(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.)

DELETIONS FROM TAXABLE REAL PROPERTY:

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

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, 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:----->	\$0
--	-----

NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2023

IN ACCORDANCE WITH 39-5-128(1.5) C.R.S. THE ASSESSOR PROVIDES: HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **	
** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119 f(3). C.R.S.	

BNC METROPOLITAN DISTRICT NO. 3
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2024

**BNC METROPOLITAN DISTRICT NO. 3
SUMMARY
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

10/11/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 7/31/2023	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 4,045,521	\$ 9,444,462	\$ 9,441,398	\$ 9,441,398	\$ 7,795,349
REVENUES					
Property taxes	38,895	4,984	4,984	4,984	37,517
Specific ownership taxes	2,645	349	338	579	2,627
Interest income	69,757	95,000	223,200	350,000	240,000
Developer advance	11,307,666	5,457,000	21,000	1,742,736	3,653,000
Bond issuance	16,605,298	-	-	-	-
Total revenues	<u>28,024,261</u>	<u>5,557,333</u>	<u>249,522</u>	<u>2,098,299</u>	<u>3,933,144</u>
Total funds available	<u>32,069,782</u>	<u>15,001,795</u>	<u>9,690,920</u>	<u>11,539,697</u>	<u>11,728,493</u>
EXPENDITURES					
General Fund	60,873	63,000	46,750	105,000	163,000
Debt Service Fund	-	-	-	-	7,417
Capital Projects Fund	22,567,511	14,937,972	33,525	3,639,348	11,534,934
Total expenditures	<u>22,628,384</u>	<u>15,000,972</u>	<u>80,275</u>	<u>3,744,348</u>	<u>11,705,351</u>
Total expenditures and transfers out requiring appropriation	<u>22,628,384</u>	<u>15,000,972</u>	<u>80,275</u>	<u>3,744,348</u>	<u>11,705,351</u>
ENDING FUND BALANCES	<u>\$ 9,441,398</u>	<u>\$ 823</u>	<u>\$ 9,610,645</u>	<u>\$ 7,795,349</u>	<u>\$ 23,142</u>
EMERGENCY RESERVE	<u>\$ 1,246</u>	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 400</u>

No assurance provided. See summary of significant assumptions.

**BNC METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

10/11/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 7/31/2023	ESTIMATED 2023	BUDGET 2024
ASSESSED VALUATION					
Agricultural	\$ 1,980	\$ 4,090	\$ 4,090	\$ 4,090	\$ 2,850
State assessed	5,390	4,340	4,340	4,340	4,770
Vacant land	-	-	-	-	403,460
Personal property	546,180	62,640	62,640	62,640	123,840
Certified Assessed Value	<u>\$ 553,550</u>	<u>\$ 71,070</u>	<u>\$ 71,070</u>	<u>\$ 71,070</u>	<u>\$ 534,920</u>
MILL LEVY					
General	70.135	70.135	70.135	70.135	18.148
Debt Service	0.000	0.000	0.000	0.000	51.987
Total mill levy	<u>70.135</u>	<u>70.135</u>	<u>70.135</u>	<u>70.135</u>	<u>70.135</u>
PROPERTY TAXES					
General	\$ 38,823	\$ 4,984	\$ 4,984	\$ 4,984	\$ 9,708
Debt Service	-	-	-	-	27,809
Levied property taxes	38,823	4,984	4,984	4,984	37,517
Adjustments to actual/rounding	72	-	-	-	-
Budgeted property taxes	<u>\$ 38,895</u>	<u>\$ 4,984</u>	<u>\$ 4,984</u>	<u>\$ 4,984</u>	<u>\$ 37,517</u>
BUDGETED PROPERTY TAXES					
General	\$ 38,895	\$ 4,984	\$ 4,984	\$ 4,984	\$ 9,708
Debt Service	-	-	-	-	27,809
	<u>\$ 38,895</u>	<u>\$ 4,984</u>	<u>\$ 4,984</u>	<u>\$ 4,984</u>	<u>\$ 37,517</u>

No assurance provided. See summary of significant assumptions.

**BNC METROPOLITAN DISTRICT NO. 3
GENERAL FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

10/11/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 7/31/2023	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ (5,815)	\$ 1,490	\$ (9,648)	\$ (9,648)	\$ 415
REVENUES					
Property taxes	38,895	4,984	4,984	4,984	9,708
Specific ownership taxes	2,645	349	338	579	680
Developer advance	15,500	57,000	21,000	109,500	153,000
Total revenues	<u>57,040</u>	<u>62,333</u>	<u>26,322</u>	<u>115,063</u>	<u>163,388</u>
Total funds available	<u>51,225</u>	<u>63,823</u>	<u>16,674</u>	<u>105,415</u>	<u>163,803</u>
EXPENDITURES					
General and administrative					
Accounting	18,360	18,500	14,116	24,000	25,000
Auditing	5,500	6,100	-	6,100	7,000
County Treasurer's fees	583	75	75	75	146
Directors' fees	200	100	200	300	200
Dues and membership	312	400	311	311	400
Insurance	2,481	4,000	3,271	3,271	4,500
District management	14,535	17,500	8,547	15,000	17,000
Legal	17,366	13,000	14,242	25,000	25,000
Legal - Special Counsel	-	-	4,249	25,000	25,000
Miscellaneous	315	500	811	1,000	1,000
Election	1,221	2,000	928	928	-
Contingency	-	825	-	4,015	2,654
Operations and maintenance					
Landscaping	-	-	-	-	30,000
Repairs and maintenance	-	-	-	-	1,000
Pest control	-	-	-	-	1,000
Pet waste service	-	-	-	-	1,500
Snow removal	-	-	-	-	6,000
Water/ irrigation	-	-	-	-	11,400
Electricity	-	-	-	-	1,200
Storm drainage maintenance	-	-	-	-	3,000
Total expenditures	<u>60,873</u>	<u>63,000</u>	<u>46,750</u>	<u>105,000</u>	<u>163,000</u>
Total expenditures and transfers out requiring appropriation	<u>60,873</u>	<u>63,000</u>	<u>46,750</u>	<u>105,000</u>	<u>163,000</u>
ENDING FUND BALANCES	<u>\$ (9,648)</u>	<u>\$ 823</u>	<u>\$ (30,076)</u>	<u>\$ 415</u>	<u>\$ 803</u>
EMERGENCY RESERVE	<u>\$ 1,246</u>	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 400</u>

No assurance provided. See summary of significant assumptions.

**BNC METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

10/11/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 7/31/2023	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
Property taxes	-	-	-	-	27,809
Specific ownership taxes	-	-	-	-	1,947
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,756</u>
Total funds available	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,756</u>
EXPENDITURES					
General and administrative					
County Treasurer's fees	-	-	-	-	417
Paying agent fees	-	-	-	-	7,000
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,417</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,417</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,339</u>

No assurance provided. See summary of significant assumptions.

