

ANNUAL INFORMATION REPORT
for the year 2022
PEAK METROPOLITAN DISTRICT NO. 1

As required by Section 32-1-207(3)(c), C.R.S. and Section VII of the Consolidated Service Plan for Peak Metropolitan District Nos. 1, 2 and 3 (hereinafter referred to as the “**District**”, “**District No. 2**”, “**District No. 3**” and collectively the “**Districts**”), approved by the City of Colorado Springs (the “**City**”) on August 28, 2018, and as amended from time to time (the “**Service Plan**”), the following report of activities for the District from January 1, 2022 to December 31, 2022 is hereby submitted.

(1) **Boundary changes made or proposed to the District’s boundary as of December 31 of the prior year.** No inclusions or exclusions of property were effectuated during the reporting period.

(2) **Intergovernmental Agreement with other governmental entities either entered into, proposed or terminated as of December 31 of the prior year.** The District entered into the following intergovernmental agreements during 2022:

Reimbursement Agreement. The District and District No. 3 entered into a Reimbursement Agreement, made effective December 21, 2022, which sets forth the terms by which District No. 3 will reimburse the District for certain expenses paid for by the District, associated with public improvements that benefit both the District and District No. 3.

(3) **Access information to obtain a copy of the District’s rules and regulations, if any, as of December 31 of the prior year.** The District does not currently have any rules and regulations and there were none proposed during 2022. The Districts’ website address is:
<https://peakmetropolitandistricts.specialdistrict.net/>

(4) **A summary of any litigation which involved the District Public Improvements as of December 31 of the prior year.** None.

(5) **Status of the District’s construction of the Public Improvements as of December 31 of the prior year.** The following Public Improvements were in progress during 2022:

For Planning Area 6 Improvements at Vector Heights, Enertia Pt., and Peak Innovation Pkwy.:

- a. water; and
- b. sewer & storm facilities

(6) **A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City as of December 31 of the prior year.** The following facilities and improvements were constructed by

the District and dedicated to and accepted by the City as of December 31, 2022:

For S. Powers Blvd. and Grinnell Blvd.:

- a. landscaping; and
- b. irrigation

For Integration Loop Phase 2 (east of Grinnell Blvd.), South Round-About:

- a. streets;
- b. safety improvements;
- c. water;
- d. sewer & storm facilities;
- e. traffic signals;
- f. street lighting;
- g. landscaping; and
- h. irrigation

(7) **The final assessed valuation of the District for the current year.** A copy of the 2022 Certification of Assessed Valuation for El Paso County is attached hereto as **Exhibit A**.

(8) **Current year budget including a description of the Public Improvements to be constructed in such year.** A copy of the 2023 Budget is attached hereto as **Exhibit B**. It is anticipated that the following Public Improvements will be constructed and/or completed during 2023:

For Planning Area 5 Improvements at Summit View Heights, ALJOR Pt., Enertia Pt., and Milton E. Proby Pkwy. (anticipated to be completed in 2023):

- a. streets;
- b. safety improvements;
- c. water;
- d. sewer & storm facilities; and
- e. street lighting

For Planning Area 6 Improvements at Vector Heights, Enertia Pt., and Peak Innovation Pkwy. (construction in progress in 2023):

- a. streets;
- b. safety improvements;
- c. water; and
- d. sewer & storm facilities

For Filing 1D, Lots 2 & 3 (construction in progress in 2023):

- a. monumentation signage
- b. landscaping; and
- c. irrigation

For Planning Area 7/Ponds 500 & 600 (construction in progress in 2023):

- a. storm facilities

- (9) **Audit of the District's financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.** A copy of the 2021 Audit is attached hereto as **Exhibit C**. A Request for Extension of Time to File Audit for Year End December 31, 2022 has been filed with the State Auditor. A copy of the District's 2022 Audit will be provided under separate cover upon its availability.
- (10) **Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.** None.
- (11) **Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.** None.
- (12) **Copies of any Certifications of an External Financial Advisor provided as required by the Privately Placed Debt Limitation provision.** Not Applicable.

Exhibit A

**CERTIFICATION OF VALUATION BY
EL PASO COUNTY ASSESSOR**

New Tax Entity? YES NO

Date November 23, 2022

NAME OF TAX ENTITY: PEAK METROPOLITAN #1

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

IN ACCORDANCE WITH 39-5-121(2)(a) and 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2022 :

1.	PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	1.	\$	150
2.	CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡	2.	\$	3,185,100
3.	LESS TOTAL TIF AREA INCREMENTS, IF ANY:	3.	\$	0
4.	CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	4.	\$	3,185,100
5.	NEW CONSTRUCTION: *	5.	\$	0
6.	INCREASED PRODUCTION OF PRODUCING MINE: ≈	6.	\$	0
7.	ANNEXATIONS/INCLUSIONS:	7.	\$	0
8.	PREVIOUSLY EXEMPT FEDERAL PROPERTY: ≈	8.	\$	0
9.	NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b), C.R.S.): ☐	9.	\$	0
10.	TAXES RECEIVED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(a), C.R.S.). Includes all revenue collected on valuation not previously certified:	10.	\$	0.00
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.):	11.	\$	0.00

‡ This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec. 20(8)(b), Colo. Constitution
 * New Construction is defined as: Taxable real property structures and the personal property connected with the structure.
 ≈ Jurisdiction must submit to the Division of Local Government respective Certifications of Impact in order for the values to be treated as growth in the limit calculation; use Forms DLG 52 & 52A.
 ☐ Jurisdiction must apply to the Division of Local Government before the value can be treated as growth in the limit calculation; use Form DLG 52B.

USE FOR TABOR "LOCAL GROWTH" CALCULATION ONLY

IN ACCORDANCE WITH ART.X, SEC.20, COLO. CONSTUTION AND 39-5-121(2)(b), C.R.S., THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2022 :

1.	CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶	1.	\$	55,332
ADDITIONS TO TAXABLE REAL PROPERTY				
2.	CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: *	2.	\$	0
3.	ANNEXATIONS/INCLUSIONS:	3.	\$	0
4.	INCREASED MINING PRODUCTION: §	4.	\$	0
5.	PREVIOUSLY EXEMPT PROPERTY:	5.	\$	54,832
6.	OIL OR GAS PRODUCTION FROM A NEW WELL:	6.	\$	0
7.	TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT: (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.):	7.	\$	0

DELETIONS FROM TAXABLE REAL PROPERTY

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

¶ This includes the actual value of all taxable real property plus the actual value of religious, private school, and charitable real property.
 * Construction is defined as newly constructed taxable real property structures.
 § Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS:
TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY \$ N/A

IN ACCORDANCE WITH 39-5-128(1.5), C.R.S., THE ASSESSOR PROVIDES:
HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): ** \$ 0
 ** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119.5(3), C.R.S.

NOTE: ALL LEVIES MUST BE CERTIFIED to the COUNTY COMMISSIONERS NO LATER THAN DECEMBER 15.

