

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	2022/May 2022
Robert J. Bol	Treasurer	2023/May 2023
Theodore Antenucci	Assistant Secretary	2022/May 2022
VACANT		2023/May 2022
VACANT		2023/May 2022
Ann E. Finn	Secretary	

DATE: November 18, 2021

TIME: 10:00 a.m.

PLACE: [Zoom Meeting](#):

The meeting can be joined through the directions below:

<https://us02web.zoom.us/j/81603344643?pwd=WHZ1b3QzQ3pKT0FWVTZQTzU4bW52dz09>

Meeting ID: 816 0334 4643

Passcode: 997200

Dial-In: 1-253-215-8782

One tap mobile: +12532158782,,81603344643#,,, *997200#

I. ADMINISTRATIVE MATTERS

- A. Present Disclosures of Potential Conflicts of Interest.
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- B. Approve Agenda; confirm location/manner of the meeting and posting of meeting notices.
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- C. Review and approve the Minutes of the June 15, 2021 Special Meeting (enclosure).
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- D. Discuss business to be conducted in 2022 and location (**virtual and/or physical**) of meetings. Schedule regular meeting dates (suggested dates are June 14, 2022 and October 18, 2022) and consider adoption of Resolution No. 2021-11-___; Resolution Establishing Regular Meeting Dates, Time and Location, and Designating Location for Posting of 24-Hour Notices (enclosure).
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- E. Discuss §32-1-809, C.R.S., Transparency Notice reporting requirements and mode of eligible elector notification for 2022 (SDA Website).
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- F. Discuss status of District website.
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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 June 30, 2021	Period ending July 31, 2021	Period Ending August 31, 2021	Period Ending Sept. 30, 2021
General	\$ 1,198.53	\$ 4,743.79	\$ 5,329.90	\$ 2,721.61
Debt	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Capital	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total	\$ 1,198.53	\$ 4,743.79	\$ 5,329.90	\$ 2,721.61

- B. Review and accept unaudited financial statements through the period ending September 30, 2021, updated cash position statement dated September 30, 2021 and the property tax reconciliation (enclosure).
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- C. Consider engagement of Haynie & Company for preparation of 2021 Audit, in the amount of \$5,500 (enclosure).
-

- D. Conduct Public Hearing to consider Amendment to 2021 Budget and (if necessary) consider adoption of Resolution to Amend the 2021 Budget and Appropriate Expenditures.
-

- E. Conduct Public Hearing on the proposed 2022 Budget and consider adoption of Resolution to Adopt the 2022 Budget and Appropriate Sums of Money and Set Mill Levies for General Fund _____, Debt Service Fund _____, and Other Fund(s) _____ for a total mill levy of _____ (enclosures – preliminary AV, draft 2022 Budget, and resolutions).

- F. Discuss and consider adoption of Resolution No. 2021-11-____, Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Service Plan (enclosure).

- G. Consider authorizing the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

- H. Consider appointment of District Accountant to prepare the 2023 Budget, and set the date for the Budget Hearing on October 18, 2022 at 2:00 p.m.

- I. Consider approval of a Master Service Agreement with CliftonLarsonAllen LLP (enclosure).

IV. LEGAL MATTERS

- A. Discuss May 3, 2022 Regular Directors’ election regarding new legislative requirements and related expenses for same. Consider adoption of Resolution No. 2021-11-____; Resolution Calling a Regular Election for Directors on May 3, 2022, appointing the Designated Election Official (“DEO”), and authorizing the DEO to perform all tasks required for the conduct of mail ballot election (enclosure). Self-Nomination forms are due by February 25, 2022. Discuss the need for ballot issues and/or questions.

- B. Review and consider ratifying approval of Reimbursement Agreement by and among the District, Catellus CC Note, LLC and AMH Development, LLC (enclosure).

- C. Review and consider ratifying approval of Reimbursement Agreement by and among the District, Catellus CC Note, LLC and Century Land Holdings, LLC (enclosure).
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- D. Status of discussions with BNC Metropolitan District No. 2 concerning recreational use and cost sharing of maintenance expenses for recreational facilities.
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- E. Review and consider approval of First Amendment to 2019-2021 Operation Funding Agreement between the District and Catellus CC Note, LLC (enclosure).
-

V. CAPITAL MATTERS

- A. Discuss current development within the District.
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VI. OTHER MATTERS

- A. _____
-

VII. ADJOURNMENT **THERE ARE NO MORE REGULAR MEETINGS SCHEDULED FOR 2021.**

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 JUNE 15, 2021

A Special Meeting of the Board of Directors of the BNC Metropolitan District No. 3 (referred to hereafter as "Board") was convened on Tuesday, the 15th day of June 2021, at 2:00 p.m. Due to concerns regarding the spread of the coronavirus (COVID-19) and the benefits to the control of the spread of the virus by limiting in-person contact, 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
Theodore Antenucci (for a portion of the meeting)

Also In Attendance Were:

Ann E. Finn; Special District Management Services, Inc.

Paula Williams, Esq.; McGeady Becher P.C.

Jason Carroll; CliftonLarsonAllen LLP

Michael Kuykendall; Catellus Development Corp. (for a portion of the meeting)

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. Ms. Finn 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 no additional conflicts were disclosed at the meeting.

ADMINISTRATIVE MATTERS

Agenda: Ms. Finn distributed for the Board's review and approval a proposed Agenda for the District's Special Meeting.

RECORD OF PROCEEDINGS

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

Meeting Location/Manner and Posting of Meeting Notice: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. The Board noted that due to concerns regarding the spread of the coronavirus (COVID-19) and the benefits to the control of the spread of the virus by limiting in-person contact, the District Board meeting was held by Zoom video/telephone conference.

Ms. Finn reported that notice was duly posted and that no 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 have been received.

Designation of 24-Hour Posting Location: Following discussion, upon motion duly made by Director Emanuel, seconded by Director Bol, and upon vote, unanimously carried, the Board determined that notices of meetings of the District Board required pursuant to Section 24-6-402(2)(c), C.R.S., shall be posted within the boundaries of the District as least 24 hours prior to each meeting at the following location: on the street light pole located on the Southwest corner of E. 104th Avenue and Revere Street.

Minutes: The Board reviewed Minutes of the November 9, 2020 Special Meeting.

Following discussion, upon motion duly made by Director Emanuel, seconded by Director Bol and, upon vote, unanimously carried, the Minutes of the November 9, 2020 Special Meeting were approved, as presented.

2021 SDA Conference: Ms. Finn discussed the SDA Conference with the Board, and noted the information concerning the details of the conference will be emailed to them once the information is available. The Board authorized any interested Board Member to attend the conference.

PUBLIC COMMENT

There was no public comment.

RECORD OF PROCEEDINGS

FINANCIAL MATTERS

Claims: The Board considered ratifying the approval of the payment of claims as follows:

Fund	Period ending Nov. 30, 2020	Period ending Dec. 31, 2020	Period Ending January 31, 2021	Period Ending February 28, 2021
General	\$ 7,057.02	\$ 7,410.53	\$ 2,009.07	\$ 4,397.64
Debt	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Capital	\$ -0-	\$ -0-	\$	\$ -0-
Total	\$ 7,057.02	\$ 7,410.53	\$ 2,009.07	\$ 4,397.64

Fund	Period ending March 19, 2021	Period ending April 30, 2021	Period Ending May 31, 2021
General	\$ 562.79	\$ 1,387.00	\$ 3,254.65
Debt	\$ -0-	\$ -0-	\$ -0-
Capital	\$ -0-	\$ -0-	\$ -0-
Total	\$ 562.79	\$ 1,387.00	\$ 3,254.65

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

Payment of Director’s Fees: The Board discussed the payment of director’s fees.

Following discussion, upon motion duly made by Director Emanuel, seconded by Director Bol and, upon vote, unanimously carried, it was determined that director’s fees will be paid in the amount of \$100 per meeting attended, not to exceed \$2,400 per year.

Unaudited Financial Statements: Mr. Carroll reviewed with the Board the unaudited financial statements of the District setting forth the cash deposits, investments, budget analysis, and accounts payable vouchers for the period ending March 31, 2021, the updated cash position statement updated June 7, 2021 and the property tax reconciliation.

Following discussion, upon motion duly made by Director Emanuel and seconded by Director Bol and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending March 31, 2021, the updated cash position statement updated June 7, 2021 and the property tax reconciliation, as presented.

2020 Audit: The Board reviewed the proposal from Haynie & Company to perform the 2020 Audit.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Emanuel, seconded by Director Bol and, upon vote, unanimously carried, the Board ratified approval of the engagement of Haynie & Company to perform the 2020 Audit, for an amount not to exceed \$5,000.

2020 Audit: Mr. Carroll reviewed with the Board the 2020 Audit.

Following review and discussion, upon motion duly made by Director Emanuel, seconded by Director Bol, and upon vote, unanimously carried, the Board approved the 2020 Audit and authorized execution of the Representations Letter, subject to final legal review and receipt of an unmodified opinion letter from the Auditor.

2022 Budget Public Hearing: The Board entered into discussion regarding setting the date for a Public Hearing to adopt the 2022 Budget.

Following discussion, upon motion duly made by Director Emanuel, seconded by Director Bol and, upon vote, unanimously carried, the Board determined to hold the public hearing to consider adoption of the 2022 Budget on October 20, 2021, at 2:00 p.m., at the Bison Ridge Recreation Center, 13905 E. 112th Avenue, Commerce City, Colorado or via teleconference/Zoom, subject to new legislative requirements.

LEGAL MATTERS

Reimbursement Agreement by and among the District, Catellus CC Note, LLC and AMH Development, LLC: The Board entered into discussion regarding the Reimbursement Agreement by and among the District, Catellus CC Note, LLC and AMH Development, LLC.

Following discussion, upon motion duly made by Director Emanuel, seconded by Director Bol and, upon vote, unanimously carried, the Board approved the Reimbursement Agreement by and among the District, Catellus CC Note, LLC and AMH Development, LLC.

Reimbursement Agreement by and among the District, Catellus CC Note, LLC and Century Land Holdings, LLC: The Board entered into discussion regarding the Reimbursement Agreement by and among the District, Catellus CC Note, LLC and Century Land Holdings, LLC.

Following discussion, upon motion duly made by Director Emanuel, seconded by Director Bol and, upon vote, unanimously carried, the Board approved the Reimbursement Agreement by and among the District, Catellus CC Note, LLC and Century Land Holdings, LLC.

RECORD OF PROCEEDINGS

Cost Sharing and Use of Pool and Recreational Amenities: Following discussion, upon motion duly made by Director Emanuel, seconded by Director Bol and, upon vote, unanimously carried, the Board authorized District Counsel to discuss with representatives of BNC Metropolitan District No. 2 the potential const sharing and use of pool and recreational amenities owned by BNC Metropolitan District No. 2.

CAPITAL MATTERS

Current Development within the District: Mr. Kuykendall reported to the Board that construction is expected to begin within the next 60 days. He noted the plats for Filing Nos. 5 & 6 (315 lots) have been approved by Commerce City which will be developed by AMH Development, LLC and Century Land Holdings, LLC. The homes are expected to be built and available by June, 2022.

ADJOURNMENT

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

Respectfully submitted,

By: _____
Secretary for the Meeting

RESOLUTION NO. 2021- 11 - ____

**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 at 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.

2. 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.

3. That regular meetings of the District Board for the year 2022 shall be held on June 14, 2022 and October 18, 2022 at 2:00 p.m., at Bison Ridge Recreation Center, 13905 East 112th Avenue, Commerce City, Colorado.

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

5. That, until circumstances change, and a future resolution of the District Board so designates, the 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.

6. 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.

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

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

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

[SIGNATURE PAGE FOLLOWS]

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

RESOLUTION APPROVED AND ADOPTED on November 18, 2021.