**BNC METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

10/11/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 7/31/2023	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 4,051,336	\$ 9,442,972	\$ 9,451,046	\$ 9,451,046	\$ 7,794,934
REVENUES					
Interest income	69,757	95,000	223,200	350,000	240,000
Developer advance	11,292,166	5,400,000	-	1,633,236	3,500,000
Bond issuance	16,605,298	-	-	-	-
Total revenues	<u>27,967,221</u>	<u>5,495,000</u>	<u>223,200</u>	<u>1,983,236</u>	<u>3,740,000</u>
Total funds available	<u>32,018,557</u>	<u>14,937,972</u>	<u>9,674,246</u>	<u>11,434,282</u>	<u>11,534,934</u>
EXPENDITURES					
General and Administrative					
Accounting	-	5,000	-	-	-
Bond issue costs	288,553	34,070	31,050	31,050	-
Engineering	6,683	5,000	2,475	8,828	10,000
Capital Projects					
Repay Developer advance	10,980,109	5,400,000	-	1,966,234	3,500,000
Capital outlay	11,292,166	9,493,902	-	1,633,236	8,024,934
Total expenditures	<u>22,567,511</u>	<u>14,937,972</u>	<u>33,525</u>	<u>3,639,348</u>	<u>11,534,934</u>
Total expenditures and transfers out requiring appropriation	<u>22,567,511</u>	<u>14,937,972</u>	<u>33,525</u>	<u>3,639,348</u>	<u>11,534,934</u>
ENDING FUND BALANCES	<u>\$ 9,451,046</u>	<u>\$ -</u>	<u>\$ 9,640,721</u>	<u>\$ 7,794,934</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**BNC METROPOLITAN DISTRICT NO. 3
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation, was formed by Court Order issued on January 8, 2004 and recorded on January 27, 2004 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Commerce City, Adams County, Colorado.

The District was established to provide for acquisition, construction, and installation of water, sanitation, drainage, street improvements, parks and recreational facilities, television relay and translation, and mosquito control.

On November 4, 2003, voters of the District elected to approve general obligation indebtedness not to exceed \$60,000,000 at an interest rate not to exceed 15%. They also passed an election question to increase property taxes \$500,000 annually, without limitation of rate, to pay the District's operations, maintenance and other expenses. Additionally, the District's electors authorized the District to collect, retain and spend all revenue, other than ad valorem taxes, without regard to any limitations under TABOR.

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 District is required to impose a maximum Required Mill Levy of 50.283 mills for collection in 2024. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount to pay the principal, premium if any, and interest on the Bonds as the same become due and payable [and to make up and deficiencies in the Reserve Fund].

The calculation of the taxes levied is displayed on Property Tax Summary page of the budget at the adopted total mill levy of 70.135 mills.

**BNC METROPOLITAN DISTRICT NO. 3
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Property Taxes (continued)

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2024, the assessment rate for single family residential property decreases to 6.765% from 6.95%. The rate for multifamily residential property, the newly created subclass, decreases to 6.765% from 6.80%. Agricultural and renewable energy production property remains at 26.4%. Producing oil and gas remains at 87.5%. All other nonresidential property decreases to 27.90% from 29%.

Specific Ownership Taxes

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

Developer Advance

The District is in the development stage. As such, the operating and administrative expenditures will be mainly funded by the Developer. A major portion of the capital expenditures are also expected to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 5%.

Expenditures

Administrative and Operating Expenditures

General and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and meeting expense. Operations and maintenance expenditures related to streetscape, landscaping, snow removal, and utilities are also included.

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

**BNC METROPOLITAN DISTRICT NO. 3
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures (continued)

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

Debt and Leases

On December 29, 2022 the District issued the Limited Tax General Obligation Bonds, Series 2022A (the "Senior Bonds") and Subordinate Cash Flow Bonds, Series 2022B (the "Subordinate Bonds"), in the respective amounts of \$11,815,297.50 and \$4,790,000.

Proceeds of the Senior and Subordinate Bonds will be used for the purpose of paying Project Costs, which are the costs attributing to the acquisition, construction, and installation of approved public facilities and costs of issuing the Senior and Subordinate Bonds.

The District has outstanding Developer advances. The anticipated Developer advances are as follows:

	Balance - December 31, 2022	Additions	Reductions	Balance - December 31, 2023*	Additions	Reductions	Balance - December 31, 2024*
Developer Advances:							
Operations	\$ 241,141	\$ 109,500	\$ -	\$ 350,641	\$ 153,000	\$ -	\$ 503,641
Capital	312,057	1,633,236	1,945,293	-	3,500,000	3,500,000	-
Accrued Interest on Developer Advances:							
Operations	143,247	23,671	-	166,918	34,171	-	201,090
Capital	137	20,804	20,941	-	-	-	-
Total	\$ 696,582	\$ 1,787,211	\$ 1,966,234	\$ 517,559	\$ 3,687,171	\$ 3,500,000	\$ 704,731

*Estimated balances

Reserves

Emergency Reserve Funds

The District has provided for an emergency reserve equal to at least 3% of the fiscal year spending for 2024, as defined under TABOR.

This information is an integral part of the accompanying budget.

BNC METROPOLITAN DISTRICT NO. 3

\$11,815,297.50 (Value at Issuance)
 \$12,750,000 (Value at Conversion Date)
 General Obligation Limited Tax
 Convertible Capital Appreciation Bonds
 Series 2022A
 Dated December 29, 2022
 Interest Rate 4.00%
 Principal Due December 1
 Interest Payable June 1 and December 1

<u>Year Ending December 31.</u>	<u>Value at Issuance</u>	<u>Accretion</u>	<u>Accreted Value</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$11,815,297.50	\$ 495,210	\$ 12,750,000	\$ -	\$ -	\$ -
2025				-	510,000	510,000
2026				180,000	510,000	690,000
2027				200,000	502,800	702,800
2028				225,000	494,800	719,800
2029				230,000	485,800	715,800
2030				255,000	476,600	731,600
2031				265,000	466,400	731,400
2032				290,000	455,800	745,800
2033				305,000	444,200	749,200
2034				330,000	432,000	762,000
2035				345,000	418,800	763,800
2036				375,000	405,000	780,000
2037				390,000	390,000	780,000
2038				420,000	374,400	794,400
2039				435,000	357,600	792,600
2040				470,000	340,200	810,200
2041				490,000	321,400	811,400
2042				525,000	301,800	826,800
2043				545,000	280,800	825,800
2044				585,000	259,000	844,000
2045				605,000	235,600	840,600
2046				650,000	211,400	861,400
2047				675,000	185,400	860,400
2048				720,000	158,400	878,400
2049				745,000	129,600	874,600
2050				795,000	99,800	894,800
2051				825,000	68,000	893,000
2052				875,000	35,000	910,000
Total				<u>\$ 12,750,000</u>	<u>\$ 9,350,600</u>	<u>\$ 22,100,600</u>

No assurance provided. See summary of significant assumptions.

RESOLUTION NO. 2023-11-___
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE BNC METROPOLITAN DISTRICT NO. 3
TO ADOPT THE 2024 BUDGET AND APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the BNC Metropolitan District No. 3 (“District”) has appointed the District Accountant to prepare and submit a proposed 2024 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, 2023, 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 16, 2023, 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 interfund 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 BNC Metropolitan District No. 3:

1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the BNC Metropolitan District No. 3 for the 2024 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 16th day of November, 2023.

Secretary

EXHIBIT A
(Budget)

I, David Solin, hereby certify that I am the duly appointed Secretary of the BNC Metropolitan District No. 3, and that the foregoing is a true and correct copy of the budget for the budget year 2023, duly adopted at a meeting of the Board of Directors of the BNC Metropolitan District No. 3 held on November 16, 2023.

By: _____
Secretary

RESOLUTION NO. 2023-11-___
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE BNC METROPOLITAN DISTRICT NO. 3
TO SET MILL LEVIES

WHEREAS, the Board of Directors of the BNC Metropolitan District No. 3 (“District”) has adopted the 2024 annual budget in accordance with the Local Government Budget Law on November 16, 2023; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2024 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 BNC Metropolitan District No. 3:

1. That for the purposes of meeting all general fund expenses of the District during the 2024 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 2024 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 Adams 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 16th day of November, 2023.