Exhibit B

PEAK METROPOLITAN DISTRICT NO. 1

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2023

**PEAK METROPOLITAN DISTRICT NO.1
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/28/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ (12,998)	\$ 35,942,137	\$ 25,334,279
REVENUE			
Property Tax	-	6	124,219
Specific Ownership Tax	-	-	12,422
PILOT	-	-	425,296
Interest Income	6,712	242,000	220,000
Developer Advance	10,599,218	25,100,687	95,000
Series 2021A Bond	38,495,000	-	-
Series 2021A Bond Premium	1,549,006	-	-
Series 2021B Bond	4,955,000	-	-
Transfer from District 3	-	1,100,000	-
Total revenue	<u>55,604,936</u>	<u>26,442,693</u>	<u>876,937</u>
TRANSFERS IN			
Transfers from other fund	8,449,126	-	-
Total funds available	<u>64,041,064</u>	<u>62,384,830</u>	<u>26,211,216</u>
EXPENDITURES			
General Fund	86,536	110,000	110,000
Debt Service Fund	1,290,668	1,880,551	1,890,000
Capital Projects Fund	18,272,597	35,060,000	20,203,554
Total expenditures	<u>19,649,801</u>	<u>37,050,551</u>	<u>22,203,554</u>
TRANSFERS OUT			
Transfers to other fund	8,449,126	-	-
Total expenditures and transfers out requiring appropriation	<u>28,098,927</u>	<u>37,050,551</u>	<u>22,203,554</u>
ENDING FUND BALANCES	<u>\$ 35,942,137</u>	<u>\$ 25,334,279</u>	<u>\$ 4,007,662</u>
2021 RESERVE FUND (Maximum \$3,390,833)	3,390,833	3,390,833	3,390,833
2021 CAPITALIZED INTEREST FUND	-	1,915,857	613,595
TOTAL RESERVE	<u>\$ 3,390,833</u>	<u>\$ 5,306,690</u>	<u>\$ 4,004,428</u>

No assurance provided. See summary of significant assumptions.

PEAK METROPOLITAN DISTRICT NO.1
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/28/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
ASSESSED VALUATION - El Paso County			
Commercial	\$ -	\$ -	\$ 3,169,050
Vacant Land	-	150	16,050
Certified Assessed Value	\$ -	\$ 150	\$ 3,185,100
MILL LEVY			
General	0.000	1.000	2.000
Debt Service	0.000	37.000	37.000
Total mill levy	0.000	38.000	39.000
PROPERTY TAXES			
General	\$ -	\$ -	\$ 6,370
Debt Service	-	6	117,849
Budgeted property taxes	\$ -	\$ 6	\$ 124,219
BUDGETED PROPERTY TAXES			
General	\$ -	\$ -	\$ 6,370
Debt Service	-	-	117,849
	\$ -	\$ -	\$ 124,219

**PEAK METROPOLITAN DISTRICT NO.1
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/28/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ (12,998)	\$ (14,965)	\$ 35
REVENUE			
Property Tax	-	-	6,370
Specific Ownership Tax	-	-	637
PILOT	-	-	11,192
Developer Advance	64,044	125,000	95,000
Total revenue	<u>64,044</u>	<u>125,000</u>	<u>113,199</u>
TRANSFERS IN			
Transfers from other fund	<u>20,525</u>	-	-
Total funds available	<u>71,571</u>	<u>110,035</u>	<u>113,234</u>
EXPENDITURES			
General and administration			
Accounting	35,203	25,000	29,000
Auditing	-	5,700	6,000
County Treasurers Fees	-	-	96
Dues and membership	1,840	672	750
Insurance and bonds	2,981	2,981	3,500
Legal services	38,217	55,000	60,500
Banking fees	30	30	50
Election expense	-	978	2,500
Engineering	8,265	-	-
Contingency	-	19,639	7,604
Total expenditures	<u>86,536</u>	<u>110,000</u>	<u>110,000</u>
Total expenditures and transfers out requiring appropriation	<u>86,536</u>	<u>110,000</u>	<u>110,000</u>
ENDING FUND BALANCE	<u>\$ (14,965)</u>	<u>\$ 35</u>	<u>\$ 3,234</u>
EMERGENCY RESERVE	\$ -	\$ -	\$ 500
AVAILABLE FOR OPERATIONS	<u>(14,965)</u>	<u>35</u>	<u>2,734</u>
TOTAL RESERVE	<u>\$ (14,965)</u>	<u>\$ 35</u>	<u>\$ 3,234</u>

No assurance provided. See summary of significant assumptions.

**PEAK METROPOLITAN DISTRICT NO.1
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/28/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ 7,139,235	\$ 5,306,690
REVENUE			
Property Tax	-	6	117,849
Specific Ownership	-	-	11,785
PILOT	-	-	414,104
Interest Income	1,302	48,000	44,000
Total revenues	<u>1,302</u>	<u>48,006</u>	<u>587,738</u>
TRANSFERS IN			
Transfers from other fund	8,428,601	-	-
Total funds available	<u>8,429,903</u>	<u>7,187,241</u>	<u>5,894,428</u>
EXPENDITURES			
Bond Interest Series 2021A	1,290,668	1,873,550	1,873,550
County Treasurer's Fees	-	1	1,768
Paying agent fees	-	7,000	7,000
Contingency	-	-	7,682
Total expenditures	<u>1,290,668</u>	<u>1,880,551</u>	<u>1,890,000</u>
Total expenditures and transfers out requiring appropriation	<u>1,290,668</u>	<u>1,880,551</u>	<u>1,890,000</u>
ENDING FUND BALANCE	<u>\$ 7,139,235</u>	<u>\$ 5,306,690</u>	<u>\$ 4,004,428</u>
2021 RESERVE FUND (Maximum \$3,390,833)	\$ 3,390,833	\$ 3,390,833	\$ 3,390,833
2021 CAPITALIZED INTEREST FUND	3,748,402	1,915,857	613,595
TOTAL RESERVE	<u>\$ 7,139,235</u>	<u>\$ 5,306,690</u>	<u>\$ 4,004,428</u>

**PEAK METROPOLITAN DISTRICT NO.1
CAPITAL PROJECTS FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/28/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ 28,817,867	\$ 20,027,554
REVENUE			
Interest income	5,410	194,000	176,000
Series 2021A Bond	38,495,000	-	-
Series 2021A Bond Premium	1,549,006	-	-
Series 2021B Bond	4,955,000	-	-
Transfer from District 3	-	1,100,000	-
Developer advance	10,535,174	24,975,687	-
Total revenue	55,539,590	26,269,687	176,000
Total funds available	55,539,590	55,087,554	20,203,554
EXPENDITURES			
Accounting	3,072	37,000	43,000
Legal services	5,206	80,000	86,400
Bond issue costs	1,407,453	-	-
Capital outlay	10,570,091	31,875,000	9,999,354
Engineering	15,452	68,000	74,800
Developer Advance Repayment	6,271,323	3,000,000	10,000,000
Total expenditures	18,272,597	35,060,000	20,203,554
TRANSFERS OUT			
Transfers to other fund	8,449,126	-	-
	8,449,126	-	-
Total expenditures and transfers out requiring appropriation	26,721,723	35,060,000	20,203,554
ENDING FUND BALANCE	\$ 28,817,867	\$ 20,027,554	\$ -

**PEAK METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Peak Metropolitan District No. 1 (the "District"), a quasi-municipal corporation was organized by court order on January 23, 2019, recorded on January 25, 2019, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located entirely within the City of Colorado Springs (the "City"), El Paso County Colorado. The District was organized in conjunction with two other related districts, Peak Metropolitan District No. 2, and Peak Metropolitan District No. 3. In accordance with its Consolidated Service Plan, as may be amended from time to time, the District was organized to plan for, design, acquire, construct, install, relocate, redevelop, and finance public improvements.