BNC METROPOLITAN DISTRICT NO. 3

By: _____
President

Attest:

Secretary

BNC Metropolitan District No.3
June-21

Vendor	Invoice #	Date	Due Date	Amount	Expense Account	Account Number
CliftonLarsonAllen LLP	2909040	6/7/2021	6/7/2021	\$ 426.30	Accounting	107000
CliftonLarsonAllen LLP	2865662	5/13/2021	5/13/2021	\$ 162.23	Accounting	107000
Special District Management Services, Inc.	May-21	5/31/2021	5/31/2021	\$ 610.00	District management	107440
				\$ 1,198.53		

BNC Metropolitan District No.3
June-21

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 1,198.53	\$ -		\$ 1,198.53
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Total Disbursements	\$ 1,198.53	\$ -	\$ -	\$ 1,198.53

BNC Metroplitan District No.3
July-21

Vendor	Invoice #	Date	Due Date	Amount	Expense Account	Account Number
CliftonLarsonAllen LLP	2940326	6/30/2021	6/30/2021	\$2,405.81	Accounting	107000
McGeady Becher P.C.	702W 05/2021	5/31/2021	5/31/2021	\$ 872.50	Legal services	107460
Special District Management Services, Inc.	Jun-21	6/30/2021	6/30/2021	\$1,465.48	District management	107440
				\$4,743.79		

BNC Metropolitan District No.3
July-21

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 4,743.79	\$ -		\$ 4,743.79
<hr/>				
Total Disbursements	\$ 4,743.79	\$ -	\$ -	\$ 4,743.79

BNC Metropolitan District No.3
August-21

Vendor	Invoice #	Date	Due Date	Amount	Expense Account	Account Number
CliftonLarsonAllen LLP	2969707	7/31/2021	7/31/2021	\$ 277.20	Accounting	107000
Haynie & Company	D60642	7/31/2021	7/31/2021	\$1,500.00	Auditing	107020
McGeady Becher P.C.	702W 06/2021	6/30/2021	6/30/2021	\$3,371.50	Legal services	107460
Special District Management Services, Inc.	Jul-21	7/31/2021	7/31/2021	\$ 181.20	District management	107440
				\$5,329.90		

BNC Metropolitan District No.3
August-21

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 5,329.90	\$ -		\$ 5,329.90
<hr/>				
Total Disbursements	\$ 5,329.90	\$ -	\$ -	\$ 5,329.90

BNC Metropolitan District No.3
September-21

Vendor	Invoice #	Date	Due Date	Amount	Expense Account	Account Number
Bol, Robert	06-15-2021 Meeting	6/15/2021	6/15/2021	\$ 92.35	Prepaid insurance	101255
CliftonLarsonAllen LLP	2997186	8/31/2021	8/31/2021	\$ 1,853.46	Accounting	107000
McGeady Becher P.C.	702W 07/2021	7/31/2021	7/31/2021	\$ -	Legal services	107460
Special District Management Services, Inc.	Aug-21	8/31/2021	8/31/2021	\$ 775.80	District management	107440
				\$ 2,721.61		

BNC Metropolitan District No.3
September-21

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 2,721.61	\$ -		\$ 2,721.61
<hr/>				
Total Disbursements	\$ 2,721.61	\$ -	\$ -	\$ 2,721.61

BNC METROPOLITAN DISTRICT NO. 3

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

BNC METROPOLITAN DISTRICT NO. 3
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General	Capital Projects	Total
ASSETS			
Cash - Checking	\$ 1,672	\$ -	\$ 1,672
C - Safe	-	4,051,158	4,051,158
Receivable from County Treasurer	3,452	-	3,452
Prepaid insurance	450	-	450
TOTAL ASSETS	\$ 5,574	\$ 4,051,158	\$ 4,056,732
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Accounts payable	\$ 22,321	\$ -	\$ 22,321
Payroll taxes payable	15	-	15
Total Liabilities	22,336	-	22,336
FUND BALANCES			
Total Fund Balances	(16,762)	4,051,158	4,034,396
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,574	\$ 4,051,158	\$ 4,056,732

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
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**

GENERAL FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 2,746	\$ 2,677	\$ (69)
Specific ownership tax	192	211	19
TOTAL REVENUES	<u>2,938</u>	<u>2,888</u>	<u>(50)</u>
EXPENDITURES			
Accounting	20,000	11,162	8,838
Auditing	5,000	5,000	-
County Treasurer's fee	41	40	1
Dues and licenses	350	309	41
Insurance and bonds	3,500	2,976	524
District management	15,000	5,883	9,117
Legal services	15,000	11,191	3,809
Miscellaneous	-	23	(23)
Directors' fees	-	100	(100)
Contingency	1,109	-	1,109
TOTAL EXPENDITURES	<u>60,000</u>	<u>36,684</u>	<u>23,316</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(57,062)	(33,796)	23,266
OTHER FINANCING SOURCES (USES)			
Developer advance	57,000	29,500	(27,500)
TOTAL OTHER FINANCING SOURCES (USES)	<u>57,000</u>	<u>29,500</u>	<u>(27,500)</u>
NET CHANGE IN FUND BALANCES	(62)	(4,296)	(4,234)
FUND BALANCES - BEGINNING	996	(12,467)	(13,463)
FUND BALANCES - ENDING	<u>\$ 934</u>	<u>\$ (16,763)</u>	<u>\$ (17,697)</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 METROPOLITAN DISTRICT NO. 3
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**

CAPITAL PROJECTS FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
REVENUES			
Interest income	\$ -	\$ 1,240	\$ 1,240
TOTAL REVENUES	<u>-</u>	<u>1,240</u>	<u>1,240</u>
EXPENDITURES			
Engineering	15,000	-	15,000
Capital outlay	4,034,528	-	4,034,528
TOTAL EXPENDITURES	<u>4,049,528</u>	<u>-</u>	<u>4,049,528</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,049,528)	1,240	4,050,768
OTHER FINANCING SOURCES (USES)			
Developer advance	4,034,528	-	(4,034,528)
Repay developer advance - principal	(4,034,528)	-	4,034,528
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(4,049,528)	1,240	4,050,768
FUND BALANCES - BEGINNING	<u>4,049,528</u>	<u>4,049,918</u>	<u>390</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 4,051,158</u>	<u>\$ 4,051,158</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
2021 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.

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.

**BNC METROPOLITAN DISTRICT NO. 3
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenue (continued)

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.

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.

Debt and Leases

The District has no outstanding debt or any operating or capital leases.

Reserves

Emergency Reserve Funds

The District has provided for an emergency reserve equal to at least 3% of the fiscal year spending for 2021, as defined under TABOR.

BNC METROPOLITAN DISTRICT NO. 3
Schedule of Cash Position
September 30, 2021
As of November 9, 2021

	General	Capital Projects	Total
<u>1st Bank - Checking</u>			
Balance as of 09/30/21	\$ 1,672.48	\$ -	\$ 1,672.48
Subsequent activities:			
10/10/21 - Adams County Taxes	27.75	-	27.75
11/05/21 - Developer Advance	12,000.00	-	12,000.00
11/08/21 - Bill.com Payables	(9,201.19)	-	(9,201.19)
11/09/21 - Adams County Taxes	22.74	-	22.74
<i>Anticipated Developer Advance</i>	<i>13,000.00</i>	<i>-</i>	<i>13,000.00</i>
<i>Anticipated Bill.com Payables</i>	<i>(16,425.20)</i>	<i>-</i>	<i>(16,425.20)</i>
<i>Anticipated balance</i>	\$ 1,096.58	\$ -	\$ 1,096.58
 <u>CSAFE</u>			
Balance as of 09/30/21	\$ -	\$ 4,051,158.32	\$ 4,051,158.32
Subsequent activities:			
10/31/2021 - Interest Income	-	43.54	43.54
<i>Anticipated balance</i>	\$ -	\$ 4,051,201.86	\$ 4,051,201.86
<i>Total Anticipated balance</i>	\$ 1,096.58	\$ 4,051,201.86	\$ 4,052,298.44

Yield Information (as of 09/30/21)
CSAFE 0.01%

BNC METROPOLITAN DISTRICT NO. 3
Property Taxes Reconciliation
2021


	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	\$ -	\$ -	\$ 19.53	\$ -	\$ -	\$ 19.53	0.00%	0.00%	\$ -	0.00%	0.00%	
February	539.68	-	25.29	-	(8.10)	556.87	19.65%	19.65%	\$ -	0.00%	0.00%	
March	-	-	21.90	-	-	21.90	0.00%	19.65%	\$ -	0.00%	0.00%	
April	270.72	-	27.09	-	(4.06)	293.75	9.86%	29.51%	\$ -	0.00%	0.00%	
May	1,395.68	-	23.68	-	(20.93)	1,398.43	50.83%	80.34%	\$ -	0.00%	0.00%	
June	470.96	-	19.82	-	(7.06)	483.72	17.15%	97.49%	\$ 4,850.25	208.61%	208.61%	
July	-	-	21.04	-	-	21.04	0.00%	97.49%	\$ 14.49	0.00%	208.61%	
August	-	-	25.37	-	-	25.37	0.00%	97.49%	\$ 18.44	0.00%	208.61%	
September	-	-	27.75	-	-	27.75	0.00%	97.49%	\$ 17.38	0.00%	208.61%	
October	-	-	-	-	-	-	0.00%	97.49%	\$ 13.66	0.00%	208.61%	
November	-	-	-	-	-	-	0.00%	97.49%	\$ 19.96	0.00%	208.61%	
December	-	-	-	-	-	-	0.00%	97.49%	\$ 14.32	0.00%	208.61%	
\$	2,677.04	\$ -	\$ 211.47	\$ -	\$ (40.15)	\$ 2,848.36	97.49%	97.49%	\$ 4,948.50	208.61%	208.61%	


	Taxes Levied	% of Levied	Property Taxes Collected	% Collected to Amount Levied	Assessed Valuation	Mills Levied
Property Tax						
General Fund	\$ 2,746	100.00%	\$ 2,677.04	97.49%		70.135
	<u>\$ 2,746</u>	<u>100.00%</u>	<u>\$ 2,677.04</u>	<u>97.49%</u>	<u>\$ 47,600</u>	<u>70.135</u>
Specific Ownership Tax						
General Fund	\$ 192	100.00%	\$ 211.47	110.14%		
	<u>\$ 192</u>	<u>100.00%</u>	<u>\$ 211.47</u>	<u>110.14%</u>		
Treasurer's Fees						
General Fund	\$ 41	100.00%	\$ 40.15	97.93%		
	<u>\$ 41</u>	<u>100.00%</u>	<u>\$ 40.15</u>	<u>97.93%</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.



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

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

October 13, 2021

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, 2021. 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 financial statements of the governmental activities and the major funds, 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, 2021.

Management has elected to omit the Management’s Discussion and Analysis (MD&A) that accounting principles 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.

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 and will provide an opinion on it in relation to the financial statements as a whole:

- 1) Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual
- 2) 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.

- 1) Schedule of Debt Service Requirements to Maturity
- 2) 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. 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.

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.

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. 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.

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein.

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 \$5,500. 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 in May 2022 and issue our report no later than July 31, 2022.

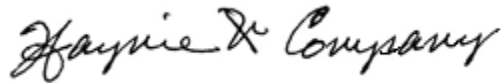
Reporting

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

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

August 25, 2021

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

AUG 30 2021

To ANN E FINN:

Enclosed is the 2021 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, 2021.

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.

2021 UPDATE: House Bill 21-1312, increase the exemption threshold on personal property accounts from \$7,900 to \$50,000. This means all personal property accounts that have a value of \$7,901 or more, and below \$50,000 that were previously taxable are now exempt. The state will be reimbursing the lost revenue to all taxing entities. The last line of this Certification of Valuation has not been filled in for the preliminary Certification, but the amount will be provided on the December re-Certification.

Sincerely,



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 8/24/2021

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 2021 IN ADAMS COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:		\$39,150
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *		\$554,580
3. LESS TIF DISTRICT INCREMENT, IF ANY:		\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:		\$554,580
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.):		\$68.73

* 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 2021 IN ADAMS COUNTY, COLORADO ON AUGUST 25, 2021

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @		\$28,968
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, 2021

Data Date: 8/24/2021

BNC METROPOLITAN DISTRICT NO. 3
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2022

**BNC METROPOLITAN DISTRICT NO. 3
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

10/11/21

	ACTUAL 2020	BUDGET 2021	ACTUAL 6/30/2021	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 5,732	\$ 4,050,524	\$ 4,037,451	\$ 4,037,451	\$ 4,052,118
REVENUES					
Property taxes	3,338	2,746	2,677	2,746	38,895
Specific ownership tax	245	192	137	274	2,723
Interest income	390	-	1,078	1,200	3,500
Developer advance	5,906	4,091,528	29,500	60,773	4,056,910
Transfer from BNC MD No. 1	3,359,885	-	-	-	-
Transfer from BNC MD No. 2	694,556	-	-	-	-
Total revenues	<u>4,064,320</u>	<u>4,094,466</u>	<u>33,392</u>	<u>64,993</u>	<u>4,102,028</u>
Total funds available	<u>4,070,052</u>	<u>8,144,990</u>	<u>4,070,843</u>	<u>4,102,444</u>	<u>8,154,146</u>
EXPENDITURES					
General Fund	30,013	60,000	26,932	50,326	63,000
Capital Projects Fund	2,588	8,084,056	-	-	8,089,146
Total expenditures	<u>32,601</u>	<u>8,144,056</u>	<u>26,932</u>	<u>50,326</u>	<u>8,152,146</u>
Total expenditures and transfers out requiring appropriation	<u>32,601</u>	<u>8,144,056</u>	<u>26,932</u>	<u>50,326</u>	<u>8,152,146</u>
ENDING FUND BALANCES	<u>\$ 4,037,451</u>	<u>\$ 934</u>	<u>\$ 4,043,911</u>	<u>\$ 4,052,118</u>	<u>\$ 2,000</u>
EMERGENCY RESERVE	<u>\$ 22</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 150</u>	<u>\$ 1,200</u>

No assurance is provided. See summary of significant assumptions.