Secretary

EXHIBIT A
(Certification of Tax Levies)

I, David Solin, hereby certify that I am the duly appointed Secretary of the BNC Metropolitan District No. 3, and that the foregoing is a true and correct copy of the Certification of Mill Levies for the budget year 2024, duly adopted at a meeting of the Board of Directors of the BNC Metropolitan District No. 3 held on November 16, 2023.

Secretary

RESOLUTION NO. 2023-11-____

**RESOLUTION OF THE BOARD OF DIRECTORS OF BNC METROPOLITAN
DISTRICT NO. 3 AUTHORIZING ADJUSTMENT OF THE DISTRICT MILL LEVY IN
ACCORDANCE WITH THE SERVICE PLAN**

A. BNC Metropolitan District No. 3 (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 Commerce City, on September 15, 2003, (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 debt service mill levy of fifty (50) mills (“**Maximum Debt Mill Levy**”). The Service Plan does not impose a cap on the District’s ability to impose an operation and maintenance mill levy (“**Operation and Maintenance Mill Levy**”).

D. Section VI.C. of the Service Plan authorizes adjustment of the Maximum Debt Mill Levy in the event that the method of calculating assessed valuation is changed after August 21, 2000 (the “**Baseline Year**”), by any change in law, change in method of calculation, or in the event of any legislation or constitutionally mandated tax credit, cut, or abatement. The Maximum Debt Mill Levy may be increased or decreased to reflect such changes. Such increases or decreases shall be determined by the Board of Directors (“**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 provides 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 history of the residential assessment ratio in Colorado since property tax assessment year 1995, as set by the Colorado General Assembly, or as voted by the electors of the State of Colorado, is set forth in **Exhibit A**, attached hereto and incorporated herein by this reference.

G. At the time of the Baseline Year, the residential assessment ratio set by the Colorado General Assembly was 9.74%.

H. In 2022, the Colorado General Assembly (the “**General Assembly**”) passed Senate Bill 22-238, which amended Section 39-1-104.2, C.R.S. by setting the ratio of valuation for:

1. Multi-family residential real property at 6.80% for property tax assessment years 2022 and 2024;
2. Multi-family residential real property at 6.765% for property tax assessment year 2023;
3. Residential real property other than multi-family residential real property at 6.95% for property tax assessment year 2022; and
4. Residential real property other than multi-family residential real property at 6.765% for property tax assessment year 2023.

I. In 2023, the General Assembly passed Senate Bill 23-303, which referred a ballot issue, known as Proposition HH, to the electors of the State of Colorado for the November 7, 2023 election. If Proposition HH passes, the residential assessment rate for both multi-family residential real property and residential real property, other than multi-family residential real property, will be 6.70% for property tax assessment year 2023.

J. Proposition HH did not pass at the November 7, 2023 election and, as a result, the residential assessment rate for both multi-family residential real property and residential real property, other than multi-family residential real property, will be 6.765% for property tax assessment year 2023 as set forth in Senate Bill 22-238.

K. In compliance with the Service Plan, in order to mitigate the effect of the reduction in the ratio of valuation for residential real property set by Senate Bill 22-238 for property tax assessment year 2023, the Board determines it to be in the best interest of the District, its residents, users, property owners, and the public, to adjust the Maximum Debt Mill Levy, so that the actual tax revenues to be received by the District are neither diminished nor enhanced as a result of the change in the ratio of valuation for assessment since the Baseline Year.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of BNC Metropolitan District No. 3, Adams County, Colorado:

1. The Board hereby authorizes the adjustment of the Maximum Debt Mill Levy to reflect that Senate Bill 22-238 set the residential assessment rate for both multi-family residential real property and residential real property, other than multi-family residential real property, at 6.765% for property tax assessment year 2023, which is a change from the 9.74% ratio of valuation for assessment of residential property as of the Baseline Year.
2. The Service Plan allows for a total mill levy imposition of **70.135 mills** (the “**Adjusted Mill Levy**”) so that District revenues shall be neither diminished nor enhanced as a result of the ratio of valuation for assessment being set at 6.765% for collection year 2024.
3. The Adjusted Mill Levy shall be reflected in the District’s Certification of Tax Levies to be submitted to the Adams County Board of County Commissioners on or before December 15, 2023, for collection in 2024.

**[SIGNATURE PAGE TO RESOLUTION AUTHORIZING ADJUSTMENT OF THE
DISTRICT MILL LEVY IN ACCORDANCE WITH THE SERVICE PLAN]**

RESOLUTION APPROVED AND ADOPTED ON NOVEMBER 16, 2023.

BNC METROPOLITAN DISTRICT NO. 3

President

Attest:

Secretary

EXHIBIT A

History of Residential Assessment Ratio

<u>Tax Levy/Assessment Year</u>	<u>Tax Collection Year</u>	<u>Residential Assessment Ratio</u>
1995	1996	10.36%
1996	1997	
1997	1998	9.74%
1998	1999	
1999	2000	
2000	2001	
2001	2002	9.15%
2002	2003	
2003	2004	7.96%
2004	2005	
2005	2006	
2006	2007	
2007	2008	
2008	2009	
2009	2010	
2010	2011	
2011	2012	
2012	2013	
2013	2014	
2014	2015	
2015	2016	

<u>Tax Levy/Assessment Year</u>	<u>Tax Collection Year</u>	<u>Residential Assessment Ratio</u>
2016	2017	
2017	2018	7.20%
2018	2019	
2019	2020	7.15%
2020	2021	
2021	2022	
2022	2023	6.95% (other than multi-family) 6.80% (multi-family)
2023	2024	6.765%



Special Districts Master Services Agreement

BNC Metro District No. 3
141 Union Blvd., Ste. 150, Lakewood, CO, 80028
MSA Date: October 15, 2023

This master service agreement (“MSA”) documents the terms, objectives, and the nature and limitations of the services CliftonLarsonAllen LLP (“CLA,” “we,” “us,” and “our”) will provide for BNC Metro District No. 3 (“you,” “your,” “board of directors” or “the district”). The terms of this MSA will apply to the initial and each subsequent statement of work (“SOW”), unless the MSA is changed in a communication that you and CLA both sign or is terminated as permitted herein.

Scope of professional services

CLA will provide services as described in one or more SOW that will reference this MSA. The SOW will describe the scope of professional services; the nature, limitations, and responsibilities related to the specific services CLA will provide; and the fees for such services.

If modifications or changes are required during CLA’s performance of requested services, or if you request that we perform any additional services, we will provide you with a separate SOW for your signature. Such SOW will advise you of the additional fee and time required for such services to facilitate a clear understanding of the services.

Our services cannot be relied upon to disclose errors, fraud, or noncompliance with laws and regulations. Except as described in the scope of professional services section of this MSA or any applicable SOW, we have no responsibility to identify and communicate deficiencies in your internal control as part of any services.

Board of director responsibilities

The board of directors of the district acknowledge and understand that our role is to provide the services identified in one or more SOWs issued per this MSA and that the board of directors of the district has certain responsibilities that are fundamental to our undertaking to perform the identified services. The district may engage CLA to perform management functions to help the board of directors of the district to meet your responsibilities, but the board of directors of the district acknowledges its role in management of the district.