At an election held on November 6, 2018, the voters approved general obligation indebtedness of \$200,000,000 for street improvements, \$200,000,000 for potable and non-potable water supply, \$200,000,000 for sanitary sewage collection and transmission system, \$200,000,000 for a system of traffic and safety controls and devices, \$200,000,000 for parks and recreation facilities, \$200,000,000 for mosquito control, \$200,000,000 for television relay and translation systems, \$200,000,000 for public transportation system, \$200,000,000 for security services, \$200,000,000 for fire protection, and \$200,000,000 for refinancing debt of the District. The election also approved an annual increase in taxes of \$200,000,000 for general operations and maintenance.

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.

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

Revenues

Property Taxes

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

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

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

**PEAK METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7.00% of the property taxes collected. The budget assumes that specific ownership taxes are allocated to the General Fund.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 2.0%.

Developer Advance

The District is in the development stage. As such, the operating and administrative expenditures will be mainly 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 Other Districts

The intergovernmental revenues are transfers from Peak Metropolitan District No. 3. The District will coordinate the payment of construction and capital expenditures for District No.3.

Expenditures

Administrative Expenditures

Administrative expenditures for the project have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, audit, accounting, insurance, management, maintenance, and other administrative expenses.

Debt and Leases

The District issued Limited Tax General Obligation Bonds, Series 2021A (the "2021A Bonds") for \$38,495,000 and Subordinate Limited Tax General Obligation Bonds, Series 2021B (the "2021B Bonds," and together with the 2021A Bonds, the "Bonds") in the amount of \$4,955,000 on March 23, 2021.

Proceeds of the 2021A Senior Bonds will be used to: (i) finance public improvements related to a portion of the Peak Innovation Park commercial development in the City of Colorado Springs, Colorado (the "Development," as further defined and described in the 2021A Senior Indenture); (ii) fund capitalized interest on the 2021A Senior Bonds; (iii) fund the Senior Reserve Fund to the Reserve Requirement; and (iv) pay other costs in connection with the issuance of the Bonds. Proceeds of the 2021B Subordinate Bonds will be used to finance additional public improvements related to the Development.

**PEAK METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

The Series 2021A Bonds were issued as term bonds bearing interest at 4.000% to 5.000%, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2021.

The Series 2021B Bonds were issued as term bonds bearing interest at 7.625%, payable annually on December 15 of each year, commencing December 15, 2021 and annually thereafter on December 15 of each year, unless the Bonds are redeemed earlier in accordance with the terms of their respective Indenture, by check or draft mailed to the registered owner of the Bonds, initially Cede & Co.

Each series of Bonds is subject to redemption prior to maturity at the option of the District as described in its respective Indenture. The 2021A Senior Bonds are further subject to mandatory sinking fund redemptions under certain circumstances set forth in the 2021A Senior Indenture. The 2021B Subordinate Bonds are also subject to mandatory redemption under certain circumstances set forth in the 2021B Subordinate Indenture.

The 2021A Senior Bonds constitute limited tax general obligations of the District payable solely from and to the extent of the Senior Pledged Revenue, defined generally in the 2021A Senior Indenture as the following: (i) all Senior Property Tax Revenues (generally defined as revenues resulting from the imposition of the Senior Required Mill Levy); (ii) all Senior Specific Ownership Tax Revenues; and (iii) all Senior PILOT Revenues. The 2021A Senior Bonds are additionally secured by capitalized interest which will be funded with proceeds of the 2021A Senior Bonds in the amount of \$5,037,767.78, and the Senior Reserve Fund, which will initially be funded with proceeds of the 2021A Senior Bonds in the amount of \$3,390,833.00, and by amounts in the Senior Surplus Fund, if any. The Senior Surplus Fund will not be funded as of the date of issuance of the 2021A Senior Bonds but will be funded over time from excess Senior Pledged Revenue, if any, up to the Maximum Surplus Amount (i.e., \$3,849,500.00).

The 2021B Subordinate Bonds constitute subordinate “cash flow” (meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest payments not paid when due will accrue and compound until sufficient Subordinate Pledged Revenue is available for payment) limited tax general obligations of the District payable solely from and to the extent of the Subordinate Pledged Revenue, which is defined generally in the 2021B Subordinate Indenture as the following: (i) all Subordinate Property Tax Revenues (generally defined as revenues resulting from the imposition of the Subordinate Required Mill Levy); (ii) all Subordinate Specific Ownership Tax Revenues; and (iii) all Subordinate PILOT Revenues.

The District has no capital or operating leases.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3.00% of fiscal year spending as defined under TABOR.

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

**PEAK METROPOLITAN DISTRICT NO. 1
DEBT SERVICE REQUIREMENTS TO MATURITY**

\$38,495,000 Limited Tax General Obligation Bonds

Series 2021A

Interest Rate: 4.000% to 5.000%

Date: March 23, 2021

Interest Payable June 1 and December 1

Principal Payable December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 1,873,550	\$ 1,873,550
2024	-	1,873,550	1,873,550
2025	-	1,873,550	1,873,550
2026	260,000	1,873,550	2,133,550
2027	270,000	1,863,150	2,133,150
2028	370,000	1,852,350	2,222,350
2029	385,000	1,837,550	2,222,550
2030	490,000	1,822,150	2,312,150
2031	510,000	1,802,550	2,312,550
2032	620,000	1,782,150	2,402,150
2033	645,000	1,757,350	2,402,350
2034	770,000	1,731,550	2,501,550
2035	800,000	1,700,750	2,500,750
2036	930,000	1,668,750	2,598,750
2037	980,000	1,622,250	2,602,250
2038	1,130,000	1,573,250	2,703,250
2039	1,185,000	1,516,750	2,701,750
2040	1,355,000	1,457,500	2,812,500
2041	1,425,000	1,389,750	2,814,750
2042	1,605,000	1,318,500	2,923,500
2043	1,685,000	1,238,250	2,923,250
2044	1,890,000	1,154,000	3,044,000
2045	1,985,000	1,059,500	3,044,500
2046	2,205,000	960,250	3,165,250
2047	2,315,000	850,000	3,165,000
2048	2,560,000	734,250	3,294,250
2049	2,685,000	606,250	3,291,250
2050	2,950,000	472,000	3,422,000
2051	6,490,000	324,500	6,814,500
Total	<u>\$ 38,495,000</u>	<u>\$ 41,589,500</u>	<u>\$ 80,084,500</u>

Exhibit C

**PEAK METROPOLITAN DISTRICT NO. 1
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

**PEAK METROPOLITAN DISTRICT NO. 1
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YEAR ENDED DECEMBER 31, 2021**

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Board of Directors
Peak Metropolitan District No. 1
El Paso County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Peak Metropolitan District No. 1 (the "District"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Peak Metropolitan District No. 1 as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplemental Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

The other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the 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.