**BNC METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

10/11/21

	ACTUAL 2020	BUDGET 2021	ACTUAL 6/30/2021	ESTIMATED 2021	BUDGET 2022
ASSESSED VALUATION					
Agricultural	\$ 3,860	\$ 3,860	\$ 3,860	\$ 3,860	\$ 3,010
State assessed	2,810	1,500	1,500	1,500	5,390
Personal property	40,930	33,790	33,790	33,790	546,180
Certified Assessed Value	<u>\$ 47,600</u>	<u>\$ 39,150</u>	<u>\$ 39,150</u>	<u>\$ 39,150</u>	<u>\$ 554,580</u>
MILL LEVY					
General	70.135	70.135	70.135	70.135	70.135
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	\$ 3,338	\$ 2,746	\$ 2,746	\$ 2,746	\$ 38,895
Levied property taxes	3,338	2,746	2,746	2,746	38,895
Adjustments to actual/rounding	-	-	(69)	-	-
Budgeted property taxes	<u>\$ 3,338</u>	<u>\$ 2,746</u>	<u>\$ 2,677</u>	<u>\$ 2,746</u>	<u>\$ 38,895</u>
BUDGETED PROPERTY TAXES					
General	<u>\$ 3,338</u>	<u>\$ 2,746</u>	<u>\$ 2,677</u>	<u>\$ 2,746</u>	<u>\$ 38,895</u>
	<u>\$ 3,338</u>	<u>\$ 2,746</u>	<u>\$ 2,677</u>	<u>\$ 2,746</u>	<u>\$ 38,895</u>

No assurance is provided. See summary of significant assumptions.

**BNC METROPOLITAN DISTRICT NO. 3
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

10/11/21

	ACTUAL 2020	BUDGET 2021	ACTUAL 6/30/2021	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 8,057	\$ 996	\$ (12,467)	\$ (12,467)	\$ 1,000
REVENUES					
Property taxes	3,338	2,746	2,677	2,746	38,895
Specific ownership tax	245	192	137	274	2,723
Developer advance	5,906	57,000	29,500	60,773	22,382
Total revenues	<u>9,489</u>	<u>59,938</u>	<u>32,314</u>	<u>63,793</u>	<u>64,000</u>
Total funds available	<u>17,546</u>	<u>60,934</u>	<u>19,847</u>	<u>51,326</u>	<u>65,000</u>
EXPENDITURES					
General and administrative					
Accounting	9,646	20,000	5,444	13,000	15,000
Auditing	-	5,000	5,000	5,000	6,000
County Treasurer's fee	50	41	40	41	583
Dues and licenses	313	350	309	309	400
Insurance and bonds	3,160	3,500	2,976	2,976	4,000
District management	8,445	15,000	4,314	11,000	15,000
Legal services	7,307	15,000	8,849	18,000	19,000
Miscellaneous	46	-	-	-	-
Election expense	1,046	-	-	-	1,000
Contingency	-	1,109	-	-	2,017
Total expenditures	<u>30,013</u>	<u>60,000</u>	<u>26,932</u>	<u>50,326</u>	<u>63,000</u>
Total expenditures and transfers out requiring appropriation	<u>30,013</u>	<u>60,000</u>	<u>26,932</u>	<u>50,326</u>	<u>63,000</u>
ENDING FUND BALANCE	<u>\$ (12,467)</u>	<u>\$ 934</u>	<u>\$ (7,085)</u>	<u>\$ 1,000</u>	<u>\$ 2,000</u>
EMERGENCY RESERVE	<u>\$ 22</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 150</u>	<u>\$ 1,200</u>

No assurance is provided. See summary of significant assumptions.

**BNC METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

10/11/21

	ACTUAL 2020	BUDGET 2021	ACTUAL 6/30/2021	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ (2,325)	\$ 4,049,528	\$ 4,049,918	\$ 4,049,918	\$ 4,051,118
REVENUES					
Interest income	390	-	1,078	1,200	3,500
Developer advance	-	4,034,528	-	-	4,034,528
Transfer from BNC MD No. 1	3,359,885	-	-	-	-
Transfer from BNC MD No. 2	694,556	-	-	-	-
Total revenues	<u>4,054,831</u>	<u>4,034,528</u>	<u>1,078</u>	<u>1,200</u>	<u>4,038,028</u>
Total funds available	<u>4,052,506</u>	<u>8,084,056</u>	<u>4,050,996</u>	<u>4,051,118</u>	<u>8,089,146</u>
EXPENDITURES					
General and Administrative					
Accounting	-	-	-	-	5,000
Repay developer advance	-	4,034,528	-	-	4,034,528
Engineering	2,588	15,000	-	-	15,000
Capital outlay	-	4,034,528	-	-	4,034,618
Total expenditures	<u>2,588</u>	<u>8,084,056</u>	<u>-</u>	<u>-</u>	<u>8,089,146</u>
Total expenditures and transfers out requiring appropriation	<u>2,588</u>	<u>8,084,056</u>	<u>-</u>	<u>-</u>	<u>8,089,146</u>
ENDING FUND BALANCE	<u>\$ 4,049,918</u>	<u>\$ -</u>	<u>\$ 4,050,996</u>	<u>\$ 4,051,118</u>	<u>\$ -</u>

No assurance is provided. See summary of significant assumptions.

**BNC METROPOLITAN DISTRICT NO. 3
2022 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.

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.

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

Revenue (continued)

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.

Transfers from BNC Metropolitan District Nos. 1 and 2

Pursuant to the Intergovernmental Agreement (IGA), BNC Metropolitan District No. 1 & BNC Metropolitan District No. 2 will transfer amounts necessary to the District to complete public improvements for the District.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately .1%.

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
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

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

	Balance - December 31, 2020			Balance - December 31, 2021*			Balance - December 31, 2022*
	Additions	Reductions	Additions	Reductions	Additions	Reductions	2022*
Developer Advances:							
Operations	\$ 171,141	\$ 60,773	\$ -	\$ 231,914	\$ 22,382	\$ -	\$ 254,296
Capital	-	-	-	-	4,034,528	4,034,528	-
Accrued Interest on Developer Advances:							
Operations	108,930	15,311	-	124,241	19,664	-	143,905
Total	\$ 280,071	\$ 76,084	\$ -	\$ 356,155	\$ 4,076,574	\$ 4,034,528.00	\$ 398,201

*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 2022, as defined under TABOR.

This information is an integral part of the accompanying budget.

RESOLUTION NO. 2021 – 11 - ____
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE BNC METROPOLITAN DISTRICT NO. 3
TO ADOPT THE 2022 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 2022 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, 2021, 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 18, 2021, 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 2022 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 18th day of November, 2021.

Secretary

(SEAL)

EXHIBIT A
(Budget)

I, Ann Finn, 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 2022, duly adopted at a meeting of the Board of Directors of the BNC Metropolitan District No. 3 held on November 18, 2021.

By: _____
Secretary

RESOLUTION NO. 2021 - 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 2022 annual budget in accordance with the Local Government Budget Law on November 18, 2021; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2022 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 2022 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 2022 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 18th day of November, 2021.

Secretary

(SEAL)

EXHIBIT A
(Certification of Tax Levies)

RESOLUTION NO. 2021-11-____

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 mill levy of fifty (50) mills (“**Maximum Mill Levy**”).

D. Section VI.C. of the Service Plan authorizes adjustment of the Maximum 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 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. At the time of the Baseline Year, the residential assessment ratio set by the Colorado General Assembly was 9.74%.

G. The Colorado General Assembly (the “**General Assembly**”) passed House Bill 01-1366, signed by the Governor of Colorado on May 31, 2001, which amended Section 39-1-104.2, C.R.S. by setting the ratio of valuation for assessment for real residential property at 9.15% (decreased from 9.74%) for property tax years commencing on and after January 1, 2001, until the next property tax year that the General Assembly determined to adjust the ratio of valuation for assessment for residential real property.

H. In 2003 the General Assembly passed House Bill 03-1332, signed by the Governor of Colorado on May 22, 2003, which amended Section 39-1-104.2, C.R.S. by setting the ratio of valuation for assessment for real residential property at 7.96% (decreased from 9.15%) for property tax years commencing on and after January 1, 2003, until the next property

tax year that the General Assembly determined to adjust the ratio of valuation for assessment for residential real property.

I. In 2017 the General Assembly passed House Bill 17-1349, signed by the Governor of Colorado on June 5, 2017, which amended Section 39-1-104.2, C.R.S. by setting the ratio of valuation for assessment for real residential property at 7.20% (decreased from 7.96%) for property tax years commencing on and after January 1, 2017, until the next property tax year that the General Assembly determined to adjust the ratio of valuation for assessment for residential real property.

J. In 2019, the General Assembly passed Senate Bill 19-255, signed by the Governor of Colorado on June 3, 2019, further amending Section 39-1-104.2, C.R.S. by setting the ratio of valuation for assessment for real residential property at 7.15% (decreased from 7.20%) for property tax years commencing on or after January 1, 2019, until the next property tax year that the General Assembly determines to adjust the ratio of valuation for assessment for residential real property.

K. In 2020, the voters of the State of Colorado passed Amendment B, which repealed Article X, Section 3 of the Colorado Constitution (“**Amendment B**”) such that the ratio of valuation for assessment of real property for 2021 and thereafter, unless further amended by the General Assembly or voters of the State, is 7.15%.

L. In compliance with the Service Plan, in order to mitigate the effect of the reduction in the ratio of valuation for residential real property as set by the General Assembly for property tax year 2021, 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 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 Mill Levy to reflect that Amendment B set the ratio of valuation for assessment for residential real property to 7.15%, 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 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 7.15% for collection year 2022.

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, 2021, for collection in 2022.

[SIGNATURE PAGE FOLLOWS]

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

RESOLUTION APPROVED AND ADOPTED ON November 18, 2021.

BNC METROPOLITAN DISTRICT NO. 3

President

Attest:

Secretary



CliftonLarsonAllen LLP
8390 East Crescent Pkwy., Suite 300
Greenwood Village, CO 80111
phone 303-779-5710 fax 303-779-0348
CLAconnect.com

September 14, 2021

Board of Directors
BNC Metro District No. 3
8390 East Crescent Pkwy., Suite 300
Greenwood Village, CO 80111

Dear Board of Directors:

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,” 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.

Management responsibilities

Management and, when appropriate, the board of directors of the district acknowledge and understand that our role is to provide the services identified in an SOW and that management and the board of directors of the district have 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 management responsibilities. References to management in this MSA and in an SOW are applicable to the board of directors of the district.

Responsibilities and limitations related to nonattest services

For all nonattest services we may provide to you, your management agrees to assume all management responsibilities; oversee the 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.

Fees and terms

See the applicable SOW for the fees for the services.

Work may be suspended if your account becomes 90 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 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 and one-quarter percent (1.25%), which is an annual percentage rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

Mediation

Any disagreement, controversy, or claim ("Dispute") that may arise out of any aspect of our services or relationship with you shall be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator.

The mediation will be conducted as specified by the mediator and agreed upon by the parties (i.e., you and CLA). The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Any Dispute will be governed by the laws of the state of Colorado, without giving effect to choice of law principles.

Limitation of remedies

These limitation of remedies provisions are not applicable for any audit, examination, or agreed-upon procedures services provided to you.

Our role is strictly limited to the services described in an SOW, and we offer no assurance as to the results or ultimate outcomes of any services or of any decisions that you may make based on our communications with you. You agree that it is appropriate to limit the liability of CLA, its partners, principals, directors, officers, employees, and agents (each a "CLA party") and that this limitation of remedies provision is governed by the laws of the state of Colorado, without giving effect to choice of law principles.

You further agree that you will not hold CLA or any other CLA party liable for any claim, cost, or damage, whether based on warranty, tort, contract, or other law, arising from or related to this MSA, the services provided under an SOW, the work product, or for any plans, actions, or results of an SOW, except to the extent authorized by this MSA. In no event shall any CLA party be liable to you 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 that are directly caused by acts or omissions that are breaches by a CLA party of our duties owed under this MSA and the specific SOW thereunder, but any recovery on any such claims shall not exceed the fees actually paid by you to CLA pursuant to the SOW that gives rise to the claim.