Responsibilities and limitations related to nonattest services

For all nonattest services we may provide to you, you agree to oversee all management services; evaluate

the adequacy and results of the services; ensure that your data and records are complete; and accept responsibility for the results of the services. CLA and the district agree that the foregoing sentence is not intended and shall not be construed to be a limitation of liability for the benefit of CLA nor an exculpatory clause for the benefit of CLA. CLA is and will remain liable to the district for CLA's negligence and gross negligence in the work that it performs under this MSA or under any SOW.

Fees and terms

See the applicable SOW for the fees for the services.

Work may be suspended if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagements will be deemed to have been completed even if we have not completed the services. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures permitted by this MSA through the date of termination.

Payments may be made utilizing checks, Bill.com, your online banking platform, CLA's electronic payment platform, or any other client initiated payment method approved by CLA. CLA's electronic online bill pay platform claconnect.com/billpay accepts credit card and Automated Clearing House (ACH) payments. Instructions for making direct bank to bank wire transfers or ACH payments will be provided upon request.

Other Fees

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

Finance charges and collection expenses

You agree that if any statement is not paid within 30 days from its billing date, the unpaid balance shall accrue interest at the monthly rate of one percent (1.00%), which is an annual percentage rate of 12%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable if and as provided by Colorado law.

Limitation of remedies

Each party agrees that in no event shall the other party be liable for any indirect, special, incidental, consequential, punitive or exemplary damages, or for loss of profits or loss of goodwill, costs, or attorney fees.

The exclusive remedy available to you shall be the right to pursue claims for actual damages related to CLA's acts or omissions in performance of our duties under the terms of this MSA or any SOW issued under this MSA.

Time limitation

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any dispute that may arise between you and any CLA party. Any legal or equitable action brought by the district to recover on a dispute shall be commenced within the applicable statute of limitations under Colorado state statutes and case law.

CLA shall be authorized to the following cash access services:

- Using any or a combination of the following methods and approval processes, we will pay your vendors and service providers based upon invoices that you have reviewed and approved:
 - Paper checks – we will prepare the checks for your approval and wet ink signature
 - Payments using Bill.com – we will only release payments after you have electronically approved and authorized such payments
 - ACH/Wire – we will use this method as needed/as requested, with your approval

We understand that you will designate one or more members of the board of directors to approve disbursements using the above methods.

- If applicable, access the entity credit card for purposes of purchasing products and services on your behalf up to a certain limit that will be discussed with you and documented separately
- Obtain administrator access to your bank accounts for purposes of performing the duties documented in our engagement letter identified above
- Take deposits to the bank that include cash
- If applicable, have access to cash-in-kind assets, such as coupons
- If applicable, initiate direct deposits or sign checks as part of the payroll processing function

Board of Directors' responsibilities relevant to CLA's access to your cash

All members of your board of directors are responsible for the processes below; however, we understand that you will designate one or more board of directors to review and give approvals for disbursements. All approvals must be documented in writing, either electronically or manually, then formally ratified in board meetings and documented in the meeting minutes.

- Approve all invoices and check payments
- Approve all new vendors and customers added to the accounting system
- Approve non-recurring wires to external parties
- Pre-approve for recurring wires, then board of directors will ratify approval
- Approve all new employees and all employee status changes prior to those employees or changes being added to the payroll system
- Approve all credit card statements prior to those expenses being processed in the accounting system and subsequently paid

- Approve (or delegate to the CLA controller if applicable) all customer and vendor credit memos and accounts receivable amounts written off
- Review and approve (or delegate to the CLA controller if applicable) all bank statements and affiliated monthly reconciliations

Other provisions

Except as expressly permitted by the “Consent” section of this agreement, CLA shall not disclose any confidential, proprietary, or privileged information of the district or you to any person or party, unless the district or you authorizes us to do so, it is published or released by the district, it becomes publicly known or available other than through disclosure by us, or disclosure is required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

Pursuant to authority given by law or regulation, we may be requested to make certain workpapers available to a regulator for its regulatory oversight purposes. We will notify you of any such request, if permitted by law. Access to the requested workpapers will be provided to the regulator under the supervision of CLA personnel and at a location designated by our firm. Furthermore, upon request, we may provide copies of selected workpapers to such regulator. The regulator may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

You acknowledge and agree that this agreement and the pricing structure and billing rates of CLA are sensitive information which you shall not furnish or otherwise disclose to any third party without the prior written consent of CLA or as required by the Colorado Open Records Act, Section 24-72-200.1 et seq., C.R.S. (“CORA”).

Insurance:

CLA shall acquire and maintain in full force and effect, during the entire term of the MSA, the insurance coverages set forth in below in order to protect the district including its board of directors, and CLA from claims that arise out of or result from the operations under this MSA by the CLA or its affiliates or by anyone acting on their behalf or for which they may be liable. Failure to maintain the insurance policies shall be a material breach of this MSA and the district may request certificates of insurance reflecting the coverages outlined below.

- A.** Workers’ Compensation Insurance
- B.** Commercial General Liability Insurance
- C.** Commercial Automobile Liability Insurance
- D.** General Professional Liability
- E.** Network Security (Cyber) Liability Insurance

F. Excess/Umbrella Liability Coverage

The relationship of CLA with the district shall be solely that of an independent contractor and nothing in this agreement shall be construed to create or imply any relationship of employment, agency, partnership, or any relationship other than an independent contractor.

If applicable, accounting standards and procedures will be suggested that are consistent with those normally utilized in a district of your size and nature. Internal controls may be recommended relating to the safeguarding of the district's assets. If fraud is initiated by your employees or other service providers, your insurance is responsible for covering any losses.

The district agrees that CLA will assume fiduciary responsibility on the district's behalf during the course of this agreement only if provided in SOWs issued under this MSA; and the parties, in entering into this MSA, do not intend to create an overarching fiduciary relationship.

CLA may, at times, utilize external web applications to receive and process information from our clients; however, it is not appropriate for you to upload protected health information using such applications. All protected health information contained in a document or file that you plan to transmit to us via a web application must be redacted by you to the maximum extent possible prior to uploading the document or file. In the event that you are unable to remove or obscure all protected health information, please contact us to discuss other potential options for transmitting the document or file.

Annual Appropriation and Budget

The district does not intend hereby to create a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever. CLA expressly understands and agrees that the district's obligations under this MSA shall extend only to monies appropriated for the purposes of this MSA by the board of directors and shall not constitute a mandatory charge, requirement or liability in any ensuing fiscal year beyond the then-current fiscal year. No provision of this MSA shall be construed or interpreted as a delegation of governmental powers by the district, or as creating a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever of the district or statutory debt limitation, including, without limitation, Article X, Section 20 or Article XI, Section 6 of the Constitution of the State of Colorado. No provision of this MSA shall be construed to pledge or to create a lien on any class or source of district funds. The district's obligations under this MSA exist subject to annual budgeting and appropriations, and shall remain subject to the same for the entire term of this MSA.

Governmental Immunity

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

No Third-Party Beneficiaries

It is expressly understood and agreed that enforcement of the terms and conditions of this MSA, and all rights of action relating to such enforcement, shall be strictly reserved to the Parties and nothing contained

in this MSA shall give or allow any such claim or right of action by any third party. It is the express intention of the Parties that any person other than Parties receiving services or benefits under this MSA shall be deemed to be an incidental beneficiary only.