Wipfli LLP

Wipfli LLP
Lakewood, Colorado

September 26, 2022

BASIC FINANCIAL STATEMENTS

**PEAK METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 1,541
Cash and Investments - Restricted	35,993,829
Due from Peak Metro No. 2	5,954
Property Taxes Receivable	6
Prepaid Expenses	2,981
Capital Assets, Not Being Depreciated:	
Construction in Progress	10,570,091
Total Assets	46,574,402
LIABILITIES	
Accounts Payable	62,168
Accrued Interest Payable	156,129
Noncurrent Liabilities:	
Due in More Than One Year	50,063,099
Total Liabilities	50,281,396
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenues	6
Total Deferred Inflows of Resources	6
NET POSITION	
Unrestricted	(3,707,000)
Total Net Position	\$ (3,707,000)

See accompanying Notes to Basic Financial Statements.

**PEAK METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 110,266	\$ -	\$ -	\$ -	
Interest and Related Costs on Long-Term Debt	3,461,919	-	-	-	
Total Governmental Activities	\$ 3,572,185	\$ -	\$ -	\$ -	
				6,712	
				6,712	
				(3,565,473)	
				(141,527)	
				\$ (3,707,000)	

See accompanying Notes to Basic Financial Statements.

**PEAK METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Debt Service	Capital Projects	Total Governmental Fund
ASSETS				
Cash and Investments	\$ 1,541	\$ -	\$ -	\$ 1,541
Cash and Investments - Restricted	-	7,139,235	28,854,594	35,993,829
Property Taxes Receivable	6	-	-	6
Prepaid Insurance	2,981	-	-	2,981
Due from Peak Metro No. 2	5,954	-	-	5,954
Total Assets	\$ 10,482	\$ 7,139,235	\$ 28,854,594	\$ 36,004,311
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 25,441	\$ -	\$ 36,727	\$ 62,168
Total Liabilities	25,441	-	36,727	62,168
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Taxes	6	-	-	6
Total Deferred Inflows of Resources	6	-	-	6
FUND BALANCES				
Nonspendable:				
Prepaid Insurance	2,981	-	-	2,981
Restricted for:				
Debt Service	-	7,139,235	-	7,139,235
Capital Projects	-	-	28,817,867	28,817,867
Unassigned	(17,946)	-	-	(17,946)
Total Fund Balances	(14,965)	7,139,235	28,817,867	35,942,137
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,482	\$ 7,139,235	\$ 28,854,594	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Capital Assets, Not Being Depreciated				10,570,091
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Bonds Payable				(43,450,000)
Bonds Premium				(1,504,334)
Accrued Interest on 2021A Bonds				(156,129)
Accrued Interest on 2021B Bonds				(283,911)
Developer Advance Payable				(4,444,980)
Accrued Interest on Developer Advance				(379,874)
Net Position of Governmental Activities				\$ (3,707,000)

See accompanying Notes to Basic Financial Statements.

PEAK METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General	Debt Service	Capital Projects	Total Governmental Fund
REVENUES				
Interest Income	\$ -	\$ 1,302	\$ 5,410	\$ 6,712
Series 2021A Bonds	-	-	38,495,000	38,495,000
Series 2021A Bond Premium	-	-	1,549,006	1,549,006
Series 2021B Bonds	-	-	4,955,000	4,955,000
Total Revenues	<u>-</u>	<u>1,302</u>	<u>45,004,416</u>	<u>45,005,718</u>
EXPENDITURES				
General				
Accounting	35,203	-	3,072	38,275
Banking Fees	30	-	-	30
Dues and Membership	1,840	-	-	1,840
Insurance and Bonds	2,981	-	-	2,981
Legal Services	38,217	-	5,206	43,423
Debt Service				
Bond Interest - Series 2021A	-	1,290,668	-	1,290,668
Bond Issue Costs	-	-	1,407,453	1,407,453
Capital Projects				
Capital Outlay	-	-	10,570,091	10,570,091
Engineering	8,265	-	15,452	23,717
Total Expenditures	<u>86,536</u>	<u>1,290,668</u>	<u>12,001,274</u>	<u>13,378,478</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(86,536)	(1,289,366)	33,003,142	31,627,240
OTHER FINANCING SOURCES (USES)				
Developer Advance	64,044	-	10,535,174	10,599,218
Repay Developer Advance	-	-	(6,271,323)	(6,271,323)
Transfers In	20,525	8,428,601	-	8,449,126
Transfers Out	-	-	(8,449,126)	(8,449,126)
Total Other Financing Sources (Uses)	<u>84,569</u>	<u>8,428,601</u>	<u>(4,185,275)</u>	<u>4,327,895</u>
NET CHANGE IN FUND BALANCES	(1,967)	7,139,235	28,817,867	35,955,135
Fund Balances (Deficits) - Beginning of Year	<u>(12,998)</u>	<u>-</u>	<u>-</u>	<u>(12,998)</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ (14,965)</u>	<u>\$ 7,139,235</u>	<u>\$ 28,817,867</u>	<u>\$ 35,942,137</u>

See accompanying Notes to Basic Financial Statements.

**PEAK METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS) OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 35,955,135

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

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

Capital Outlay - Current Year 10,570,091

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

Bond Issuance	(43,450,000)
Bond Premium	(1,549,006)
Developer Advance - Operations	(64,044)
Developer Advance - Capital	(10,535,174)
Repayment of Developer Advance - Principal - Capital	6,271,323

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

Accrued Interest on 2021A Bonds - Change in Liability	\$ (156,129)	
Accrued Interest on 2021B Bonds - Change in Liability	(283,911)	
Accrued Interest on Developer Advance - Change in Liability	(368,430)	(763,798)

Change in Net Position of Governmental Activities \$ (3,565,473)

**PEAK METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Total Revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Accounting	-	34,000	35,203	(1,203)
Banking Fees	-	20	30	(10)
Dues and Membership	-	1,840	1,840	-
Engineering	-	8,265	8,265	-
Insurance and Bonds	-	2,981	2,981	-
Legal Services	-	30,000	38,217	(8,217)
Contingency	-	13,894	-	13,894
Total Expenditures	-	91,000	86,536	4,464
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(91,000)	(86,536)	4,464
OTHER FINANCING SOURCES (USES)				
Developer Advance	-	87,000	64,044	(22,956)
Transfers from Capital Project Fund	-	20,525	20,525	-
Total Other Financing Sources (Uses)	-	107,525	84,569	(22,956)
NET CHANGE IN FUND BALANCE	-	16,525	(1,967)	(18,492)
Fund Balance (Deficit) - Beginning of Year	-	(12,998)	(12,998)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ -	\$ 3,527	\$ (14,965)	\$ (18,492)

See accompanying Notes to Basic Financial Statements.