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. The parties (you and CLA) agree that, notwithstanding any statute or law of limitations that might otherwise apply to a dispute, including one arising out of this MSA or the services performed under an SOW, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against any CLA party must be commenced as provided below, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery. An action to recover on a dispute shall be commenced within the shorter of these periods ("Limitation Period"):

Consulting services

- For each service pursuant to an SOW, separately within twenty-four (24) months after the date we deliver the services or work product pursuant to the SOW on which the dispute is based, regardless of whether any CLA party provides other services for you under this MSA or other SOW.
- Within twenty-four (24) months from the date of our last billing for services performed pursuant to the SOW on which the dispute is based.
- Within twenty-four (24) months after the termination by either party of either this MSA or the district's ongoing relationship with CLA.

Tax services

- For tax return preparation, separately within thirty-six (36) months after the date when we deliver any final tax return(s) pursuant to the SOW on which the dispute is based, regardless of whether any CLA party provides other services for you under this MSA or other SOW relating to said return(s).

CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details.



- For tax consulting engagements, separately within thirty-six (36) months from the date of our last billing for services pursuant to the SOW on which the dispute is based.
- For all tax return and tax consulting engagements, within twelve (12) months from the date when you terminate this MSA or the district's ongoing relationship with CLA.

Examination, compilation, and preparation services related to prospective financial information

- For examination, compilation, and preparation services related to prospective financial information (i.e., forecasts and projections), separately within twelve (12) months after the dates when we deliver the work product pursuant to the SOW on which the dispute is based, regardless of whether any CLA party provides other services for you relating to the work product.

Audit, review, examination, agreed-upon procedures, compilation, and preparation services other than those related to prospective financial information

- For audit, review, examination, agreed-upon procedures, compilation, and preparation services, separately within twenty-four (24) months after the dates when we deliver the work product pursuant to the SOW on which the dispute is based, regardless of whether any CLA party provides other services for you relating to the work product.

The applicable Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a dispute.

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 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.

CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details.



Management 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 members 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 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 permitted by the "Consent" section of this agreement, CLA will 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 law.

We will be responsible for our own property and casualty, general liability, and workers compensation insurance, taxes, professional training, and other personnel costs related to the operation of our business.

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When performing the services identified in applicable SOWs, we will utilize the resources available at the district, when applicable, to the extent practical to continue development of your personnel. During a portion of our work, we may require the use of your computers. We will try to give you advance notice and coordinate our use so it does not interfere with your employees.

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 not be assuming any fiduciary responsibility on your behalf during the course of this agreement, except as may be assumed in a SOW.

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.

Consent

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 in these cost comparison, performance indicator, and/or benchmarking reports.

Subcontractors

CLA may, at times, use subcontractors to perform services under this agreement, and they may have access to your information and records. Any such subcontractors will be subject to the same restrictions on the use of such information and records as apply to CLA under this agreement.

Technology

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

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.

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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.

Sincerely,

CliftonLarsonAllen LLP

A handwritten signature in black ink that reads "Jason Carroll". The signature is written in a cursive, flowing style.

Jason Carroll, CPA
Principal
Jason.Carroll@CLAconnect.com

Response:

This agreement correctly sets forth the understanding of BNC Metro District No. 3.

APPROVED:

Signature

Title

Date



CliftonLarsonAllen LLP
8390 East Crescent Pkwy., Suite 300
Greenwood Village, CO 80111
phone 303-779-5710 fax 303-779-0348
CLAconnect.com

Special Districts Preparation SOW

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” and “your”) dated September 14, 2021. The purpose of this SOW is to outline certain services you wish us to perform 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 a designated individual

Prepare billings, record billings, enter cash receipts, and track revenues

Reconcile certain accounts regularly and prepare journal entries

Prepare depreciation schedules

Prepare monthly/quarterly/as requested 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 manage the district's cash deposits, funding for disbursements, and investment programs in accordance with policies established by the district's board of directors.

Prepare the annual budget and assist with the filing of the annual budget – additional information is provided below.

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 and manage cash flows

Assist with bank communications.

Perform other nonattest 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 monthly/quarterly/as requested 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 monthly/quarterly/as requested 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.



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- b. As requested, apply accounting and financial reporting expertise to assist you in the presentation of your monthly/quarterly/as requested 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 (SSARs) 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 monthly/quarterly/as requested 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. We have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement. 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



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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, the Application for Exemption from Audit (if an audit is not required), we will not issue reports on budget, the Application for Exemption from Audit as a result of this engagement.

No assurance statements

The monthly/quarterly/as requested 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 best 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:



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- 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, time estimates, and terms

Our professional fees will be billed based on the time involved and the degree of responsibility and skills required. 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. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended



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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 engagement will be deemed to have been completed even if we have not issued 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.

The hour rates currently in effect for our services are as follows:

Principal	\$300 - \$425
Chief Financial Officer	\$200 - \$385
Controller	\$180 - \$250
Senior	\$140 - \$180
Staff	\$ 80 - \$150
Administrative support	\$ 80 - \$120

Out-of-pocket expenses such as out-of-town travel, meals, and lodging will be billed at cost and are not included in the fees quoted above. We will also add a technology and client support fee of five percent (5%) of all professional fees billed. The fee estimates are based on anticipated cooperation from your personnel and their assistance with preparing requested schedules. If the requested items are not available on the dates required or are not accurate, the estimated fees will likely be higher. If unexpected circumstances require significant additional time, we will advise you before undertaking work that would require a substantial increase in the fee estimates.

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



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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.

Additional provisions required by CRS 8-17.5-102(2)(a)(I) and (II)

Unlawful employees, contractors, and subcontractors

We shall not knowingly employ or contract with a worker without authorization to perform work under this contract. We shall not knowingly contract with a subcontractor that (a) knowingly employs or contracts with a worker without authorization to perform work under this contract or (b) fails to certify to us that the subcontractor will not knowingly employ or contract with a worker without authorization to perform work under this contract. [CRS 8-17.5-102(2)(a)(I) and (II)]

Verification regarding workers without authorization

We have verified or attempted to verify through participation in the E-Verify Program or the Department Program [as defined in CRS 8-17.5-101(3.3) and (3.7) of the state of Colorado that we do not employ and contract workers without authorization.

Limitation regarding E-Verify Program and the Department Program

We shall not use the E-Verify Program or the Department Program procedures to undertake pre-employment screening of job applicants while performing this contract. [CRS 8-17.5-102(2)(b)(II)]

Duty to terminate a subcontractor and exceptions

If we obtain actual knowledge that a subcontractor performing work under this contract knowingly employs or contracts with a worker without authorization, we shall, unless the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with a worker without authorization.

- (1) Notify the subcontractor and the district within three days that we have actual knowledge that the subcontractor is employing or contracting with a worker without authorization; and
- (2) Terminate the subcontract with the subcontractor if, within three days of receiving notice that we have actual knowledge that the subcontractor is employing or contracting with a worker without authorization, the subcontractor does not stop employing or contracting with the worker without authorization. [CRS 8-17.5-102(2)(b)(A) and (B)]

Duty to comply with state investigation

We shall comply with any reasonable request of the Colorado Department of Labor and Employment made in the course of an investigation pursuant to CRS 8-17.5-102(5). [CRS 8-17.5-102(2)(b)(IV)]

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 by email or U.S. mail to indicate your acknowledgment and understanding of, and agreement with, this SOW.



Sincerely,

CliftonLarsonAllen LLP

A handwritten signature in black ink that reads "Jason Carroll". The signature is written in a cursive, flowing style.

Jason Carroll, CPA

Principal

Jason.Carroll@CLAconnect.com



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APPROVED:

Signature

Title

Date



CliftonLarsonAllen LLP
8390 East Crescent Pkwy., Suite 300
Greenwood Village, CO 80111
phone 303-779-5710 fax 303-779-0348
CLAconnect.com

Payroll Services SOW

Date: September 14, 2021

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” and “your”) dated September 14, 2021. The purpose of this SOW is to outline certain services you wish us to perform in connection with that agreement.

Scope of payroll preparation services

We will provide the following payroll preparation services from information you provide:

- For each pay period:
 - Perform payroll calculations
 - Prepare payroll checks or pay-stubs in the case of direct deposit of employee net pay
 - Initiate electronic transfer of funds for employee net pay and payroll tax deposit liabilities
 - Processing retirement plan contribution payments
 - Preparation of retirement plan and other census information
- Prepare the following government forms annually for each calendar year-end (may be filed electronically):
 - All copies of required forms W-2 and W-3
 - Form 940 – Employers Annual Federal Unemployment Tax Return, if applicable
 - Form 943 – Employers Annual Tax Return for Agricultural Employees
 - All necessary state forms, if applicable
- If applicable, prepare the following government reporting forms for each calendar quarter-end (may be filed electronically):
 - Form 941 – Employers Quarterly Tax Return
 - State Employers Quarterly Withholding Return
 - State Employers Quarterly Unemployment Tax Return (SUTA)
 - Initiate electronic funds transfer for quarterly Federal Unemployment Tax (FUTA) liability



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- Cash access services related to payroll services
 - Obtain one or more signature stamps bearing the name(s) and facsimile signature(s) of any of your officer(s) who are responsible for signing checks and bank drafts on your behalf.
 - Obtain access to electronic signatures or signatures embedded into cloud-based software for the purpose of drafting payments on your behalf.
 - Prepare checks to be drawn upon your bank account(s) and to use the above noted methods to thereby finally approve such checks for payment by the corresponding bank(s).
 - Initiate the direct deposit of employee net pay from funds drawn upon your bank account(s).
- The following services would impair independence
 - Accept responsibility to authorize payment of client funds, electronically or otherwise, except as specifically provided for with respect to electronic payroll tax payments.
 - Accept responsibility to sign or cosign client checks, even if only in emergency situations.
 - Maintain a client’s bank account or otherwise have custody of a client’s funds or make credit for banking decisions for the client.

Our responsibility to you and limitations of the payroll services

We will prepare the entity’s federal and state (if applicable) payroll forms and tax returns in accordance with the applicable payroll tax laws. We will use our judgment in resolving questions where the law is unclear, and where there is reasonable authority, we will resolve questions in your favor whenever possible.

We will not audit or otherwise verify the accuracy or completeness of the information we receive from you for the preparation of the payroll and related returns, and our engagement cannot be relied upon to uncover errors or irregularities in the underlying information. However, we will inform the appropriate level of management of any material errors and of any evidence or information that comes to our attention during the performance of our payroll preparation services that fraud may have occurred. In addition, we will inform you of any evidence or information that comes to our attention during the performance of our payroll preparation services regarding illegal acts that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement. You agree that we shall not be responsible for any misstatements in the entity’s payroll that we may not identify as a result of misrepresentations made to us by you.

Our payroll preparation services will include electronically transmitting information to taxing authorities and your financial institution to facilitate the electronic transfer of funds. Authorizations for us to provide these services will be made in separate communications.

Our payroll preparation services will include transmitting federal Form W-2, federal Form 1099, and payroll data forms to federal and state taxing authorities on your behalf. Authorizations for us to provide these services will be made in separate communications.

Your responsibilities

It is your responsibility to provide us with all of the information needed to prepare complete and accurate payrolls and returns. We will have no obligations with regard to a particular payroll or withholding taxes and filing returns in a particular state or local tax jurisdiction until you have provided such information to us. All necessary information should be provided to us within two days of the close of each payroll period or no later than two days



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prior to your payroll check date. A list of information we will require and the dates required will be provided in a separate communication.

For all nonattest services we may provide to you, including these payroll services, management agrees to assume all management responsibilities; oversee the services; by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services.

Specifically, your responsibilities include:

- Accuracy of information used in the preparation of the payrolls.
- Careful review of paychecks or pay-stubs, and payroll journals for each periodic payroll.
- Accuracy of information used in the preparation and filing of all government forms.
- Review and pre-approval of each electronic funds transfer initiated on your behalf for employee net pay amounts, payroll tax and withholding liabilities, and related benefit amounts.

You are responsible to carefully review the paper returns that we prepare on your behalf before signing and submitting them to tax authorities. You are responsible to review the paper copies of payroll forms and tax returns that were filed electronically on your behalf. We will advise you with regard to tax positions taken in the preparation of the payroll forms and tax returns, but the responsibility for the payroll forms and tax returns remains with you.

You are also responsible for the payment of payroll tax and withholding liabilities. Therefore, the Internal Revenue Service recommends that you enroll in the U.S. Department of the Treasury Electronic Federal Tax Payment System (EFTPS) to monitor your account and ensure that timely tax payments are being made for you. You may enroll in the EFTPS online at www.eftps.gov, or call 800-555-4477 for an enrollment form. Individual states have similar programs that allow you to monitor your account. A list of links by state is provided online at <http://www.americanpayroll.org/weblink/statelocal-wider/>.