Personal Identifying Information

During the performance of this MSA, the district may disclose Personal Identifying Information to CLA. “Personal Identifying Information” means a social security number; a personal identification number; a password; a pass code; an official state or government-issued driver’s license or identification card number; a government passport number; biometric data, as defined in § 24-73-103(1)(a), C.R.S.; an employer, student, or military identification number; or a financial transaction device, as defined in § 18-5-701(3), C.R.S. In compliance with § 24-73-102, C.R.S., CLA agrees to implement and maintain reasonable security procedures and practices that are: (i) appropriate to the nature of the Personal Identifying Information disclosed to CLA; and (ii) reasonably designed to help protect the Personal Identifying Information from unauthorized access, use, modification, disclosure, or destruction.

CLA agrees to report within twenty-four (24) hours to the district’s board of directors any Data Security Incidents that may result in the unauthorized disclosure of Personal Identifying Information. For the purposes of this MSA “Data Security Incident” is defined to mean any actual or reasonably suspected: (a) unauthorized use of, or unauthorized access to, CLA systems; (b) inability to access business and other proprietary information, data, or the CLA systems due to a malicious use, attack, or exploit of such business and other proprietary information or systems; (c) unauthorized access to, theft of, or loss of business and other proprietary information, or of storage devices that could reasonably contain such information; (d) unauthorized use of business and other proprietary information or data for purposes of actual or reasonably suspected theft, fraud, or identity theft; (e) unauthorized disclosure of business and other proprietary information or data.

Consent to use financial information

Annually, we assemble a variety of benchmarking analyses using data obtained through our client engagements. Some of this benchmarking information is published and released publicly. However, the information that we obtain is confidential, as required by the AICPA Code of Professional Conduct. Your acceptance of this MSA will serve as your consent to use of BNC Metro District No. 3 information, excluding Personal Identifying Information, in these cost comparison, performance indicator, and/or benchmarking reports.

Technology

CLA may, at times, use third-party software applications to perform services under this agreement. CLA can provide a copy of the application agreement at your request. You acknowledge the software vendor may have access to your data.

Colorado law requires special districts to maintain websites and further requires that certain documents which may be prepared by CLA to be uploaded to those websites. CLA specifically acknowledges and agrees that the district may upload to its website any documents prepared by CLA for the district and further, that those documents may be used in public meetings hosted by or to which the district is a party.

Counterpart Execution

This MSA may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

Electronic Signatures

The parties consent to the use of electronic signatures pursuant to the Uniform Electronic Transactions Act, Sections 24-71.3-101, et seq., Colorado Revised Statutes, as may be amended from time to time. The MSA, and any other documents requiring a signature hereunder, may be signed electronically by the parties in a manner acceptable to the district. The parties agree not to deny the legal effect or enforceability of the MSA solely because it is in electronic form or because an electronic record was used in its formation. The parties agree not to object to the admissibility of the MSA in the form of an electronic record, or a paper copy of an electronic document, or a paper copy of a document bearing an electronic signature, on the ground that it is an electronic record or electronic signature or that it is not in its original form or is not an original.

MSA Modification

The MSA may not be amended, altered, or otherwise changed except by a written agreement signed by authorized representatives of the parties.

Termination of MSA

Either party may terminate this MSA at any time by giving 30 days written notice to the other party. In that event, the provisions of this MSA shall continue to apply to all services rendered prior to termination.

Agreement

We appreciate the opportunity to be of service to you and believe this MSA accurately summarizes the significant terms of our relationship. This MSA, along with the applicable SOW(s), constitute the entire agreement regarding services to be performed and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between you and CLA. If you have any questions, please let us know. If you agree with the terms of our relationship as described in this MSA, please sign, date, and return.

CliftonLarsonAllen LLP

Jason Carroll
Managing Principal of Office
303-265-7835
jason.carroll@CLAconnect.com

Response

This MSA correctly sets forth the understanding of BNC Metro District No. 3 and is accepted by:

CLA
CliftonLarsonAllen LLP

Jason Carroll

Jason Carroll, Managing Principal of Office

SIGNED 10/17/2023, 7:15:08 PM CDT

Client
BNC Metro District No. 3

SIGN:

Janis Emanuel, President

DATE:



Special Districts Preparation Statement of Work

Date: October 19, 2023

This agreement constitutes a Statement of Work (“SOW”) to the Master Service Agreement (“MSA”) made by and between CliftonLarsonAllen LLP (“CLA,” “we,” “us,” and “our”) and BNC Metro District No. 3 (“you,” “your,” “board of directors” or “the district”) dated October 15, 2023 or any superseding MSA. The purpose of this SOW is to outline certain services you wish us to perform through December 31, 2024 in connection with that agreement.

Scope of professional services

Jason Carroll is responsible for the performance of the preparation engagement and other services identified in this agreement. They may be assisted by one or more of our authorized signers in the performance of the preparation engagement.

Ongoing normal accounting services:

- Outsourced accounting activities
 - For each fund of the district, CLA will generally prepare and maintain the following accounting records:
 - Cash receipts journal
 - Cash disbursements journal
 - General ledger
 - Accounts receivable journals and ledgers
 - Deposits with banks and financial institutions
 - Schedule of disbursements
 - Bank account reconciliations
 - Investment records
 - Detailed development fee records

- Process accounts payable including the preparation and issuance of checks for approval by the board of directors
- Prepare billings, record billings, enter cash receipts, and track revenues
- Reconcile certain accounts regularly and prepare journal entries
- Prepare depreciation schedules
- Prepare quarterly financial statements and supplementary information, but not perform a compilation with respect to those financial statements; additional information is provided below
- Prepare a schedule of cash position to monitor the district's cash deposits, funding for disbursements, and investment programs in accordance with policies established by the district's board of directors and in accordance with state law
- At the direction of the board of directors, assist with the coordination and execution of banking and investment transactions and documentation
- Prepare the annual budget and assist with the filing of the annual budget
- Assist the district's board of directors in monitoring actual expenditures against appropriation/budget
- If an audit is required, prepare the year-end financial statements (additional information is provided below) and related audit schedules for use by the district's auditors
- If an audit is not required, prepare the Application for Exemption from Audit, perform a compilation engagement with respect to the Application for Exemption from Audit, and assist with the filing of the Application for Exemption from Audit – additional information is provided below
- Monitor compliance with bond indentures and trust agreements, including preparation of continuing disclosure reports to the secondary market as required
- Review claims for reimbursement from related parties prior to the board of directors' review and approval
- Read supporting documentation related to the district's acquisition of infrastructure or other capital assets completed by related parties for overall reasonableness and completeness
 - Procedures in excess of providing overall reasonableness and completeness will be subject to a separate SOW

- These procedures may not satisfy district policies, procedures, and agreements' requirements
 - Note: our procedures should not be relied upon as the final authorization for this transaction
- Attend board meetings as requested
 - Be available during the year to consult with you on any accounting matters related to the district
 - Review and approve monthly reconciliations and journal entries prepared by staff
 - Reconcile complex accounts monthly and prepare journal entries
 - Analyze financial statements and present to management and the board of directors
 - Develop and track key business metrics as requested and review periodically with the board of directors
 - Document accounting processes and procedures
 - Continue process and procedure improvement implementation
 - Report on cash flows
 - Assist with bank communications
 - Perform other non-attest services

Compilation services

If an audit is not required, we will complete the Application for Exemption from Audit in the form prescribed by the Colorado Office of the State Auditor and perform a compilation engagement with respect to the Application for Exemption from Audit.

