

**PEAK METROPOLITAN DISTRICT NO. 3
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

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YEAR ENDED DECEMBER 31, 2022**

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Board of Directors
Peak Metropolitan District No. 3
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. 3 (the “District”), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, as listed in the table of contents.

In our opinion, the 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. 3 as of December 31, 2022, 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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 financial statements as a whole. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the 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 29, 2023

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and Investments - Restricted	\$ 62,110,092
Prepaid Expense	3,831
Property Taxes Receivable	3
Total Assets	62,113,926
LIABILITIES	
Accounts Payable	4,425
Due to Other Districts	51,906
Accrued Interest Payable	38,021
Noncurrent Liabilities:	
Due in More Than One Year	63,823,456
Total Liabilities	63,917,808
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	3
Total Deferred Inflows of Resources	3
NET POSITION	
Unrestricted	(1,803,885)
Total Net Position	\$ (1,803,885)

See accompanying Notes to Basic Financial Statements.

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

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments - Restricted	\$ -	\$ 10,494,222	\$ 51,615,870	\$ 62,110,092
Prepaid Insurance	3,831	-	-	3,831
Property Taxes Receivable	-	3	-	3
Total Assets	<u>\$ 3,831</u>	<u>\$ 10,494,225</u>	<u>\$ 51,615,870</u>	<u>\$ 62,113,926</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 4,425	\$ -	\$ -	\$ 4,425
Due to Other Districts	-	-	51,906	51,906
Total Liabilities	4,425	-	51,906	56,331
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	-	3	-	3
Total Deferred Inflows of Resources	-	3	-	3
FUND BALANCES				
Nonspendable:				
Prepaid Expense	3,831	-	-	3,831
Restricted:				
Debt Service	-	10,494,222	-	10,494,222
Capital Projects	-	-	51,563,964	51,563,964
Unassigned	(4,425)	-	-	(4,425)
Total Fund Balances (Deficit)	<u>(594)</u>	<u>10,494,222</u>	<u>51,563,964</u>	<u>62,057,592</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,831</u>	<u>\$ 10,494,225</u>	<u>\$ 51,615,870</u>	
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				
Bonds Payable				(63,780,553)
Developer Advance Payable				(40,964)
Accrued Interest Payable - Developer Advance				(1,939)
Accrued Interest Payable - Bonds				(38,021)
Net Position of Governmental Activities				<u>\$ (1,803,885)</u>

See accompanying Notes to Basic Financial Statements.

**PEAK METROPOLITAN DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES (DEFICITS) –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Interest Income	\$ -	\$ 9,972	\$ 48,983	\$ 58,955
Total Revenues	-	9,972	48,983	58,955
EXPENDITURES				
Current:				
Accounting	4,488	-	-	4,488
Bond Issue Costs	-	-	1,781,322	1,781,322
Dues and Licenses	289	-	-	289
Election Expense	584	-	-	584
Insurance and Bonds	3,400	-	-	3,400
Legal Services	29,819	-	-	29,819
Total Expenditures	38,580	-	1,781,322	1,819,902
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(38,580)	9,972	(1,732,339)	(1,760,947)
OTHER FINANCING SOURCES (USES)				
Bond Issue Proceeds - 2022A-1	-	-	18,250,000	18,250,000
Bond Issue Proceeds - 2022A-2	-	-	45,530,553	45,530,553
Developer Advance	35,008	-	-	35,008
Transfers (to) from Other Funds	-	10,484,250	(10,484,250)	-
Total Other Financing Sources (Uses)	35,008	10,484,250	53,296,303	63,815,561
NET CHANGE IN FUND BALANCES	(3,572)	10,494,222	51,563,964	62,054,614
Fund Balances - Beginning of Year	2,978	-	-	2,978
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (594)</u>	<u>\$ 10,494,222</u>	<u>\$ 51,563,964</u>	<u>\$ 62,057,592</u>

See accompanying Notes to Basic Financial Statements.