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

Peak Metropolitan District No. 1 (the District), a quasi-municipal corporation was organized by court order on January 23, 2019, recorded on January 25, 2019, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located entirely within the City of Colorado Springs (the City), El Paso County Colorado. The District was organized in conjunction with two other related districts, Peak Metropolitan District No. 2 (District No. 2), and Peak Metropolitan District No. 3 (District No. 3, and collectively with the District and District No. 2, the Districts).

The Consolidated Service Plan for the Districts was approved by the City on August 28, 2018, pursuant to Sections 32-1-201, et seq. C.R.S., as amended by that First Amendment to Consolidated Service Plan approved by the City on February 12, 2019 and that Second Amendment to the Consolidated Service plan approved by the City on March 22, 2022 together with the Consolidated Service Plan, (the Service Plan) as the same may be amended or restated from time to time. The purposes for which each District was formed includes designing, constructing, acquiring, financing, operating and maintaining certain Public Improvements (as defined in the Service Plan), as authorized by and in accordance with the Service Plan.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

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

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

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

The District has amended its annual budget for the year ended December 31, 2021.

Pooled Cash and Investments

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

Property Taxes

Property taxes are levied by the District's board of directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and, generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District. Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Original Issue Premium

In the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

Deferred Inflows of Resources

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

PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of the net investment in capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Equity

Net Position

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

Fund Balance

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

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

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

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

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

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

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

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 1,541
Cash and Investments - Restricted	<u>35,993,829</u>
Total Cash and Investments	<u><u>\$ 35,995,370</u></u>

Cash and investments as of December 31, 2021, consist of the following:

Deposits with Financial Institutions	\$ 1,671
Investments	<u>35,993,699</u>
Total Cash and Investments	<u><u>\$ 35,995,370</u></u>

Cash Deposits

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

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

On December 31, 2021, the District’s cash deposits had a bank balance and carrying balance of \$1,671.

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

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

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

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

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

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	<u>\$ 35,993,699</u>

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE

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

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021 follows:

	Balance - December 31, 2020	Additions	Reductions	Balance - December 31, 2021
Capital Assets, not Being Depreciated:				
Construction in Progress	\$ -	\$ 10,570,091	\$ -	\$ 10,570,091
Total Capital Assets, not Being Depreciated	<u>\$ -</u>	<u>\$ 10,570,091</u>	<u>\$ -</u>	<u>\$ 10,570,091</u>

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2021:

	Balance - December 31, 2020	Additions	Reductions	Balance - December 31, 2021	Due Within One Year
Bonds Payable					
Series 2021A - Bonds	\$ -	\$ 38,495,000	\$ -	\$ 38,495,000	\$ -
Series 2021A - Premium	-	1,549,006	44,672	1,504,334	-
Series 2021B - Bonds	-	4,955,000	-	4,955,000	-
Series 2021B - Accrued Bond Interest	-	283,911	-	283,911	-
Subtotal of Bonds Payable	-	45,282,917	44,672	45,238,245	-
Other Debts					
Developer Advances:					
Capital	-	10,535,174	6,271,323	4,263,851	-
Operating	117,085	64,044	-	181,129	-
Accrued interest on					
Developer Advances:					
Capital	-	355,967	-	355,967	-
Operating	11,444	12,463	-	23,907	-
Subtotal of Other Debts	128,529	10,967,648	6,271,323	4,824,854	-
Total Long-Term Obligations	\$ 128,529	\$ 56,250,565	\$ 6,315,995	\$ 50,063,099	\$ -

The details of the District's general obligation bonds outstanding during 2021 are as follows:

Limited Tax General Obligation Bonds, Series 2021A (the Senior Bonds) and **Subordinate Limited Tax General Obligation Bonds, Series 2021B** (the Subordinate Bonds, and together with the Senior Bonds, the Bonds)

Bond Proceeds

The District issued the Bonds on March 23, 2021, in the par amounts of \$38,495,000 for the Senior Bonds and \$4,955,000 for the Subordinate Bonds.

Proceeds from the sale of the Bonds were used to: (i) finance public improvements related to a commercial development in the City; (ii) provide capitalized interest on the Senior Bonds; (iii) provide a Reserve Fund for the Senior Bonds; and (iv) pay the costs of issuing the Bonds.

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Senior Bonds Details

The Senior Bonds bear interest at rates ranging from 4.000% to 5.000% per annum and are payable semiannually on June 1 and December 1, beginning on June 1, 2021. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2026. The Senior Bonds have a final maturity of December 1, 2051.

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

Senior Bonds Pledged Revenue

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue which means the following: (a) all Senior Property Tax Revenues; (b) all Senior Specific Ownership Tax Revenues; (c) all Senior PILOT (payment in lieu of taxes) Revenues; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

Senior Property Tax Revenues means all moneys derived from imposition by the District of the Senior Required Mill Levy and do not include Specific Ownership Taxes. Senior Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Senior Specific Ownership Tax Revenues means the specific ownership taxes remitted to the District as a result of imposition of the Senior Required Mill Levy.

Senior PILOT Revenues means all revenues derived from any PILOT Covenant relating to the Senior Required Mill Levy imposed by the District, net of collection costs.

Senior Required Mill Levy

The District is required to impose a Senior Required Mill Levy on all taxable property of the District each year in an amount necessary to generate Senior Property Tax Revenues and Senior PILOT Revenues sufficient to pay the Senior Bonds when due and to replenish the Senior Reserve Fund to the amount of the Senior Reserve Requirement, but not in excess of 37.000 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2006). If the amount on deposit in the Senior Surplus Fund is less than the Maximum Surplus Amount, the Senior Required Mill Levy is to be 37.000 mills (subject to adjustment) or such lesser amount that will generate Senior Property Tax Revenues and Senior PILOT Revenues (i) which will pay the Senior Bonds when due, will replenish the Senior Reserve Fund to the Senior Reserve Requirement, and will fully fund the Senior Surplus Fund to the Maximum Surplus Amount, or (ii) when combined with moneys on deposit in the Senior Bond Fund, the Senior Surplus Fund, and the Senior Reserve Fund will pay the Senior Bonds in full in the year such levy is collected.

PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Additional Security for Senior Bonds

The Senior Bonds are additionally secured by capitalized interest which was funded from proceeds of the Senior Bonds in the amount of \$5,037,768, by the Senior Reserve Fund which was funded from proceeds of the Senior Bonds in the amount of the Senior Reserve Requirement of \$3,390,833, and by amounts, if any, in the Senior Surplus Fund. The balance in the capitalized interest account as of December 31, 2021, is \$-0-.

Senior Reserve Fund

Subject to the receipt of sufficient Senior Pledged Revenue, the Senior Reserve Fund is to be maintained in the amount of the Senior Reserve Requirement for so long as any Senior Bond is outstanding. Amounts on deposit in the Senior Reserve Fund (if any) on the final maturity date of the Senior Bonds shall be applied to the payment of the Senior Bonds. The availability of such amount shall be taken into account in calculating the Senior Required Mill Levy required to be imposed in the levy year prior to the year of the final maturity of the Senior Bonds. The balance in the Senior Reserve Fund as of December 31, 2021, is \$3,390,980.

Senior Surplus Fund

Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount of \$3,849,500. Amounts on deposit in the Senior Surplus Fund (if any) on the final maturity date of the Senior Bonds shall be applied to the payment of the Senior Bonds. The availability of such amount shall be taken into account in calculating the Senior Required Mill Levy required to be imposed in the levy year prior to the year of the final maturity of the Senior Bonds. The balance in the Senior Surplus Fund as of December 31, 2021, is \$-0-.

Bonds Optional Redemption

The Senior Bonds and Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on March 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
March 1, 2026, to February 28, 2027	3.00%
March 1, 2027, to February 29, 2028	2.00
March 1, 2028, to February 28, 2029	1.00
March 1, 2029, and thereafter	0.00

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Subordinate Bonds Details

The Subordinate Bonds bear interest at the rate of 7.625% per annum and are payable annually on December 15, beginning December 15, 2021, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2051. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15.

All of the Subordinate Bonds and interest thereon are to be deemed to be discharged after the application of all available Subordinate Pledged Revenue on December 15, 2070, regardless of the amount of principal and interest paid prior to the discharge date.

Subordinate Bonds Pledged Revenue

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue from the following sources, net of any costs of collection and any property tax refunds or abatement authorized by or on behalf of the County: (a) all Subordinate Property Tax Revenues; (b) all Subordinate Specific Ownership Tax Revenues; (c) all Subordinate PILOT Revenues; (d) any amounts released from the Senior Surplus Fund pursuant to the Senior Indenture; and (e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

Subordinate Property Tax Revenues means all moneys derived from imposition by the District of the Subordinate Required Mill Levy and do not include Specific Ownership Taxes.

Subordinate Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Subordinate Bonds Pledged Revenue

Subordinate Specific Ownership Tax Revenues means the specific ownership taxes remitted to the District as a result of imposition of the Subordinate Required Mill Levy.

Subordinate PILOT Revenues means all revenues derived from any PILOT Covenant relating to the Subordinate Required Mill Levy imposed by the District, net of collection costs.

Subordinate Required Mill Levy

The District is required to impose a Subordinate Required Mill Levy upon all taxable property of the District each year in an amount equal to: (i) 37.000 mills (subject to adjustment) less the Senior Obligation Mill Levy, or (ii) such lesser amount that will generate Subordinate Property Tax Revenues and Subordinate PILOT Revenues relating to the Subordinate Required Mill Levy which will pay the Subordinate Bonds in full in the year such levy is collected.

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Subordinate Required Mill Levy (Continued)

Senior Obligation Mill Levy means the sum of the Senior Required Mill Levy and any other ad valorem property tax levy required to be imposed by the District for the payment of Senior Obligations.

Senior Bonds Debt Service

The outstanding principal and interest of the Senior Bonds are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 1,873,550	\$ 1,873,550
2023	-	1,873,550	1,873,550
2024	-	1,873,550	1,873,550
2025	-	1,873,550	1,873,550
2026	260,000	1,873,550	2,133,550
2027-2031	2,025,000	9,177,750	11,202,750
2032-2036	3,765,000	8,640,550	12,405,550
2037-2041	6,075,000	7,559,500	13,634,500
2042-2046	9,370,000	5,730,500	15,100,500
2047-2051	17,000,000	2,987,000	19,987,000
Total	<u>\$ 38,495,000</u>	<u>\$ 43,463,050</u>	<u>\$ 81,958,050</u>

The annual debt service requirements of the Subordinate Bonds are not currently determinable since they are payable only from available Subordinate Pledged Revenue.

Authorized Debt

On November 6, 2018, the District's voters authorized total indebtedness of \$2,000,000,000 for construction of public improvements and \$200,000,000 each for operations and maintenance expenditures, debt refunding and debt related to intergovernmental agreements or other contracts with public entities.

As a result of issuance of the Bonds, the District had \$1,956,550 in remaining unused electoral authorization for indebtedness for public improvements and \$200,000,000 each for operations and maintenance expenditures, debt refunding and debt related to intergovernmental agreements or other contracts with public entities.

Pursuant to its Consolidated Service Plan, as amended, the District, District No. 2 and District No. 3 are permitted to issue bond indebtedness in the total aggregate amount of \$200,000,000.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 NET POSITION

The District has net position consisting of a single component – unrestricted.

The District has a deficit in unrestricted net position. This deficit is primarily due to interest paid on debts to date, and operating expenses paid by advances from Developer.

NOTE 7 AGREEMENTS

Operations and Maintenance Mill Levy Limitation Agreement

On March 1, 2021, the District, District No. 2 (also referred to herein as the Maintenance District), and District No. 3 (together with District No. 1 each a Financing District and collectively, as the Financing Districts) entered into the 2021 Operations and Maintenance Mill Levy Limitation Agreement (Mill Levy Limitation Agreement). Pursuant to the Colorado Constitution, Article XIV, Section 18(2)(a), and Section 29-1-203, C.R.S., metropolitan districts may cooperate or contract with each other to provide any function, service or facility lawfully authorized to each, and any such contract may provide for the sharing of costs, the imposition of taxes, and the incurring of debt.

Pursuant to the Mill Levy Limitation Agreement, the Districts shall dedicate the Public Improvements to the City or other appropriate jurisdiction in a manner consistent with the Approved Development Plan (as defined in the Service Plan), and other rules and regulations of the City and applicable provisions of the City Code. The Districts shall not be authorized to operate and maintain any part of the Public Improvements after such dedication, unless the provision of such ongoing operation and maintenance is specifically identified in the Service Plan. The Service Plan allows for the boundaries of the Districts to overlap, as long as the aggregate mill levy for the payment of debt and operations of the overlapping Districts will not at any time exceed the Maximum Debt Mill Levy (as defined in the Service Plan) for the repayment of debt, or the Maximum Operating Mill Levy of 10 mills, subject to adjustment for changes in the method of calculating assessed valuation, (Maximum Operating Mill Levy) for the payment of Actual Administrative and Compliance Costs and Actual Maintenance Costs (both as defined therein).