Preparation services - financial statements

We will prepare the quarterly financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information if applicable of the district, which comprise the balance sheet – governmental funds and the related statement of revenues, expenditures, and changes in fund balance – general fund. The financial statements will not include the related notes to the financial statements; the government-wide financial statements; the statement of revenues, expenditures, and changes in fund balances – governmental funds; statement of cash flows for business type activities, if applicable; and required supplementary information.

Preparation services - annual

If an audit is required, we will prepare the year-end financial statements of the government wide governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information if applicable, and Management Discussion and Analysis, if applicable, which collectively comprise the basic financial statements of the district, and the related notes to the financial statements. The year-end financial statements, including the related notes to the financial statements, will be prepared for use by the district's auditors.

Preparation services – prospective financial information (i.e., unexpired budget information)

You have requested that we prepare the financial forecast, which comprises the forecasted financial statements identified below.

A financial forecast presents, to the best of management's knowledge and belief, the entity's expected financial position, results of operations, and cash flows for the forecast period. It is based on management's assumptions reflecting conditions it expects to exist and the course of action it expects to take during the forecast period.

The financial forecast will omit substantially all of the disclosures required by the guidelines for presentation of a financial forecast established by the American Institute of Certified Public Accountants (AICPA presentation guidelines) other than those related to the significant assumptions.

The supplementary information accompanying the financial forecast will be prepared and presented for purposes of additional analysis and is not a required part of the basic financial forecast. References to financial statements in the remainder of this SOW are to be taken as a reference to also include the prospective financial information, where applicable.

Engagement objectives and our responsibilities

The objectives of our engagement are to:

- a)** Prepare quarterly financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), except for the departures from U.S. GAAP identified above, based on information provided by you and information generated through our outsourced accounting services.
- b)** As requested, apply accounting and financial reporting expertise to assist you in the presentation of your quarterly financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for them to be in accordance with U.S. GAAP, except for the departures from U.S. GAAP identified above.
- c)** Prepare the annual budget in accordance with the requirements prescribed by Colorado Revised Statutes C.R.S. 29-1-105 based on information provided by you.
- d)** Apply accounting and financial reporting expertise to assist you in the presentation of the annual budget without undertaking to obtain or provide any assurance that there are no material

modifications that should be made to the annual budget in order for the annual budget to be in accordance with requirements prescribed by Colorado Revised Statutes C.R.S. 29-1-105.

- e) If an audit is required, prepare the year-end financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) based on information provided by you.
- f) If applicable, we will complete the Application for Exemption from Audit in the form prescribed by the Colorado Office of the State Auditor and perform a compilation engagement on the application.

We will conduct our preparation and compilation engagements in accordance with Statements on Standards for Accounting and Review Services (SSARSS) promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (AICPA) and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

Engagement procedures and limitations

We are not required to, and will not, verify the accuracy or completeness of the information provided to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion, a conclusion, nor provide any assurance on the financial statements, the annual budget, the Application for Exemption from Audit (if an audit is not required), the year-end financial statements (if an audit is required), and the supplementary information.

Our engagement cannot be relied upon to identify or disclose any misstatements in the quarterly financial statements, the annual budget, the Application for Exemption from Audit, and the year-end financial statements, including misstatements caused by fraud or error, or to identify or disclose any wrongdoing within the district or noncompliance with laws and regulations. However, if any of the foregoing are identified as a result of our engagement, we will promptly report this information to the board of directors of the district. We have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement, but will promptly report them to the board of directors of the district if they are identified. You agree that we shall not be responsible for any misstatements in the district's financial statements, the annual budget, the Application for Exemption from Audit, and the year-end financial statements that we may not identify as a result of misrepresentations made to us by you.

Our report

The compilation report on the Application for Exemption from Audit will state that management is responsible for the accompanying application included in the prescribed form, that we performed a compilation of the application, that we did not audit or review the application, and that, accordingly, we do not express an opinion a conclusion, nor provide any form of assurance on it. The report will also state that the Application for Exemption from Audit is presented in accordance with the requirements of the Colorado Office of the State Auditor and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America. The report will include a statement that the report is intended solely for the information and use of the Colorado Office of the State Auditor and is not intended to be and should not be used by anyone other than this specified party and may not be suitable for another

purpose.

There may be circumstances in which the report may differ from its expected form and content. If, for any reason, we are unable to complete the compilation on the Application for Exemption from Audit (if an audit is not required), we will not issue report on the Application for Exemption from Audit as a result of this engagement.

No assurance statements

The quarterly financial statements prepared for the district will not be accompanied by a report. However, management agrees that each page of the financial statements will include a statement clearly indicating that no assurance is provided on them.

As part of our preparation of financial statements each page of the financial statements and supplementary information will include the following statement: “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 if applicable, For business type activities, the Statement of Cash Flows has been omitted”.

If an audit is required, the year-end financial statements prepared for use by the district’s auditors will not be accompanied by a report. However, management agrees that each page of the year-end financial statements will include a statement clearly indicating that no assurance is provided on them.

Management responsibilities

The financial statement engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare financial statements in accordance with U.S. GAAP and assist management in the presentation of the financial statements in accordance with U.S. GAAP, except for the departures from U.S. GAAP identified above.

The annual budget engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare the annual budget in accordance with the requirements prescribed by Colorado Revised Statutes C.R.S. 29.1.105 and assist management in the presentation of the annual budget in accordance with the requirements prescribed by Colorado Revised Statutes C.R.S. 29.1.105.

The Application for Exemption from Audit engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare the Application for Exemption from Audit in accordance with the requirements prescribed by the Colorado Office of the State Auditor and assist management in the presentation of the Application for Exemption from Audit in accordance with the requirements prescribed by the Colorado Office of the State Auditor.

We are required by professional standards to identify management’s responsibilities in this agreement. Professional standards define management as the persons with executive responsibility for the conduct of the district’s operations and may include some or all of those charged with governance. Those standards require that you acknowledge and understand that management has the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARs:

- a) The selection of the financial reporting framework to be applied in the preparation of the financial statements, the annual budget, and the Application for Exemption from Audit.
- b) The preparation and fair preparation of the financial statements in accordance with U.S. GAAP, except as identified as above, the preparation and fair presentation of the annual budget in accordance with the requirements prescribed by Colorado Revised Statutes C.R.S. 29.1.105, and the preparation and fair presentation of the Application for Exemption from Audit (if applicable) in accordance with the requirements prescribed by the Colorado Office of the State Auditor.
- c) The presentation of the supplementary information.
- d) The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements, the annual budget, and the Application for Exemption from Audit (if applicable) that are free from material misstatement, whether due to fraud or error.
- e) The prevention and detection of fraud.
- f) To ensure that the entity complies with the laws and regulations applicable to its activities.
- g) The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements.
- h) To provide us with the following:
 - i) Access to all information relevant to the preparation and fair presentation of the financial statements, and the annual budget, the Application for Exemption from Audit (if applicable) such as records, documentation, and other matters.
 - ii) Additional information that may be requested for the purpose of the engagement.
 - iii) Unrestricted access to persons within the entity with whom we determine it necessary to communicate.

We understand that you are engaging us to make recommendations and perform services to help you meet your responsibilities relevant to the preparation and fair presentation of the financial statements, the annual budget, and the Application for Exemption from Audit (if applicable).

For all accounting services we may provide to you, including the preparation of your financial statements, the annual budget, and the Application for Exemption from Audit (if applicable), management agrees to assume all management responsibilities; oversee the services by designating an individual (i.e., the board treasurer); evaluate the adequacy and results of the services; and accept responsibility for the results of the services.