**PEAK METROPOLITAN DISTRICT NO. 3
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, 2022**

Net Change in Fund Balances - Total Governmental Funds	\$ 62,054,614
Amounts reported for governmental activities in the Statement of Activities are different because:	
The issuance of long-term debt provides current financial resources to government funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:	
Bond Proceeds	(63,780,553)
Developer Advances	(35,008)
Accrued Interest on Developer Advances	(1,939)
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 Payable - Bonds - Change in Current Liability	(38,021)
Change in Net Position of Governmental Activities	<u>\$ (1,800,907)</u>

See accompanying Notes to Basic Financial Statements.

**PEAK METROPOLITAN DISTRICT NO. 3
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES			
Accounting	\$ 20,000	\$ 4,488	\$ 15,512
Dues and Licenses	-	289	(289)
Election Expense	2,000	584	1,416
Insurance and Bonds	3,000	3,400	(400)
Legal Services	20,000	29,819	(9,819)
Contingency	5,000	-	5,000
Total Expenditures	<u>50,000</u>	<u>38,580</u>	<u>11,420</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(50,000)	(38,580)	11,420
OTHER FINANCING SOURCES			
Developer Advance	50,000	35,008	(14,992)
Total Other Financing Sources	<u>50,000</u>	<u>35,008</u>	<u>(14,992)</u>
NET CHANGE IN FUND BALANCE	-	(3,572)	(3,572)
Fund Balance - Beginning of Year	-	2,978	2,978
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ (594)</u>	<u>\$ (594)</u>

See accompanying Notes to Basic Financial Statements.

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

NOTE 1 DEFINITION OF REPORTING ENTITY

Peak Metropolitan District No. 3 (the District) a quasi-municipal corporation and political subdivision of the State of Colorado 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 (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within the City of Colorado Springs (the City), El Paso County (the County), Colorado. The District was organized in conjunction with two other related districts, Peak Metropolitan District No. 1 (District No. 1) and Peak Metropolitan District No. 2 (District No. 2), and together with the District and District No. 1, 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, (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 is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District.

The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and intergovernmental revenues.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of 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 instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and assessments. All other revenue items are considered to be measurable and available only when cash is received by the District. 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. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the Local Government 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, 2022.

Pooled Cash and Investments

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

Property Taxes

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

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

Deferred Inflows of Resources

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

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

Fund Balance

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

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

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

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

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

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

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

Deficits

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

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

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments - Restricted	<u>\$ 62,110,092</u>
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Cash and investments as of December 31, 2022, consist of the following:

Deposits with Financial Institutions	\$ 66,887
Investments	<u>62,043,205</u>
Total Cash and Investments	<u>\$ 62,110,092</u>

Deposits with Financial Institutions

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

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

At December 31, 2022, the District's cash deposits had a bank balance and a carrying balance of \$66,887.

Investments

The District has not adopted a formal investment policy; however, the District 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.

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust	Weighted-Average	
(CSAFE)	Under 60 Days	\$ 62,043,205

CSAFE

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

CSAFE CASH FUND operations 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, any security allowed under CRS 24-75-601.

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

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

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

NOTE 4 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2021	Additions	Retirements	Balance - December 31, 2022	Due Within One Year
Governmental Activities					
General Obligation Bonds Payable:					
Series 2022A-1	\$ -	\$ 18,250,000	\$ -	\$ 18,250,000	\$ -
Series 2022A-2	-	45,530,553	-	45,530,553	-
	-	63,780,553	-	63,780,553	-
Other Debt:					
Developer Advances - Operating	5,956	35,008	-	40,964	-
Accrued Interest - Operating	-	1,939	-	1,939	-
Total Long-Term Obligations	<u>\$ 5,956</u>	<u>\$ 63,817,500</u>	<u>\$ -</u>	<u>\$ 63,823,456</u>	<u>\$ -</u>

The details of the District's long-term obligations are as follows:

Limited Tax General Obligation Bonds, Series 2022A-1 (the 2022A-1 Bonds) in the amount of \$18,250,000 and Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2022A-2 (the 2022A-2 Bonds, and with the 2022A-1 Bonds, the Bonds). The 2022A-2 Bonds were issued as two term bonds in the original principal amount of: \$45,530,552 (value at Issuance) and \$84,680,000 (value at 2022-A Current Interest Conversion Date). The 2022A-2 Bonds in the original principal amount of \$6,474,240 mature on December 1, 2042. The 2022A-2 Bonds in the original principal amount of \$39,056,312 mature on December 1, 2052.