Your responsibilities relevant to CLA's access to your cash

Someone with management authority is responsible for the processes below. All approvals listed must be documented in writing, either electronically or manually:

- Approve all new employees and all employee status changes prior to those employees or changes being added to the payroll system.
- Approve all payroll runs prior to cash being committed.

Fees

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. Other than annual adjustments reflecting inflation, our professional fees will not fluctuate unless there is a significant change in the number of employees, taxing jurisdictions, or in the services you wish for us to provide. If such changes should



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occur, we will discuss any fee adjustments with you prior to making any changes to your billing. Lastly, any additional forms that you would like us to complete will be charged at an hourly fee.

We do not anticipate encountering the need to perform additional services beyond those described in this letter. Below are examples of services considered to be outside the scope of our engagement. We will bill you for additional services you would like us to provide at an hourly fee at periodic dates after the additional service has been performed.

- Reprocessing for corrected information provided to us subsequent to original payroll
- Preparation of non-standard reports
- Calculation of fringe benefit additions
- Processing retirement plan contribution payments
- Preparation of retirement plan and other census information
- Responding to workers compensation insurance audits
- Responding to employment verification requests
- Preparation of additional state tax registrations
- Preparation of amended payroll tax returns
- Responding to tax notices

Tax examinations

All government forms and returns are subject to potential examination by the IRS and state taxing authorities. In the event of an examination, we will be available, at your request, to assist or represent you. Services in connection with tax examinations are not included in our fee for preparation of your payroll returns. Our fee for such services will be billed to you separately, along with any direct costs.

Record retention

You are responsible for retaining all documents, records, payroll journals, canceled checks, receipts, or other evidence in support of information and amounts reported in your payroll records and on your quarterly and calendar year-end payroll forms and tax returns. These items may be necessary in the event the taxing authority examines or challenges your returns. These records should be kept for at least seven years. Your copy of the payroll forms and tax returns should be retained indefinitely.

In preparing the payrolls, payroll forms, and tax returns, we rely on your representation that you understand and have complied with these documentation requirements. You are responsible for the proper recording of transactions in the books of accounts, for the safeguarding of assets, and for the substantial accuracy of your financial records.

All of the records that you provide to us to prepare your payrolls and related forms and tax returns will be returned to you after our use. Our working papers, including any copies of your records that we chose to make, are our property and will be retained by us in accordance with our established records retention policy. This policy states, in general, that we will retain our working papers for a period of seven years. After this period expires, our working papers and files will be destroyed. Furthermore, physical deterioration or catastrophic events may shorten the



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time our records are available. The working papers and files of our firm are not a substitute for the records of the entity.

Tax consulting services

This SOW also covers tax consulting services that may arise for which the entity seeks our consultation and advice, both written and oral, that are not the subject of a separate SOW. These additional services are not included in our fees for the preparation of the payroll and related federal and state forms and tax returns.

We will base our tax analysis and conclusions on the facts you provide to us, and will not independently verify those facts. We will review the applicable tax law, tax regulations, and other tax authorities, all of which are subject to change. At your request, we will provide a memorandum of our conclusions. Written advice provided by us is for the entity's information and use only and is not to be provided to any third party without our express written consent.

Unless we are separately engaged to do so, we will not continuously monitor and update our advice for subsequent changes or modifications to the tax law and regulations, or to the related judicial and administrative interpretations.

Communications and confidentiality

CLA will hold the information supplied by the entity to us in confidence and CLA will not disclose it to any other person or party, unless the entity authorizes us to do so, it is published or released by the entity, or 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.

The Internal Revenue Code contains a limited privilege for confidentiality of tax advice between you and our firm. In addition, the laws of some states likewise recognize a confidentiality privilege for some accountant-client communications. You understand that CLA makes no representation, warranty or promise, and offers no opinion with respect to the applicability of any confidentiality privilege to any information supplied or communications you have with us, and, to the extent that we follow instructions from you to withhold such information or communications in the face of a request from a third party (including a subpoena, summons or discovery demand in litigation), you agree to hold CLA harmless should the privilege be determined not to apply to particular information or communications.

Consent to send you publications and other materials

For your convenience, CLA produces a variety of publications, hard copy and electronic, to keep you informed about pertinent business and personal financial issues. This includes published articles, invitations to upcoming seminars, webinars and webcasts, newsletters, surveys, and press releases. To determine whether these materials may be of interest to you, CLA will need to use your tax return information. Such tax information includes the entity name and address as well as the business and financial information you provided to us.

By signing and dating this SOW, you authorize CLA to use the information that you provide to CLA during the preparation of your tax returns to determine whether to offer you relevant materials. Your consent is valid until further notice. If you do not wish to authorize such use, please strike out this paragraph prior to signing the SOW.



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Legal compliance

The entity agrees to assume sole responsibility for full compliance with all applicable federal and state laws, rules or regulations, and reporting obligations that apply to the entity or the entity's business, including the accuracy and lawfulness of any reports the entity submits to any government regulator, authority, or agency. The entity also agrees to be solely responsible for providing legally sufficient substantiation, evidence, or support for any reports or information supplied by the entity to any governmental or regulatory body, or for any insurance reimbursement in the event that the entity is requested to do so by any lawful authority. CLA, its successors, affiliates, officers, and employees do not assume or undertake any duty to perform or to be responsible in any way for any such duties, requirements, or obligations.

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 by email or U.S. mail to indicate your acknowledgment and understanding of, and agreement with, this SOW.

Sincerely,

CliftonLarsonAllen LLP



Jason Carroll, CPA
Principal
Jason.Carroll@CLAconnect.com

Enclosures

Response:

This letter correctly sets forth the understanding of BNC Metro District No. 3.

APPROVED:

Signature

Title

Date

RESOLUTION NO. 2021-11-____

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
BNC METROPOLITAN DISTRICT NO. 3
CALLING A REGULAR ELECTION FOR DIRECTORS
ON MAY 3, 2022**

A. The terms of the offices of Directors Theodore Antenucci and Janis Emanuel shall expire upon the election of their successors at the regular election, to be held on May 3, 2022 (“**Election**”), and upon such successors taking office.

B. Two (2) vacancies currently exist on the Board of Directors of the District.

C. In accordance with the provisions of the Special District Act (“**Act**”) and the Uniform Election Code (“**Code**”), the Election must be conducted to elect two (2) Directors to serve until the next regular election, to occur May 2, 2023, and two (2) Directors to serve until the second regular election, to occur May 6, 2025.

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

1. Date and Time of Election. The Election shall be held on May 3, 2022, between the hours of 7:00 A.M. and 7:00 P.M. pursuant to and in accordance with the Act, Code, and other applicable laws. At that time, two (2) Directors shall be elected to serve until the next regular election, to occur May 2, 2023, and two (2) Directors shall be elected to serve until the second regular election, to occur May 6, 2025.

2. Precinct. The District shall consist of one (1) election precinct for the convenience of the eligible electors of the District.

3. Conduct of Election. The Election shall be conducted as an independent mail ballot election in accordance with all relevant provisions of the Code. The Designated Election Official shall have on file, no later than fifty-five (55) days prior to the Election, a plan for conducting the independent mail ballot Election.

4. Designated Election Official. Ann E. Finn shall be the Designated Election Official and is hereby authorized and directed to proceed with any action necessary or appropriate to effectuate the provisions of this Resolution and of the Act, Code or other applicable laws. The Election shall be conducted in accordance with the Act, Code and other applicable laws. Among other matters, the Designated Election Official shall appoint election judges as necessary, arrange for the required notices of election (either by mail or publication) and printing of ballots, and direct that all other appropriate actions be accomplished.

5. Call for Nominations. The Designated Election Official shall provide Call for Nominations as required under Section 1-13.5-501, C.R.S., as applicable.

6. Absentee Ballot Applications. NOTICE IS FURTHER GIVEN, pursuant to Section 1-13.5-1002, C.R.S., that applications for and return of absentee ballots may be filed with the Designated Election Official of the District, 141 Union Blvd., Suite 150, Lakewood, Colorado 80228 between the hours of 8:00 a.m. and 5:00 p.m., until the close of business on the Tuesday immediately preceding the Election (April 26, 2022).

7. Self-Nomination and Acceptance Forms. Self-Nomination and Acceptance Forms are available and can be obtained from the Designated Election Official for the District at 141 Union Blvd., Suite 150, Lakewood, Colorado 80228, 303-987-0835

8. Cancellation of Election. If the only matter before the electors is the election of Directors of the District and if, at 5:00 P.M. on March 1, 2022, the sixty-third day prior to the regular election, there are not more candidates than offices to be filled at the Election, including candidates timely filing affidavits of intent, the Designated Election Official shall cancel the Election and declare the candidates elected. Notice of such cancellation shall be published and posted in accordance with law.

9. Severability. If any part or provision of this Resolution is adjudged to be unenforceable or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Resolution, it being the Board of Director's intention that the various provisions hereof are severable.

10. Repealer. All acts, orders and resolutions, or parts thereof, of the Board of Directors which are inconsistent or in conflict with this Resolution are hereby repealed to the extent only of such inconsistency or conflict.

11. Effective Date. The provisions of this Resolution shall take effect as of the date adopted and approved by the Board of Directors of the District.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO RESOLUTION
CALLING A REGULAR ELECTION FOR DIRECTORS
ON MAY 3, 2022]**

RESOLUTION APPROVED AND ADOPTED on November 18, 2021.

BNC METROPOLITAN DISTRICT NO. 3

By: _____
President

Attest:

Secretary

REIMBURSEMENT AGREEMENT

This REIMBURSEMENT AGREEMENT (“**Agreement**”) is made and entered into this 23rd day of June, 2021, with an effective date of June 23, 2021, by and among BNC Metropolitan District No. 3, a quasi-municipal corporation and political subdivision of the State of Colorado (the “**District**”), Catellus CC Note, LLC, a Delaware limited liability company (“**Seller**”), and AMH Development, LLC, a Delaware limited liability company (the “**Builder**”) (individually, each a “**Party**” and collectively the “**Parties**”).

RECITALS

A. Pursuant to that certain Purchase and Sale Agreement dated June 4, 2021 by and between Seller and Builder (the “**PSA**”), Builder agreed to purchase from Seller certain property as legally described on Exhibit A, attached hereto and incorporated herein by this reference (the “**Property**”).

B. The Property is within a project located in Commerce City, Colorado (“**City**”), commonly known as the Turnberry Subdivision and is within the boundaries of the District.

C. Pursuant to the authority granted to the District by its service plan, as approved by the City on September 15, 2003, as it may be amended from time to time (the “**Service Plan**”), the District is authorized to construct, acquire and install 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.

D. The Permissible Improvements are necessary for the development of the Property.

E. The Parties acknowledge that the District does not currently have sufficient monies available to construct and/or acquire the Permissible Improvements.

F. The District has determined that for reasons of economic efficiency and timeliness it is in the best interests of the District for the Builder to construct or cause construction of certain of the Permissible Improvements.

G. Seller and the Builder acknowledge, as provided in the PSA, a portion of the consideration for the conveyance of the Property is Builder’s agreement to construct certain Permissible Improvements (the “**Improvements**”) at its own expense and direct the District to reimburse Seller for costs incurred by the Builder for design, testing, engineering, and construction of the Improvements (“**Construction Costs**”).

H. The purpose of this Agreement is to set forth the terms and conditions pursuant to which the Builder will construct or cause the construction of the Improvements for acquisition by the District or other applicable jurisdiction and the District will reimburse Seller for the Construction Costs.

NOW, THEREFORE, in consideration of the foregoing and the respective agreements of the Parties contained herein, the Parties agree as follows:

COVENANTS AND AGREEMENTS

1. Construction of Improvements. Builder agrees to design, construct, and complete the Improvements in material conformance with the plans therefore pursuant to the provisions of this Agreement. If the District so requests, the Builder shall provide periodic reports on the status of completion and costs of the Improvements, but no more often than every six (6) months.

2. Construction Contract Requirements. Any construction contract for all or any portion of the Improvements shall require the contractor to provide a warranty for the period of time between initial acceptance and final acceptance of the Improvements by the appropriate accepting jurisdiction. Builder will provide a security mechanism for the warranty as required by the applicable government entity to which the Improvements will be dedicated. Notwithstanding the foregoing, the District acknowledges that Builder shall not have the obligation to post any surety with the District.