Fees and terms

Billing rates guaranteed through **December 31, 2024**:

Services performed by	Rate per hour
Principal	\$300-\$600
Consulting CFO	\$290-\$400
Consulting Controller	\$240-\$380
Assistant Controller	\$210-\$290
Senior	\$150-\$220
Staff	\$130-\$190
Administrative Support	\$120-\$170

Subsequent to the billing rate guarantee date, the rates may be adjusted as agreed between you and CLA through a new SOW.

Our professional fees will be billed based on the degree of responsibility and contribution of the professionals working on the engagement. We will also bill for expenses (including internal and administrative charges) plus a technology and client support fee of five percent (5%) of all professional fees billed.

Use of financial statements, the annual budget, the Application for Exemption from Audit

The financial statements, the annual budget, and the Application for Exemption from Audit (if applicable) are for management's use. If you intend to reproduce and publish the financial statements, the annual budget, and the Application for Exemption from Audit (if applicable) and our report thereon, they must be reproduced in their entirety. Inclusion of the financial statements, the annual budget, and the Application for Exemption from Audit (if applicable) in a document, such as an annual report or an offering document, should be done only with our prior approval of the document. You are responsible to provide us the opportunity to review such documents before issuance.

With regard to the electronic dissemination of financial statements, the annual budget, and the Application for Exemption from Audit (if applicable) that have been subjected to a compilation engagement, including financial statements, the annual budget, and the Application for Exemption from Audit (if applicable) published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

We may issue preliminary draft financial statements to you for your review. Any preliminary draft financial

statements should not be relied on or distributed.

Municipal advisors

For the avoidance of doubt, the district is not engaging CLA as a municipal advisor, and CLA is not a municipal advisor as defined in Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act or under Section 158 of the Securities Exchange Act of 1934 (the “Act”). CLA is not recommending an action to you, is not acting as an advisor to you, and does not owe a fiduciary duty to you pursuant to Section 158 of the Act with respect to the information and material contained in the deliverables issued under this engagement. You should discuss any information and material contained in the deliverables with any and all internal and external advisors that you deem appropriate before acting on this information or material.

Agreement

We appreciate the opportunity to provide the services described in this SOW related to the MSA. All terms and provisions of the MSA shall apply to these services. If you agree with the terms of this SOW, please sign below and return a signed copy to us to indicate your acknowledgment and understanding of, and agreement with, this SOW.

CliftonLarsonAllen LLP

Jason Carroll
Managing Principal of Office
303-265-7835
jason.carroll@CLAconnect.com

Response

This SOW correctly sets forth the understanding of BNC Metro District No. 3 and is accepted by:

CLA
CliftonLarsonAllen LLP

Jason Carroll

Jason Carroll, Managing Principal of Office

SIGNED 10/19/2023, 9:23:48 AM CDT

Client
BNC Metro District No. 3

SIGN:

Janis Emanuel, President

DATE:

THIRD AMENDMENT TO 2019-2021 OPERATION FUNDING AGREEMENT

This **THIRD AMENDMENT TO 2019-2021 OPERATION FUNDING AGREEMENT** (“**Third Amendment**”) is entered into this 16th day of November, 2023, by and between **BNC METROPOLITAN DISTRICT NO. 3**, a quasi-municipal corporation and political subdivision of the State of Colorado (the “**District**”), and **CATELLUS CC NOTE, LLC**, a Delaware limited liability company (the “**Developer**”) (each a “**Party**”, and collectively, the “**Parties**”).

RECITALS

A. The District and the Developer entered into that certain 2019-2021 Operation Funding Agreement, dated October 21, 2020, with an effective date of January 1, 2019 (the “**Agreement**”), as amended by that First Amendment to Operation Funding Agreement, dated November 18, 2021 (“**First Amendment**”) and that certain Second Amendment to Operation Funding Agreement, dated December 5, 2022 (“**Second Amendment**”) whereby the Developer agreed to advance funds to the District for operations and maintenance expenses.

B. Pursuant to the Agreement, the obligation of the Developer to fund the Shortfall Amount expires on December 31, 2023.

C. The Parties desire to further amend the Agreement to revise the definition of the term “Shortfall Amount,” and revise certain dates and deadlines, all as more particularly set forth below.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter set forth, the Parties agree as follows:

COVENANTS AND AGREEMENTS

1. All terms which are not defined herein shall have the same meaning as set forth in the Agreement.

2. Amendment to Section 1. Section 1 of the Agreement is hereby deleted in its entirety and replaced with the following:

“1. Acknowledgement of Anticipated Shortfall. The District anticipates a shortfall in revenues available for operations and maintenance expenses to be incurred for fiscal years 2019 through 2024 in the amount of Three Hundred Seventy Thousand Dollars (\$370,000.00) (the “**Shortfall Amount**”).”

3. Amendment to Section 2. Section 2 of the Agreement is hereby deleted in its entirety and replaced with the following:

“2. Payment of Shortfall. The Developer shall advance funds necessary to fund, or shall directly pay, the District’s operations and maintenance expenses on a periodic basis as needed for fiscal years 2019 through 2024 up to the Shortfall Amount. The District shall, from time to time, provide written notice to the Developer that an advance of all or part of the Shortfall Amount is required. The Developer shall make an advance of funds to the District within fifteen (15) days of receipt from the District of any such written notice that an advance of funds is required (“**Developer Advance**”).”

4. Amendment to Section 9. Section 9 of the OFA is hereby deleted in its entirety and replaced with the following:

“9. Term; Repose. The term of this Agreement shall commence on the date hereof and shall expire on December 31, 2024, unless terminated earlier by the mutual agreement of the Parties. Any obligation of the Developer to advance funds will expire upon advance to the District of amounts sufficient to pay expenses incurred in 2019 through 2024, not to exceed the Shortfall Amount. Any obligation of the District to reimburse the Developer shall expire on December 31, 2064. In the event the District has not reimbursed the Developer for any Developer Advance(s) made pursuant to this Agreement on or before December 31, 2064, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.”

5. All references in the Agreement, to the phrase “fiscal years 2019, 2020 and 2021” shall be deleted in their entirety and substituted in lieu thereof shall be the phrase: “fiscal years 2019 through 2024”.

6. Except as expressly set forth in this Third Amendment, all provisions of the Agreement remain unchanged and in full force and effect, valid and binding on the parties thereto.

7. This Third Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO THIRD AMENDMENT TO
2019-2021 OPERATION FUNDING AGREEMENT]**

IN WITNESS WHEREOF, the Parties have executed this Third Amendment as of the day and year first set forth above.

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

By: _____
President

Attest:

Secretary

CATELLUS CC NOTE, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

RESOLUTION NO. 2023-11-____
BNC METROPOLITAN DISTRICT NO. 3
RESOLUTION AMENDING POLICY ON COLORADO OPEN RECORDS ACT
REQUESTS

A. On October 14, 2017, BNC Metropolitan District No. 3 (the “**District**”) adopted Resolution No. 2017-10-07 Regarding Colorado Open Records Act Requests (the “**Resolution**”), in which the District adopted a policy related to Colorado Open Records Act Requests (the “**Policy**”).

B. In 2023, the Colorado General Assembly enacted Senate Bill 23-286, which provided for certain changes in the law related to Colorado Open Records Act Requests

C. The District desires to amend the Policy due to the legislative changes set forth in Senate Bill 23-286.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the BNC Metropolitan District No. 3, City of Commerce City, Adams County, Colorado:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Resolution.