The District issued the Bonds on December 21, 2022.

The Bonds are not subject to early termination or acceleration and do not have any unused lines of credit. No assets have been pledged as collateral on the 2022A-1 Bonds.

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

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Events of Default of the Bonds

Events of default occur if the District fails to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Indenture, does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture, or the District files a petition under the Federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds. Acceleration of the Bonds shall not be an available remedy for an Event of Default.

Proceeds of the Bonds

The Bonds were issued for the purpose of: (a) financing or reimbursing the costs of acquisition, construction, and installation of certain public improvements within the Development; (b) funding capitalized interest on the 2022A-1 Bonds; (c) funding an Initial Deposit to the Surplus Fund; and (d) paying the costs of issuing the Bonds.

Details of the 2022A-1 Bonds

The 2022A-1 Bond bear interest at the rate of 7.50% payable semiannually on June 1 and December 1 (Interest Payment Dates), beginning on June 1, 2023. The 2022A-1 Bonds have mandatory sinking fund principal payments due annually on December 1, beginning on December 1, 2037, and mature on December 1, 2052.

To the extent principal of any 2022A-1 Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any 2022A-1 Bond is not paid when due, such interest shall compound semiannually on each interest payment date (June 1 and December 1) at the rate then borne by the 2022A-1 Bonds.

Details of the 2022A-2 Term 2042 Bonds

The 2022A-2 Term 2042 Bonds will automatically convert to current interest bonds on December 1, 2030. Prior to conversion to current interest bonds, the 2022A-2 Term 2042 Bonds do not pay current interest; instead, they accrete in value at an annual yield equal to 7.750%. The accreted amount compounds semiannually on each Interest Payment Date, beginning June 1, 2023, to and including December 1, 2030.

The accreted principal balance at conversion on December 1, 2030, will be \$11,845,000. Upon conversion to current interest bonds, the 2022A-2 Term 2042 Bonds will bear interest at a rate of 7.750%, payable semiannually on each Interest Payment Date, commencing on June 1, 2031. Annual principal payments are due on December 1 of each year beginning December 1, 2037. The 2022A-2 Term 2042 Bonds mature on December 1, 2042.

On and after conversion to current interest bonds, to the extent principal of any 2022A-2 Term 2042 Bonds is not paid when due, such principal shall remain outstanding until paid and shall continue to bear interest at the rate then borne by the 2022A-2 Term 2042 Bonds. To the extent interest accrued on the accreted value of any 2022A-2 Term 2042 Bonds is not paid when due, such unpaid interest shall compound semiannually on each Interest Payment Date at the rate then borne by the 2022A-2 Term 2042 Bonds.

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

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Details of the 2022A-2 Term 2052 Bonds

The 2022A-2 Term 2052 Bonds will automatically convert to current interest bonds on December 1, 2030. Prior to conversion to current interest bonds, the 2022A-2 Term 2052 Bonds do not pay current interest; instead, they accrete in value at an annual yield equal to 8.00%. The accreted amount compounds semiannually on each Interest Payment Date, beginning June 1, 2023, to and including December 1, 2030.

The accreted principal balance at conversion on December 1, 2030, will be \$72,835,000. Upon conversion to current interest bonds, the 2022A-2 Term 2052 Bonds will bear interest at a rate of 8.00%, payable semiannually on each Interest Payment Date, commencing on June 1, 2031. Annual principal payments are due on December 1 of each year beginning December 1, 2043. The 2022A-2 Term 2052 Bonds mature on December 1, 2052.