3. Acquisition of Improvements. Within forty-five (45) days following written request from Seller after substantial completion and preliminary acceptance of the Improvements from the District or other appropriate accepting jurisdiction, the Builder shall, deliver for review and reasonable approval by the District's independent engineer and accountant the following:

3.1 Such as-built drawings for the Improvements as are required by the Town or as are reasonably required by the District or the District's engineer, to be conveyed by the Builder;

3.2 Lien waivers and indemnifications from each contractor providing services or materials with value in excess of \$5,000, verifying that all amounts due to contractors, subcontractors, material providers or suppliers have been paid in full, in a form reasonably acceptable to the District and Builder shall indemnify the District from and against all liens resulting from contracts for which Builder has not provided lien waivers pursuant to this Agreement;

3.3 An assignment from the Builder to the District of any assignable warranties associated with the Improvements, in a form reasonably acceptable to the District and Builder;

3.4 True and accurate copies of all costs and expenses paid by Builder in connection with any designing, engineering, testing, construction and/or installation of the Improvements by Builder, all contracts, pay requests, change orders, invoices and evidence of payment of same, the final payment form and any other reasonably requested documentation in Builder's possession to verify the amount of reimbursable Construction Costs requested (collectively the "**Reimbursement Records**");

3.5 Certifications as to the completion of the Improvements (or portions thereof) and as to the accuracy of the Reimbursement Records;

3.6 Such other documentation, records and verifications as may reasonably be required by the District; and

3.7 An executed Bill of Sale conveying the Improvements to the District or other appropriate jurisdiction in form attached hereto as **Exhibit B** or such other instrument as is necessary or appropriate to evidence acceptance of the Improvements by the entity to which the Improvements are conveyed.

4. Certification of Construction Costs. The Parties hereby agree that a condition precedent to the District's obligation to reimburse Seller for Construction Costs shall be the District's receipt of a written certification of an independent engineer hired and paid for by either the District or Seller, that the Construction Costs of the Improvements are reasonable and comparable to the costs of similar public improvements constructed in central Colorado. Such independent engineer's determination shall be conclusive regarding the amount of Construction Costs the District shall be obligated to reimburse Seller under this Agreement ("**Certified Construction Costs**"), notwithstanding the fact that the actual Construction Costs incurred by the Builder may exceed the Certified Construction Costs. Prior to issuing a written certification, if such certification determines that the amount of the actual Construction Costs are greater than comparable costs, the independent engineer shall submit a letter of its preliminary findings to Seller and Builder and both Seller and Builder shall have the right to meet with the independent engineer prior to its issuance of a written certification.

5. Additional Covenants of the Builder. The Builder acknowledges that Seller is relying upon the Builder's performance of its obligations to construct and convey the Improvements to the District or other appropriate accepting jurisdiction in accordance with the requirements of this Agreement. The Builder agrees that its failure to provide the District with the information and documents required by Section 3 shall constitute an event of default under this Agreement and shall entitle Seller to exercise its rights under Section 13, subject to Seller's delivery of written notice to the Builder of any such default and the Builder's failure to cure such default within thirty (30) days thereafter.

6. Reimbursement.

6.1 The Builder hereby directs the District to make payment of the Certified Construction Costs to Seller. The Builder hereby waives and disclaims any and all rights to receive reimbursement for all or any portion of the Certified Construction Costs and agrees that it shall not make any claim against the District and/or Seller with respect to payment or reimbursement of any Certified Construction Costs.

6.2 Subject to the receipt of funding as set forth in Section 7, the District agrees to reimburse Seller for Certified Construction Costs up to a maximum amount of Sixty Million and No/100 Dollars (\$60,000,000.00), together with interest thereon. Certified Construction Costs shall accrue interest from the date such costs are incurred by the Builder. Simple interest shall accrue on amounts reimbursable to Seller under this Agreement, until paid, at the rate of eight percent (8%) per annum.

7. Funding. Seller agrees that no payment shall be required of the District hereunder unless and until the District issues bonds, or other debt financing instrument, in an amount sufficient to reimburse Seller for all or a portion of the Certified Construction Costs. The District may, however, make payments from available funds after the payment of the District's annual debt service and operations and maintenance expenses. Seller agrees that, to the extent that any amounts are still owed under this Agreement after the District issues bonds, or other debt financing instrument, any obligation to pay such amounts is subordinate to such bonds or other debt financing instrument. Payments by the District to Seller shall credit first against accrued and unpaid interest and then to the principal amount due. The District agrees to exercise reasonable efforts to issue bonds or obtain other debt financing instruments to reimburse amounts owed to Seller under this Agreement. The obligations of the District contemplated in this Agreement are subject to annual appropriation and shall not be deemed to be multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution.

8. Representations.

8.1 The Builder hereby represents and warrants to and for the benefit of the District and Seller as follows:

8.1.1 The Builder is a limited liability company and is qualified to do business in the State of Colorado.

8.1.2 The Builder has the full power and legal authority to enter into this Agreement. Neither the execution and delivery of this Agreement nor the compliance by the Builder with any of its terms, covenants or conditions is or shall become a default under any other agreement or contract to which the Builder is a party or by which the Builder is or may be bound. The Builder has taken or performed all requisite acts or actions which may be required by its organizational or operational documents to confirm its authority to execute, deliver and perform each of its obligations under this Agreement.

8.1.3 The Builder represents that it has sufficient available funds to fulfill its obligations under this Agreement.

8.2 Seller hereby represents and warrants to and for the benefit of the District and Builder as follows:

8.2.1 Seller is a Delaware limited liability company and is qualified to do business in the State of Colorado.

8.2.2 Seller has the full power and legal authority to enter into this Agreement. Neither the execution and delivery of this Agreement nor the compliance by the Builder with any of its terms, covenants or conditions is or shall become a default under any other agreement or contract to which the Builder is a party or by which the Builder is or may be bound. The Builder has taken or performed all requisite acts or actions which may be required by its organizational or operational documents to confirm its authority to execute, deliver and perform each of its obligations under this Agreement.

The foregoing representations and warranties by the Builder and Seller are made as of the date hereof and shall be deemed continually made for the entire term of this Agreement.

9. Term; Repose. Notwithstanding anything set forth in this Agreement to the contrary, the District shall not be obligated to make any payments to Seller for costs incurred by the Builder, but not invoiced (as evidenced by the delivery of the documents described in Section 3 above) to the District within three (3) years of the date incurred. In the event the District has not reimbursed Seller for any portion of the Certified Construction Costs within forty (40) years after the date incurred, whether invoiced or not invoiced by such date, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

10. Notices. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the addressee or by courier delivery via FedEx or other nationally-recognized overnight air courier service, by electronically-confirmed email transmission, or by depositing same in the United States mail, postage prepaid, addressed as follows:

To District: BNC Metropolitan District No. 3
Attn: Ann Finn
141 Union Boulevard, Suite 150
Lakewood, CO 80228
Phone: 303-987-0835
Email: AFinn@sdmsi.com

With a Copy To: McGready Becher P.C.
Attn: Paula Williams
450 E. 17th Avenue, Suite 400
Denver, CO 80203
Phone: 303-592-4380
Email: pwilliams@specialdistrictlaw.com

If to Seller: Catellus CC Note, LLC
Attn: Bill Hosler
Attn: Michael Kuykendall
66 Franklin Street, Suite 200
Oakland, CA 94607
Email: bhosler@catellus.com
Email: mkuykendall@catellus.com

With Copy to: Polsinelli, P.C.
Attn: John R. Heronimus, Esq.
1401 Lawrence Street, Suite 2300
Denver, CO 80202
Phone: 303-256-2747
Email: jheronimus@polsinelli.com

If to Builder: AMH Development, LLC
Attn: Legal Department
23975 Park Sorrento, Suite 300
Calabasas, CA 91302
Phone: 310-494-2224
Email: hcho@ah4r.com

With Copy to: Nick Montalbano
Email: nmontalbano@ah4r.com
Jordan Kushner
Email: jkushner@ah4r.com

With Copy to: Davis & Ceriani, P.C.
Attn: Nicholas A. Doohar
1600 Stout Street, Suite 1710
Denver, CO 80202
Email: ndoohar@davisandceriani.com
jbaker@davisandceriani.com

All notices, demands, requests or other communications shall be effective upon such personal delivery, one (1) business day after being deposited with FedEx or other nationally-recognized overnight air courier service, on the date of transmission if sent by electronically-confirmed or email transmission, or three (3) business days after deposit in the United States mail. By giving the other party hereto at least ten (10) days written notice thereof in accordance with the provisions hereof, each of the Parties shall have the right from time to time to change its address or contact information.

11. Assignment. No Party shall assign any of its respective rights or delegate any of its duties hereunder to any person or entity, except as specifically allowed by the provisions of this Section. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual. Subject to the foregoing, the parties shall have the following assignment rights:

11.1 Seller shall have the right, upon written notice to the District and Builder, to assign this Agreement to another entity and the District agrees to cooperate with Seller on such assignment, so long as: (i) Seller agrees to pay all of the District's reasonable costs and expenses with respect to any actions the District needs to take to comply with the Colorado Municipal Securities Act and any rules, regulations or orders promulgated thereunder; and (ii) such assignment will not violate any federal law, rule or regulation.

12. Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the Parties hereto any right, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions, or provisions thereof, and all the covenants, terms, conditions, and provisions in this Agreement by and on behalf of the Parties shall be for the sole and exclusive benefit of the Parties.

13. Default/Remedies. In the event of a breach or default of this Agreement by any Party, the non-defaulting Parties shall be entitled to exercise all remedies available at law or in equity provided that any damages are limited to actual damages and excluding consequential, punitive and speculative damages. In the event of any litigation, arbitration or other proceeding to enforce the terms, covenants or conditions hereof, the prevailing Party or Parties in such proceeding shall obtain reasonable attorneys' fees as part of the judgment or award.

14. Governing Law and Jurisdiction. This Agreement shall be governed and construed under the laws of the State of Colorado.

15. Inurement. Each of the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective permitted successors and assigns.

16. Integration. This Agreement constitutes the entire agreement between the Parties with respect to the matters addressed herein. All prior discussions and negotiations regarding the subject matter hereof are merged herein.

17. Severability. If any covenant, term, condition, or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition, or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

18. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

19. Paragraph Headings. Paragraph headings are inserted for convenience of reference only.

20. Amendment. This Agreement may be amended from time to time by agreement between the Parties hereto, provided, however, that no amendment, modification, or alteration of the terms or provisions hereof shall be binding upon the District or Seller unless the same is in writing and duly executed by the Parties hereto.

21. Illegal Alien Statute. By execution of this Agreement, Builder agrees to the statements set forth in **Exhibit C** attached hereto.

22. Termination of Reimbursement Obligations. Notwithstanding any provision herein to the contrary, the District's obligations to reimburse Seller for any and all funds advanced or otherwise payable to Seller under and pursuant to this Agreement (whether Seller has already advanced or otherwise paid such funds or intends to make such advances or payments in the future) shall terminate automatically and be of no further force or effect upon the occurrence of (a) Seller's

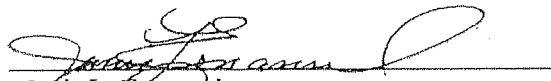
voluntary dissolution, liquidation, winding up, or cessation to carry on business activities as a going concern; (b) administrative dissolution (or other legal process not initiated by Seller dissolving Seller as a legal entity) that is not remedied or cured within sixty (60) days of the effective date of such dissolution or other process; or (c) the initiation of bankruptcy, receivership or similar process or actions with regard to Seller (whether voluntary or involuntary). The termination of the District's reimbursement obligations as set forth in this Section shall be absolute and binding upon Seller, its successors and assigns. Seller, by its execution of this Agreement, waives and releases any and all claims and rights, whether existing now or in the future, against the District relating to or arising out of the District's reimbursement obligations under this Agreement in the event that any of the occurrences described in this Section occur.

[Signatures on following page]

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

DISTRICT:

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

By: 
Janis L. Emanuel
President

SELLER:

CATELLUS CC NOTE, LLC,
a Delaware limited liability company

By: _____
Thomas T. Marshall
Executive Vice President

BUILDER:

AMH DEVELOPMENT, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

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


DISTRICT:

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

By: _____
Janis L. Emanuel
President

SELLER:

CATELLUS CC NOTE, LLC,
a Delaware limited liability company

By:  _____
Thomas T. Marshall
Executive Vice President

BUILDER:

AMH DEVELOPMENT, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

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

DISTRICT:

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

By: _____
Janis L. Emanuel
President

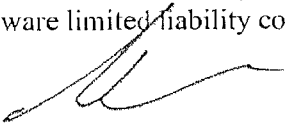
SELLER:

CATELLUS CC NOTE, LLC,
a Delaware limited liability company

By: _____
Thomas T. Marshall
Executive Vice President

BUILDER:

AMH DEVELOPMENT, LLC,
a Delaware limited liability company

By: _____


Name: _____ **Helen Cho**

Title: _____ **Vice President — Real Estate Transactions**

**Exhibit A
to Reimbursement Agreement**

PROPERTY

Lots 1 through 24, inclusive, Block 1;
Lots 1 through 17, inclusive, Block 2;
Lots 1 through 14, inclusive, Block 3;
Lots 1 through 18, inclusive, Block 4;
Lots 1 through 19, inclusive, Block 5;
Lots 1 through 32, inclusive, Block 6;
Lots 1 through 32, inclusive, Block 7;
Lots 1 through 12, inclusive, Block 8;
Lots 1 through 22, inclusive, Block 9;
Lots 1 through 32, inclusive, Block 10; and
Tracts A, B, C, D, G, H, I, K, L, M, N, O, P, Q and R;
Turnberry Subdivision Filing No. 5, as recorded on April 20, 2021, under Reception No.
2021000048209, County of Adams, State of Colorado.