The Districts agree each District will incur Actual Administrative and Compliance Costs and, as such, it is necessary for each District to impose an operating mill levy to pay for such Actual Administrative and Compliance Costs.

The Districts further acknowledge and agree it is the intent and desire of the Districts that the Maintenance District be responsible for managing and providing operation and maintenance of Public Improvements not otherwise accepted by other governing jurisdictions throughout the Service Area (as defined in the Service Plan) of all the Districts (Maintenance Services) and that it will be necessary for the Maintenance District to impose an operating mill levy to generate revenues for expenses related to the provision of such Maintenance Services.

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 AGREEMENTS (CONTINUED)

Operations and Maintenance Mill Levy Limitation Agreement (Continued)

The Mill Levy Limitation Agreement sets forth the agreement of the Districts relative to the process by which the Districts will annually determine their respective operation and maintenance mill levies needed for Actual Administrative and Compliance Costs of each District and by the Maintenance District for provision of the Maintenance Services to assure the Districts do not exceed the aggregate Maximum Operating Mill Levy. The Mill Levy Limitation Agreement supersedes and replaces in its entirety the Memorandum of Understanding, dated January 29, 2019, entered into by the Districts.

2021 PILOT Covenant

The Declaration of Covenants Imposing and Implementing Payment in Lieu of Taxes (2021 PILOT Covenant) made by the City, as Declarant, became effective February 11, 2021 and recorded in the real property records of the Clerk and Recorder of El Paso County on February 19, 2021 against all of the property of the District. The purpose of the 2021 PILOT Covenant is to require: (a) any tax-exempt users to make payments-in-lieu-of-taxes to the District and (b) the City to make payments-in-lieu-of-taxes to the District if a Lease Termination Event (as defined therein) occurs. Revenue from a PILOT Covenant (defined in the Indentures as the 2021 PILOT Covenant or any similar future covenant which provides for a payment-in-lieu-of-taxes) is a component of the Senior Pledged Revenue and the Subordinate Pledged Revenue. Payments under the 2021 PILOT Covenant are not expected to be required by the City unless a Lease Termination Event occurs, if ever, although such payments are possible.

NOTE 8 RELATED PARTIES

The property within the District is being developed by UFCS Airport, LLC (Developer). During 2021, all the members of the board of directors were officers or employees of, or otherwise associated with the Developer, and may have conflicts of interest in matters involving the District.

Operation Funding Agreements (OFAs)

On January 29, 2019, the District and Developer entered into an Operation Funding Agreement (OFA), as amended on October 30, 2019, October 22, 2020, and December 8, 2021. The OFA provides for the Developer to advance funds for ongoing operations expenses incurred by the District through December 31, 2022 in an amount not to exceed \$292,000.

The District agrees to repay any advances received from any funds available after the payment of its annual debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget and appropriation. Interest shall accrue at 8% per annum.

PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 RELATED PARTIES (CONTINUED)

Operation Funding Agreements (OFAs) (Continued)

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 \$292,000 unless agreed to in writing by the parties. Any obligation of the District to reimburse the Developer expires on December 31, 2062. In the event that the District has not reimbursed the Developer for any Developer Advance made pursuant to the OFA on or before December 31, 2062, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

As of December 31, 2021, outstanding advances for operations totaled \$181,129 and accrued interest totaled \$23,907.

Facilities Acquisition and Payment Agreement (FAPA)

On June 22, 2021, the District and Developer entered into the Facilities Acquisition and Payment Agreement, as amended on December 8, 2021 (FAPA). The FAPA establishes rights, obligations, and procedures with respect to the District's payment of Construction Costs and acquisition of Developer-constructed Improvements, and for reimbursement of the Developer.

The Developer agrees to design, construct, and complete the Improvements in full conformance with the design standards and specifications as established and in use by the District, if applicable, and other entities with proper jurisdiction pursuant to the provisions of the FAPA. If the District so requests, the Developer shall provide periodic reports on the status of completion and costs of the Improvements.

Pursuant to the FAPA, the District agrees to reimburse the Developer for and/or make direct payment of Certified Construction Costs up to a maximum amount of Forty Million Five Hundred Thousand Dollars (\$40,500,000.00), together with interest thereon, unless otherwise agreed to in writing by the Parties. Certified Construction Costs shall accrue interest from the date such costs are incurred by the Developer. Simple interest shall accrue on amounts reimbursable to the Developer under the FAPA, until paid, at the rate of eight percent (8%) per annum. Developer and District acknowledge the existence of limitations on the District's ability to make such payments as result of the Service Plan.

The District shall acquire the Improvements after preliminary acceptance from the appropriate accepting jurisdiction, and prior to final acceptance upon receipt, review and approval by the District's accountant and engineer.

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 RELATED PARTIES (CONTINUED)

Developer Facilities Funding and Acquisition Agreement

The District entered into a Facilities Funding and Acquisition Agreement with the Developer dated March 1, 2021 and effective as of April 30, 2019 (the Developer Reimbursement Agreement) pursuant to which the Developer agreed to either advance dollars to the District to pay for costs of construction related expenses and/or to construct certain public improvements for future acquisition by the City, District, or other local government, subject to the verification requirements set forth therein. The District agreed to reimburse the Developer for verified costs, together with interest thereon. Simple interest accrues on verified reimbursable construction related expenses at the rate of 7% per annum as follows: (a) on any advance, from the date of deposit with the District, (b) on amounts expended prior to the date of organization, from the date of organization of the District, or (c) on verified reimbursable costs constructed after the date of organization of the District, from the date such costs were incurred by the Developer. The District's obligation to reimburse expires on December 31, 2059.

As of December 31, 2021, outstanding advances pursuant to the Developer Reimbursement Agreement totaled \$4,263,851 and accrued interest totaled \$355,967.

City Facilities Acquisition and Reimbursement Agreement

The District entered into a Facilities Acquisition and Reimbursement Agreement dated February 6, 2019, with an effective date of February 12, 2019, with the City, acting by and through its Airport enterprise (the City Reimbursement Agreement) whereby the City agreed to contribute up to \$1,500,000 (City Contribution) to the cost of designing, constructing and completing certain improvements described therein. The District agreed to reimburse the City for verified costs up to the amount of the City Contribution, together with interest thereon. Simple interest accrues from the date of deposit of the City Contribution at the rate of 7% per annum until paid. Any reimbursement made under the City Reimbursement Agreement is required to be made on a pari passu basis to the City, CF Capybara (defined below), and Developer, respectively, as required under the CF Reimbursement Agreement and the Developer Reimbursement Agreement (both described below), in an amount that represents each entity's proportionate share as of the date of reimbursement. The District's obligation to reimburse expires on December 31, 2059.

As of December 31, 2021, the City has contributed \$0.00 pursuant to the City Reimbursement Agreement.