2. Amendments to Policy. The Policy is hereby amended as follows:

(a) Amendment to Section 3 of the Resolution. Section 3 of the Resolution is hereby deleted in its entirety, and substituted in lieu thereof shall be the following:

“3. Within the period specified in Section 24-72-203(3)(a), C.R.S., as amended from time to time, the Official Custodian shall notify the record requester that a copy of the record is available, but will only be sent to the requester once the custodian either receives payment or makes arrangements for receiving payment for all costs associated with records transmission and for all other fees lawfully allowed, unless recovery of all or any portion of such costs or fees has been waived by the Official Custodian, or where prohibited or limited by law. Upon either receiving such payment or making arrangements to receive such payment at a later date, the Official Custodian shall provide the record(s) to the requester as soon as practicable, but no more than three (3) business days after receipt of, or making arrangements to receive, such payment.”

(b) Amendment to Section 5 of the Resolution. Section 5 of the Resolution is hereby deleted in its entirety, and substituted in lieu thereof shall be the following:

“5. The Official Custodian shall not charge a per-page fee for providing records in a digital or electronic format.”

(c) Amendment to Section 7 of the Resolution. Section 7 of the Resolution is hereby deleted in its entirety, and substituted in lieu thereof shall be the following:

“7. All requests for copies or inspection of public records of the District shall be submitted to the Official Custodian in writing. Such requests shall be delivered by the Official Custodian to the District’s legal counsel for review and legal advice regarding the lawful availability of records requested and related matters, including without limitation, whether to deny inspection or production of certain records or information for reasons set forth in Sections 24-72-204(2) and (3), C.R.S., as amended from time to time. The District may, from time to time, designate specific records for which written requests are not required and with respect to which review by legal counsel is not required; i.e., service plans, rules and regulations, minutes, etc. Such designations shall occur in the minutes of the meetings of the District.”

3. Except as expressly set forth herein, the Resolution continues to be effective without modification.

RESOLUTION APPROVED AND ADOPTED on November 16, 2023.

BNC METROPOLITAN DISTRICT NO. 3

By: _____
President

Attest:

Secretary

EXHIBIT C

To

INDENTURE OF TRUST

(Form of Project Fund Requisition)

Requisition No. 1

BNC METROPOLITAN DISTRICT NO. 3

INDENTURE OF TRUST

DATED DECEMBER 29, 2022

**GENERAL OBLIGATION (LIMITED TAX CONVERTIBLE TO UNLIMITED TAX)
CONVERTIBLE CAPITAL APPRECIATION BONDS, SERIES 2022A**

The undersigned District Representative (capitalized terms used herein shall have the meanings ascribed thereto by the above Indenture) hereby makes a requisition from the Unrestricted Account of the Project Fund held by UMB Bank, n.a., as trustee under the Indenture, and in support thereof states:

1. The amount to be paid or reimbursed pursuant hereto is \$581,263.39.
2. The name and address of the person, firm, or corporation to whom payment is due or has been made is as follows:

Catellus CC Note, LLC

3. Payment is due to the above person for (describe nature of the public improvement or public infrastructure related obligation)

Reimbursement of Public Improvements

4. The amount to be paid or reimbursed pursuant hereto shall be transmitted by the Trustee as follows (wire transfer or other transmission instructions):

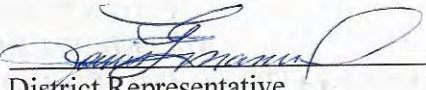
Wire transfer

5. The above payment obligations have been or will be properly incurred, is or will be a proper charge against the Unrestricted Account of the Project Fund, and have not been the basis of any previous withdrawal. The disbursement requested herein will be used solely for the payment of Project Costs. To the best knowledge of the undersigned, no Event of Default has occurred and is continuing.

6. With respect to the disbursement of funds by the Trustee from the Project Fund pursuant to this Project Fund Requisition, on behalf of the District, the undersigned District Representative or District President hereby: (a) certifies that the District has reviewed the wire instructions set forth in this Project Fund Requisition, and confirms that, to the best of the District's

knowledge, such wire instructions are accurate; (b) agrees that, to the extent permitted by law, the District will indemnify and hold harmless the Trustee from and against any and all claims, demands, losses, liabilities, and expenses sustained, including, without limitation, attorney fees, arising directly or indirectly from the Trustee's disbursement of funds from the Project Fund in accordance with this Project Fund Requisition and the wiring instructions provided herein; and (iii) agrees that the District will not seek recourse from the Trustee as a result of losses incurred by the District arising from the Trustee's disbursement of funds in accordance with this Project Fund Requisition.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of October, 2023.



District Representative

EXHIBIT C

To

INDENTURE OF TRUST

(Form of Project Fund Requisition)

Requisition No. 1

BNC METROPOLITAN DISTRICT NO. 3

INDENTURE OF TRUST

DATED DECEMBER 29, 2022

SUBORDINATE GENERAL OBLIGATION LIMITED TAX BONDS, SERIES 2022B(3)

The undersigned District Representative (capitalized terms used herein shall have the meanings ascribed thereto by the above Indenture) hereby makes a requisition from the Unrestricted Account of the Project Fund held by UMB Bank, n.a., as trustee under the Indenture, and in support thereof states:

1. The amount to be paid or reimbursed pursuant hereto is \$1,386,015.74.
2. The name and address of the person, firm, or corporation to whom payment is due or has been made is as follows:

Catellus CC Note, LLC

3. Payment is due to the above person for (describe nature of the public improvement or public infrastructure related obligation)
Reimbursement of Public Improvements.

4. The amount to be paid or reimbursed pursuant hereto shall be transmitted by the Trustee as follows (wire transfer or other transmission instructions):


Wire transfer

5. The above payment obligations have been or will be properly incurred, is or will be a proper charge against the Unrestricted Account of the Project Fund, and have not been the basis of any previous withdrawal. The disbursement requested herein will be used solely for the payment of Project Costs. To the best knowledge of the undersigned, no Event of Default has occurred and is continuing.

6. With respect to the disbursement of funds by the Trustee from the Project Fund pursuant to this Project Fund Requisition, on behalf of the District, the undersigned District Representative or District President hereby: (a) certifies that the District has reviewed the wire instructions set forth in this Project Fund Requisition, and confirms that, to the best of the District's

knowledge, such wire instructions are accurate; (b) agrees that, to the extent permitted by law, the District will indemnify and hold harmless the Trustee from and against any and all claims, demands, losses, liabilities, and expenses sustained, including, without limitation, attorney fees, arising directly or indirectly from the Trustee's disbursement of funds from the Project Fund in accordance with this Project Fund Requisition and the wiring instructions provided herein; and (iii) agrees that the District will not seek recourse from the Trustee as a result of losses incurred by the District arising from the Trustee's disbursement of funds in accordance with this Project Fund Requisition.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of October, 2023.


District Representative



141 Union Boulevard, Suite 150
Lakewood, CO 80228-1898
303-987-0835 • Fax: 303-987-2032

MEMORANDUM

TO: Board of Directors

FROM: Christel Gemski
Executive Vice-President

DATE: October 12, 2023

RE: Notice of 2024 Rate Increase

A rectangular box containing a handwritten signature in blue ink that reads "Christel Gemski".

In accordance with the Management Agreement (“Agreement”) between the District and Special District Management Services, Inc. (“SDMS”), at the time of the annual renewal of the Agreement, the hourly rate described in Article III for management and all services shall increase by (6.0%) per hour.

We hope you will understand that it is necessary to increase our rates due to increasing gas and operating costs along with new laws and rules implemented by our legislature.