**Exhibit B
to Reimbursement Agreement**

FORM OF BILL OF SALE

KNOW ALL BY THESE PRESENTS that _____, a _____
 (“Grantor”), for and in consideration of the sum of _____ Dollars
 (\$_____) to be paid by the District in accordance with the terms of the Reimbursement
 Agreement, dated _____, 20____ and other good and valuable consideration, the
 receipt of which is hereby acknowledged, has bargained and sold, and by these presents does grant
 and convey unto BNC Metropolitan District No. 3, a quasi-municipal corporation and political
 subdivision of the State of Colorado, whose address is _____ (“District”),
 its successors and assigns, all of Grantor’s right, title and interest in and to the facilities, personal
 property and the improvements shown on **Exhibit I** attached hereto and incorporated herein by
 this reference (“Improvements”).

TO HAVE AND TO HOLD the same unto the District, its successors and assigns forever; and
 Grantor, its successors and assigns, shall warrant and defend the sale of said Improvements made
 unto the District, its successors and assigns, against all and every person or persons whomsoever
 claiming by, through or under Grantor, and warrants that (i) the conveyance of the Improvements
 to the District, its successors and assigns, is made free from any claim or demand whatsoever, and
 (ii) the Improvements were constructed and installed in substantial accordance with the plans
 thereof.

IN WITNESS WHEREOF, Grantor executes this Bill of Sale this ____ day of
 _____, 20____.

GRANTOR:

_____,
 a _____

By: _____

Name: _____

Title: _____

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____,
 20____, by _____, as _____ of _____ [and by _____
 as _____ of _____].

Witness my hand and official seal.
My commission expires: _____

Notary Public

Exhibit I
to
Form of Bill of Sale
IMPROVEMENTS

Project Description

Estimated/Actual Cost

**Exhibit C
to Reimbursement Agreement**

CERTIFICATION OF THE BUILDER

1. To the extent that Builder is subject to the requirements of Section 8-17.5-102(1), C.R.S., if any, the Builder hereby certifies to the District that the Builder does not knowingly employ or contract with an illegal alien who will perform work under the Agreement and that if required by law it will participate in the E-Verify Program or Department Program (as defined in Sections 8-17.5-101(3.3) and (3.7), C.R.S.) in order to confirm the employment eligibility of all employees of the Developer who are newly hired to perform work under the Agreement.

2. To the extent Builder is subject Section 8-17.5-102(2)(a), C.R.S., the Builder shall not:

- (a) Knowingly employ or contract with an illegal alien to perform work under the Agreement; or
- (b) Enter into a contract with a subcontractor that fails to certify to the Builder that the subcontractor shall not knowingly employ or contract with an illegal alien to perform work under the Agreement.

3. The Builder, shall, to the extent required by law, confirm the employment eligibility of all employees of Builder who are newly hired for employment to perform work under the Agreement through participation in either the E-Verify Program or the Department Program.

4. The Builder is prohibited from using either the E-Verify Program or the Department Program procedures to undertake pre-employment screening of job applicants in violation of law while the Agreement is in effect.

5. If the Builder obtains actual knowledge that a subcontractor performing work under the Agreement knowingly employs or contracts with an illegal alien, the Builder shall:

- (a) Notify the subcontractor and the District within three days that the Builder has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and
- (b) Terminate the subcontract with the subcontractor if within three days of receiving the notice the subcontractor does not stop employing or contracting with the illegal alien; except that the Builder shall not terminate the contract with the subcontractor if during such three days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

6. The Builder shall comply with any reasonable request by the Colorado Department of Labor and Employment ("Department") made in the course of an investigation that the Department is undertaking, pursuant to the law.

7. If the Builder violates any provision of Section 8-17.5-102(1), C.R.S. that is applicable to the Builder, the District may terminate the Agreement immediately and the Builder shall be liable to the District for actual damages of the District resulting from such violation, and the District shall report such violation by the Builder to the Colorado Secretary of State, as required by law.

REIMBURSEMENT AGREEMENT

This REIMBURSEMENT AGREEMENT (“**Agreement**”) is made and entered into this 24th day of June, 2021, with an effective date of June 24, 2021, by and among BNC Metropolitan District No. 3, a quasi-municipal corporation and political subdivision of the State of Colorado (the “**District**”), Catellus CC Note, LLC, a Delaware limited liability company (“**Seller**”), and Century Land Holdings, LLC, a Colorado limited liability company (the “**Builder**”) (individually, each a “**Party**” and collectively the “**Parties**”).

RECITALS

A. Pursuant to that certain Purchase and Sale Agreement dated December 23, 2020, by and between Seller and Builder (the “**PSA**”), Builder agreed to purchase from Seller certain property as legally described on Exhibit A, attached hereto and incorporated herein by this reference (the “**Property**”).

B. The Property is within a project located in Commerce City, Colorado (“**City**”), commonly known as the Turnberry Subdivision and is within the boundaries of the District.

C. Pursuant to the authority granted to the District by its service plan, as approved by the City on September 15, 2003, as it may be amended from time to time (the “**Service Plan**”), the District is authorized to construct, acquire and install 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.

D. The Permissible Improvements are necessary for the development of the Property.

E. The Parties acknowledge that the District does not currently have sufficient monies available to construct and/or acquire the Permissible Improvements.

F. The District has determined that for reasons of economic efficiency and timeliness it is in the best interests of the District for the Builder to construct or cause construction of certain of the Permissible Improvements.

G. Seller and the Builder acknowledge, as provided in the PSA, a portion of the consideration for the conveyance of the Property is Builder’s agreement to construct, to the extent not constructed by the District, certain Permissible Improvements (the “**Improvements**”) at its own expense and direct the District to reimburse Seller for costs incurred by the Builder for design, testing, engineering, and construction of the Improvements (“**Construction Costs**”).

H. The purpose of this Agreement is to set forth the terms and conditions pursuant to which the Builder will construct or cause the construction of the Improvements for acquisition by the District or other applicable jurisdiction, and the District will reimburse Seller for the Construction Costs.

NOW, THEREFORE, in consideration of the foregoing and the respective agreements of the Parties contained herein, the Parties agree as follows:

COVENANTS AND AGREEMENTS

1. Construction of Improvements. To the extent the District does not construct the Improvements, Builder agrees to design, construct, and complete the Improvements, and in such event the District shall pay to Seller the Certified Construction Costs as provided herein.

2. Construction Contract Requirements. Any construction contract for all or any portion of the Improvements shall require the contractor to provide a warranty for the period of time between initial acceptance and final acceptance of the Improvements by the appropriate accepting jurisdiction. Builder will provide a security mechanism for the warranty as required by the applicable government entity to which the Improvements will be dedicated.

3. Acquisition of Improvements. Within forty-five (45) days following written request from Seller after substantial completion and preliminary acceptance of the Improvements from the District or other appropriate accepting jurisdiction, the Builder shall, deliver for review and reasonable approval by the District's independent engineer and accountant the following:

3.1 Such as-built drawings for the Improvements as are required by the City or as are reasonably required by the District or the District's engineer, to be conveyed by the Builder;

3.2 Lien waivers from each contractor verifying that all amounts due to contractors, subcontractors, material providers or suppliers have been paid in full, in a form reasonably acceptable to the District;

3.3 A non-exclusive assignment from the Builder to the District of any assignable warranties associated with the Improvements, in a form reasonably acceptable to the District and Builder;

3.4 True and accurate copies of all costs and expenses paid by Builder in connection with any designing, engineering, testing, construction and/or installation of the Improvements by Builder, all contracts, pay requests, change orders, invoices and evidence of payment of same, the final payment form and any other reasonably requested documentation to verify the amount of reimbursable Construction Costs requested (collectively the "**Reimbursement Records**");

3.5 Certifications as to the completion of the Improvements (or portions thereof) and as to the accuracy of the Reimbursement Records;

3.6 Such other documentation, records and verifications as may reasonably be required by the District; and

3.7 An executed Bill of Sale conveying the Improvements to the District or other appropriate jurisdiction in form attached hereto as **Exhibit B** or such other instrument as is necessary or appropriate to evidence acceptance of the Improvements by the entity to which the Improvements are conveyed.

4. Certification of Construction Costs. The Parties hereby agree that a condition precedent to the District's obligation to reimburse Seller for Construction Costs shall be the District's receipt of a written certification of an independent engineer that the Construction Costs of the Improvements are reasonable and comparable to the costs of similar public improvements constructed in central Colorado. Such independent engineer's determination shall be conclusive regarding the amount of Construction Costs the District shall be obligated to reimburse Seller under this Agreement ("**Certified Construction Costs**"), notwithstanding the fact that the actual Construction Costs incurred by the Builder may exceed the Certified Construction Costs. Prior to issuing a written certification, if such certification determines that the amount of the actual Construction Costs are greater than comparable costs, the independent engineer shall submit a letter of its preliminary findings to Seller and Builder and both Seller and Builder shall have the right to meet with the independent engineer prior to its issuance of a written certification.

5. Additional Covenants of the Builder. The Builder acknowledges that Seller is relying upon the Builder's performance of its obligations to construct and convey the Improvements to the District or other appropriate accepting jurisdiction in accordance with the requirements of this Agreement. The Builder agrees that its failure to provide the District with the information and documents required by Section 3 shall constitute an event of default under this Agreement and shall entitle Seller to exercise its rights under Section 13, subject to Seller's delivery of written notice to the Builder of any such default and the Builder's failure to cure such default within thirty (30) days thereafter.

6. Reimbursement.

6.1 The Builder hereby directs the District to make payment of the Certified Construction Costs to Seller. The Builder hereby waives and disclaims any and all rights to receive reimbursement for all or any portion of the Certified Construction Costs and agrees that it shall not make any claim against the District and/or Seller with respect to payment or reimbursement of any Certified Construction Costs.

6.2 Subject to the receipt of funding as set forth in Section 7, the District agrees to reimburse Seller for Certified Construction Costs up to a maximum amount of Sixty Million and No/100 Dollars (\$60,000,000.00), together with interest thereon. Certified Construction Costs shall accrue interest from the date such costs are incurred by the Builder. Simple interest shall accrue on amounts reimbursable to Seller under this Agreement, until paid, at the rate of eight percent (8%) per annum.

7. Funding. Seller agrees that no payment shall be required of the District hereunder unless and until the District issues bonds, or other debt financing instrument, in an amount sufficient to reimburse Seller for all or a portion of the Certified Construction Costs. The District may, however, make payments from available funds after the payment of the District's annual debt service and operations and maintenance expenses. Seller agrees that, to the extent that any amounts are still owed under this Agreement after the District issues bonds, or other debt financing instrument, any obligation to pay such amounts is subordinate to such bonds or other debt financing instrument. Payments by the District to Seller shall credit first against accrued and unpaid interest and then to the principal amount due. The District agrees to exercise reasonable efforts to issue bonds or obtain other debt financing instruments to reimburse amounts owed to

Seller under this Agreement. The obligations of the District contemplated in this Agreement are subject to annual appropriation and shall not be deemed to be multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution.

8. Representations.

8.1 The Builder hereby represents and warrants to and for the benefit of the District and Seller as follows:

8.1.1 The Builder is a Colorado limited liability company and is qualified to do business in the State of Colorado.

8.1.2 The Builder has the full power and legal authority to enter into this Agreement. Neither the execution and delivery of this Agreement nor the compliance by the Builder with any of its terms, covenants or conditions is or shall become a default under any other agreement or contract to which the Builder is a party or by which the Builder is or may be bound. The Builder has taken or performed all requisite acts or actions which may be required by its organizational or operational documents to confirm its authority to execute, deliver and perform each of its obligations under this Agreement.

8.2 Seller hereby represents and warrants to and for the benefit of the District and Builder as follows:

8.2.1 Seller is a Delaware limited liability company and is qualified to do business in the State of Colorado.

8.2.2 Seller has the full power and legal authority to enter into this Agreement. Neither the execution and delivery of this Agreement nor the compliance by the Builder with any of its terms, covenants or conditions is or shall become a default under any other agreement or contract to which the Builder is a party or by which the Builder is or may be bound. The Builder has taken or performed all requisite acts or actions which may be required by its organizational or operational documents to confirm its authority to execute, deliver and perform each of its obligations under this Agreement.