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 RELATED PARTIES (CONTINUED)

Capybara Facilities Acquisition and Reimbursement Agreement

The District entered into a Facilities Acquisition and Reimbursement Agreement dated April 30, 2019 (the CF Reimbursement Agreement), with CF Capybara COS LLC (CF Capybara) pursuant to which CF Capybara agreed to construct, or cause the construction of, and to fund an amount equal to 50% of the total cost identified in a development agreement dated April 30, 2019, as amended (the CF Capybara Contribution). The District agreed to reimburse CF Capybara for verified costs up to the amount of the CF Capybara Contribution, together with interest thereon. Simple interest accrues from the date of deposit of the CF Capybara Contribution at the rate of 7% per annum until paid. Any reimbursement made under the CF Capybara Reimbursement Agreement is required to be made to CF Capybara, the City, and Developer, respectively, on a pari passu basis to reimbursements made under the City Reimbursement Agreement and the Developer Reimbursement Agreement, in an amount that represents each entity's proportionate share as of the date of reimbursement. The District's obligation to reimburse expires on December 31, 2059.

As of December 31, 2021, CF Capybara has contributed approximately \$0.00 pursuant to this CF Reimbursement Agreement.

NOTE 9 RISK MANAGEMENT

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

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

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

PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

On November 6, 2018, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

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

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

SUPPLEMENTARY INFORMATION

**PEAK METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interest Income	\$ -	\$ 1,302	\$ 1,302
Total Revenues	<u>-</u>	<u>1,302</u>	<u>1,302</u>
EXPENDITURES			
Bond Interest - Series 2021A	1,513,625	1,290,668	222,957
Paying Agent Fees	7,000	-	7,000
Contingency	279,375	-	279,375
Total Expenditures	<u>1,800,000</u>	<u>1,290,668</u>	<u>509,332</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,800,000)	(1,289,366)	510,634
OTHER FINANCING SOURCES (USES)			
Transfers from Capital Project Fund	7,797,819	8,428,601	630,782
Total Other Financing Sources (Uses)	<u>7,797,819</u>	<u>8,428,601</u>	<u>630,782</u>
NET CHANGE IN FUND BALANCE	5,997,819	7,139,235	1,141,416
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,997,819</u>	<u>\$ 7,139,235</u>	<u>\$ 1,141,416</u>

**PEAK METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interest Income	\$ -	\$ 5,410	\$ 5,410
Other Revenue	190,000	-	(190,000)
Series 2021A Bonds	33,135,000	38,495,000	5,360,000
Series 2021A Premium	-	1,549,006	1,549,006
Series 2021B Bonds	4,675,000	4,955,000	280,000
Total Revenues	<u>38,000,000</u>	<u>45,004,416</u>	<u>7,004,416</u>
EXPENDITURES			
Bond Issue Costs	1,077,950	1,407,453	(329,503)
Accounting	-	3,072	(3,072)
Legal Services	-	5,206	(5,206)
Engineering	-	15,452	(15,452)
Capital Outlay	28,934,231	10,570,091	18,364,140
Contingency	190,000	-	190,000
Total Expenditures	<u>30,202,181</u>	<u>12,001,274</u>	<u>18,200,907</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,797,819	33,003,142	25,205,323
OTHER FINANCING SOURCES (USES)			
Developer Advance	-	10,535,174	10,535,174
Developer Advance Repayment	-	(6,271,323)	(6,271,323)
Transfers to General Fund	-	(20,525)	(20,525)
Transfers to Debt Service Fund	(7,797,819)	(8,428,601)	(630,782)
Total Other Financing Sources (Uses)	<u>(7,797,819)</u>	<u>(4,185,275)</u>	<u>3,612,544</u>
NET CHANGE IN FUND BALANCE	-	28,817,867	28,817,867
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 28,817,867</u>	<u>\$ 28,817,867</u>

OTHER INFORMATION

PEAK METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2021

\$38,495,000 Limited Tax General Obligation Bonds
Series 2021A

Interest Rate: 4.000% to 5.000%

Date: March 23, 2021

Interest Payable June 1 and December 1

Principal Payable December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 1,873,550	\$ 1,873,550
2023	-	1,873,550	1,873,550
2024	-	1,873,550	1,873,550
2025	-	1,873,550	1,873,550
2026	260,000	1,873,550	2,133,550
2027	270,000	1,863,150	2,133,150
2028	370,000	1,852,350	2,222,350
2029	385,000	1,837,550	2,222,550
2030	490,000	1,822,150	2,312,150
2031	510,000	1,802,550	2,312,550
2032	620,000	1,782,150	2,402,150
2033	645,000	1,757,350	2,402,350
2034	770,000	1,731,550	2,501,550
2035	800,000	1,700,750	2,500,750
2036	930,000	1,668,750	2,598,750
2037	980,000	1,622,250	2,602,250
2038	1,130,000	1,573,250	2,703,250
2039	1,185,000	1,516,750	2,701,750
2040	1,355,000	1,457,500	2,812,500
2041	1,425,000	1,389,750	2,814,750
2042	1,605,000	1,318,500	2,923,500
2043	1,685,000	1,238,250	2,923,250
2044	1,890,000	1,154,000	3,044,000
2045	1,985,000	1,059,500	3,044,500
2046	2,205,000	960,250	3,165,250
2047	2,315,000	850,000	3,165,000
2048	2,560,000	734,250	3,294,250
2049	2,685,000	606,250	3,291,250
2050	2,950,000	472,000	3,422,000
2051	6,490,000	324,500	6,814,500
Total	<u>\$ 38,495,000</u>	<u>\$ 43,463,050</u>	<u>\$ 81,958,050</u>

PEAK METROPOLITAN DISTRICT NO. 1
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2021

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property <u>Tax Levy</u>	Mills Levied for		Total Property Taxes		Percent Collected to Levied
		<u>General</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2021	\$ -	0.000	0.000	\$ -	\$ -	- %
Estimated for the Year <u>Ending December 31,</u>						
2022	\$ 150	1.000	37.000	\$ 6		

ANNUAL DISCLOSURE

**PEAK METROPOLITAN DISTRICT NO. 1
ANNUAL DISCLOSURE
ASSESSED VALUATION OF ALL CLASSES OF PROPERTY**

Property Class	Actual Valuation	Total Assessed Valuation ⁽²⁾	Percentage of Total Assessed Valuation
Vacant Land	\$ 500	\$ 150	100.00 %
Commercial	-	-	-
State Assessed	-	-	-
Personal Property	-	-	-
Industrial	-	-	-
Total	<u>\$ 500</u>	<u>\$ 150</u>	<u>100.00 %</u>

(2) Collections through February 2022.

(2) The assessed valuation presented was certified as of December 2021.

**PEAK METROPOLITAN DISTRICT NO. 1
DEBT TO ASSESSED RATIO
YEAR ENDED DECEMBER 31, 2021**

	<u>Total Debt</u>	<u>Senior Debt</u>
Direct Debt	\$ 43,450,000	\$ 38,495,000
2021 Certified Assessed Valuation	\$ 150.00	\$ 150.00
Ratio of Direct Debt to 2021 Certified Assessed Valuation	28966667%	25663333%