The foregoing representations and warranties by the Builder and Seller are made as of the date hereof and shall be deemed continually made for the entire term of this Agreement.

9. Term; Repose. Notwithstanding anything set forth in this Agreement to the contrary, the District shall not be obligated to make any payments to Seller for costs incurred by the Builder, but not invoiced (as evidenced by the delivery of the documents described in Section 3 above) to the District within three (3) years of the date incurred. In the event the District has not reimbursed Seller for any portion of the Certified Construction Costs within forty (40) years after the date incurred, whether invoiced or not invoiced by such date, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

10. Notices. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have

been validly given or served by delivery of same in person to the addressee or by courier delivery via FedEx or other nationally-recognized overnight air courier service, by electronically-confirmed email transmission, or by depositing same in the United States mail, postage prepaid, addressed as follows:

To District: BNC Metropolitan District No. 3
Attn: Ann Finn
141 Union Boulevard, Suite 150
Lakewood, CO 80228
Phone: 303-987-0835
Email: AFinn@sdmsi.com

With a Copy To: McGready Becher P.C.
Attn: Paula Williams
450 E. 17th Avenue, Suite 400
Denver, CO 80203
Phone: 303-592-4380
Email: pwilliams@specialdistrictlaw.com

If to Seller: Catellus CC Note, LLC
Attn: Bill Hosler
Attn: Michael Kuykendall
66 Franklin Street, Suite 200
Oakland, CA 94607
Email: bhosler@catellus.com
Email: mkuykendall@catellus.com

With Copy to: Polsinelli, P.C.
Attn: John R. Heronimus, Esq.
1401 Lawrence Street, Suite 2300
Denver, CO 80202
Phone: 303-256-2747
Email: jheronimus@polsinelli.com

If to Builder: Century Land Holdings, LLC
8390 E. Crescent Parkway, Suite 650
Greenwood Village, CO 80111
Attention: Jonathan Wayne, Brian Mulqueen,
and Audrey Baker
E-mail:
Jonathan.Wayne@centurycommunities.com;
Brian.Mulqueen@centurycommunities.com
AudreyB@centurycommunities.com

With Copy to:

Fox Rothschild LLP
1225 17th Street, Suite 2200
Denver, CO 80202
Attn: Catherine A. Hildreth, Esq.
Email: CHildreth@foxrothschild.com

All notices, demands, requests or other communications shall be effective upon such personal delivery, one (1) business day after being deposited with FedEx or other nationally-recognized overnight air courier service, on the date of transmission if sent by electronically-confirmed or email transmission, or three (3) business days after deposit in the United States mail. By giving the other party hereto at least ten (10) days written notice thereof in accordance with the provisions hereof, each of the Parties shall have the right from time to time to change its address or contact information.

11. Assignment. No Party shall assign any of its respective rights or delegate any of its duties hereunder to any person or entity, except as specifically allowed by the provisions of this Section. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual. Subject to the foregoing, Seller shall have the following assignment rights:

11.1 Seller shall have the right, upon written notice to the District and Builder, to assign this Agreement to another entity and the District agrees to cooperate with Seller on such assignment, so long as: (i) Seller agrees to pay all of the District's reasonable costs and expenses with respect to any actions the District needs to take to comply with the Colorado Municipal Securities Act and any rules, regulations or orders promulgated thereunder; and (ii) such assignment will not violate any federal law, rule or regulation.

12. Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the Parties hereto any right, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions, or provisions thereof, and all the covenants, terms, conditions, and provisions in this Agreement by and on behalf of the Parties shall be for the sole and exclusive benefit of the Parties.

13. Default/Remedies. In the event of a breach or default of this Agreement by any Party, the non-defaulting Parties shall be entitled to exercise all remedies available at law or in equity, provided, however, no Party shall seek or be entitled to any damages (including but not limited to speculative, consequential or exemplary damages) other than actual, direct damages. In the event of any litigation, arbitration or other proceeding to enforce the terms, covenants or conditions hereof, the prevailing Party or Parties in such proceeding shall obtain reasonable attorneys' fees as part of the judgment or award.

14. Governing Law and Jurisdiction. This Agreement shall be governed and construed under the laws of the State of Colorado.

15. Inurement. Each of the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective permitted successors and assigns.

16. Integration. This Agreement constitutes the entire agreement between the Parties with respect to the matters addressed herein. All prior discussions and negotiations regarding the subject matter hereof are merged herein.

17. Severability. If any covenant, term, condition, or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition, or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

18. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

19. Paragraph Headings. Paragraph headings are inserted for convenience of reference only.

20. Amendment. This Agreement may be amended from time to time by agreement between the Parties hereto, provided, however, that no amendment, modification, or alteration of the terms or provisions hereof shall be binding upon the District or Seller unless the same is in writing and duly executed by the Parties hereto.

21. Certification of Compliance with Illegal Alien Statute. By its execution of this Agreement, the Builder confirms and ratifies all of the certifications, statements, representations and warranties set forth in Exhibit C attached hereto and made a part hereof by this reference.

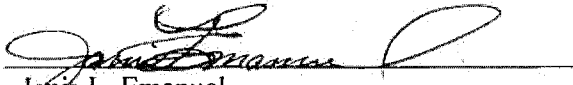
22. Termination of Reimbursement Obligations. Notwithstanding any provision herein to the contrary, the District's obligations to reimburse Seller for any and all funds advanced or otherwise payable to Seller under and pursuant to this Agreement (whether Seller has already advanced or otherwise paid such funds or intends to make such advances or payments in the future) shall terminate automatically and be of no further force or effect upon the occurrence of (a) Seller's voluntary dissolution, liquidation, winding up, or cessation to carry on business activities as a going concern; (b) administrative dissolution (or other legal process not initiated by Seller dissolving Seller as a legal entity) that is not remedied or cured within sixty (60) days of the effective date of such dissolution or other process; or (c) the initiation of bankruptcy, receivership or similar process or actions with regard to Seller (whether voluntary or involuntary). The termination of the District's reimbursement obligations as set forth in this Section shall be absolute and binding upon Seller, its successors and assigns. Seller, by its execution of this Agreement, waives and releases any and all claims and rights, whether existing now or in the future, against the District relating to or arising out of the District's reimbursement obligations under this Agreement in the event that any of the occurrences described in this Section occur.

[Signatures on following pages]

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

DISTRICT:

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

By: 
Janis L. Emanuel
President

SELLER:

CATELLUS CC NOTE, LLC,
a Delaware limited liability company

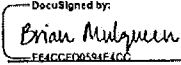
By: _____



Thomas T. Marshall
Executive Vice President

BUILDER:

CENTURY LAND HOLDINGS, LLC,
a Colorado limited liability company

By:  _____
Brian Mulqueen
Vice President

**Exhibit A
to Reimbursement Agreement**

PROPERTY

Lots 1 through 17, inclusive, Block 1;
Lots 1 through 10, inclusive, Block 2;
Lots 1 through 20, inclusive, Block 3;
Lots 1 through 9, inclusive, Block 4;
Lots 1 through 2, inclusive, Block 5;
Lots 1 through 16, inclusive, Block 6;
Lots 1 through 10, inclusive, Block 7;
Lots 1 through 9, inclusive, Block 8; and
Tracts A, E, G and L;
Turnberry Subdivision Filing No. 6, as recorded March 26, 2021, under Reception No.
2021000037352, County of Adams, State of Colorado.

**Exhibit B
to Reimbursement Agreement**

FORM OF BILL OF SALE

KNOW ALL BY THESE PRESENTS that _____, a _____
 (“Grantor”), for and in consideration of the sum of _____ Dollars
 (\$_____) to be paid by the District in accordance with the terms of the Reimbursement
 Agreement, dated _____, 20____ and other good and valuable consideration, the
 receipt of which is hereby acknowledged, has bargained and sold, and by these presents does grant
 and convey unto BNC Metropolitan District No. 3, a quasi-municipal corporation and political
 subdivision of the State of Colorado, whose address is _____ (“District”),
 its successors and assigns, all of Grantor’s right, title and interest in and to the facilities, personal
 property and the improvements shown on **Exhibit I** attached hereto and incorporated herein by
 this reference (“**Improvements**”).

TO HAVE AND TO HOLD the same unto the District, its successors and assigns forever; and
 Grantor, its successors and assigns, shall warrant and defend title to said Improvements, against
 all and every person or persons whomsoever claiming by, through or under Grantor. Grantor
 warrants that the Improvements were constructed and installed in substantial accordance with the
 plans thereof. Except as expressly set forth above, the Improvements are conveyed hereunder in
 their as-is, where-is condition and without any representations or warranties whatsoever, express
 or implied.

IN WITNESS WHEREOF, Grantor executes this Bill of Sale this ____ day of
 _____, 20____.

GRANTOR:

_____,
 a _____

By: _____

Name: _____

Title: _____

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____,
 20____, by _____, as _____ of _____ [and by _____
 as _____ of _____.

Witness my hand and official seal.
My commission expires: _____

Notary Public

Exhibit I
to
Form of Bill of Sale
IMPROVEMENTS

Project Description

Estimated/Actual Cost

Exhibit C
to
Reimbursement Agreement

CERTIFICATION OF THE BUILDER

1. Pursuant to the requirements of Section 8-17.5-102(1), C.R.S., the Builder hereby certifies to the District that the Builder does not knowingly employ or contract with an illegal alien who will perform work under the Agreement and that it will participate in the E-Verify Program or Department Program (as defined in Sections 8-17.5-101(3.3) and (3.7), C.R.S.) in order to confirm the employment eligibility of all employees of the Developer who are newly hired to perform work under the Agreement.

2. In accordance with Section 8-17.5-102(2)(a), C.R.S., the Builder shall not:

(a) Knowingly employ or contract with an illegal alien to perform work under the Agreement; or

(b) Enter into a contract with a subcontractor that fails to certify to the Builder that the subcontractor shall not knowingly employ or contract with an illegal alien to perform work under the Agreement.

3. The Builder represents and warrants it has confirmed the employment eligibility of all employees of Builder who are newly hired for employment to perform work under the Agreement through participation in either the E-Verify Program or the Department Program.

4. The Builder is prohibited from using either the E-Verify Program or the Department Program procedures to undertake pre-employment screening of job applicants while the Agreement is in effect.

5. If the Builder obtains actual knowledge that a subcontractor performing work under the Agreement knowingly employs or contracts with an illegal alien, the Builder shall:

(a) Notify the subcontractor and the District within three days that the Builder has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and

(b) Terminate the subcontract with the subcontractor if within three days of receiving the notice the subcontractor does not stop employing or contracting with the illegal alien; except that the Builder shall not terminate the contract with the subcontractor if during such three days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

6. The Builder shall comply with any reasonable request by the Colorado Department of Labor and Employment (“Department”) made in the course of an investigation that the Department is undertaking, pursuant to the law.

If the Builder violates any provision of Section 8-17.5-102(1), C.R.S., the District may terminate the Agreement immediately and the Builder shall be liable to the District for actual damages of the

District resulting from such termination, and the District shall report such violation by the Builder to the Colorado Secretary of State, as required by law.

FIRST AMENDMENT TO OPERATION FUNDING AGREEMENT

This **FIRST AMENDMENT TO OPERATION FUNDING AGREEMENT** (“**Agreement**”) is entered into this 18th day of November, 2021 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 previously entered into that certain 2019-2021 Operation Funding Agreement dated October 21, 2020, with an effective date of January 1, 2019 (the “**OFA**”).

B. Pursuant to the OFA, the Developer may advance funds to the District or pay consultants directly for operations and maintenance expenses and the District may reimburse the Developer for the same.

C. The Parties desire to amend the OFA 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:

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

2. Amendment to Recital E. Recital E of the OFA is hereby deleted in its entirety and replaced with the following:

“G. The District anticipates that it will not have sufficient revenues to make payment of its operations and maintenance expenses for fiscal years 2019 through 2022.”

3. Amendment to Section 1. Section 1 of the OFA 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 2022 in an aggregate amount of One Hundred Twenty Thousand Dollars (\$120,000.00) (the “**Shortfall Amount**”).”

4. Amendment to Section 2. Section 2 of the OFA 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 2022 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**”).”

5. 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, 2022, 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 2022, not to exceed the Shortfall Amount. Any obligation of the District to reimburse the Developer shall expire on December 31, 2061. 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, 2061, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.”

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

7. Conflict. In the event of any express conflict or inconsistency between the terms of the OFA and this Amendment, this Amendment shall control and govern.

8. Counterparts. This 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 FIRST AMENDMENT TO
OPERATION FUNDING AGREEMENT]**

IN WITNESS WHEREOF, the Parties have executed this First Amendment to Operation Funding Agreement 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: _____