On and after conversion to current interest bonds, to the extent principal of any 2022A-2 Term 2052 Bonds is not paid when due, such principal shall remain outstanding until paid and shall continue to bear interest at the rate then borne by the 2022A-2 Term 2052 Bonds. To the extent interest accrued on the accreted value of any 2022A-2 Term 2052 Bonds is not paid when due, such unpaid interest shall compound semiannually on each Interest Payment Date at the rate then borne by the 2022A-2 Term 2052 Bonds.

Optional Redemption

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

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

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

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Pledged Revenue

The Bonds are secured by and payable solely from and to the extent of Pledged Revenue from the following sources, net of collection costs: (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; (c) all 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 Bond Fund.

“Property Tax Revenues” means all moneys derived from imposition by the District of the Required Mill Levy and do not include Specific Ownership Taxes. 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. “Specific Ownership Tax Revenues” means the specific ownership taxes remitted to the District as a result of imposition of the Required Mill Levy.

Required Mill Levy

The Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the Bonds when due, but not in excess of 37 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2006). If the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount, the Required Mill Levy shall be equal to 37 mills (subject to adjustment), or such lesser mill levy which will generate Property Tax Revenues: (a) sufficient to pay the Bonds when due and to fully fund the Surplus Fund to the Maximum Surplus Amount, or (b) which, when combined with moneys then on deposit in the Bond Fund and the Surplus Fund, will pay the Bonds in full in the year such levy is collected.

Surplus Fund

The Bonds are additionally secured by amounts in the Surplus Fund which was partially funded in the amount of the Initial Deposit from proceeds of the Bonds in the amount of \$6,378,000. In addition to the Initial Deposit, Pledged Revenue that is not needed to pay debt service on the Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$12,756,110.

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

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Bonds Debt Service

The District's long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	General Obligation Bonds		Total
	Principal	Interest	
2023	\$ -	\$ 1,292,708	\$ 1,292,708
2024	-	1,368,750	1,368,750
2025	-	1,368,750	1,368,750
2026	-	1,368,750	1,368,750
2027	-	1,368,750	1,368,750
2028-2032	-	20,333,326	20,333,326
2033-2037	200,000	40,567,690	40,767,690
2038-2042	14,370,000	38,985,189	53,355,189
2043-2047	34,100,000	30,112,225	64,212,225
2048-2052	54,260,000	13,634,575	67,894,575
Total	<u>\$ 102,930,000</u>	<u>\$ 150,400,713</u>	<u>\$ 253,330,713</u>

Authorized Debt

On November 6, 2018, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$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 contracts with public entities. The indebtedness is authorized in the following amounts:

	Authorized November 6, 2018 Election	Authorization Used for Series 2022 Bonds	Remaining Authorization
Streets	\$ 200,000,000	\$ -	\$ 200,000,000
Parks and Recreation	200,000,000	-	200,000,000
Water	200,000,000	-	200,000,000
Sanitation	200,000,000	-	200,000,000
Transporetation	200,000,000	-	200,000,000
Mosquito Control	200,000,000	-	200,000,000
Safety Protection	200,000,000	-	200,000,000
Fire Protection/Emergency Medical	200,000,000	-	200,000,000
TV Relay and Translation	200,000,000	-	200,000,000
Security	200,000,000	-	200,000,000
2022 Bond Proceeds to be Allocated	-	63,780,553	(63,780,553)
Refunding	200,000,000	-	200,000,000
Operations & Maintenance	200,000,000	-	200,000,000
Intergovernmental Agreements	200,000,000	-	200,000,000
Total	<u>\$2,600,000,000</u>	<u>\$ 63,780,553</u>	<u>\$2,536,219,447</u>

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

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

The original principal amount of the 2022 Bonds shall be allocated to the November 6, 2018 authorization of infrastructure categories as costs are incurred and allocated as indicated in Project Requisitions submitted. The portion of the principal amount of the Bonds that funded the initial deposit to the Surplus Fund, Underwriter's discount, costs of issuance, and capitalized interest will be allocated to the above categories in accordance with the percentage of total net proceeds indicated in the Project Requisitions allocated to each such category. As of December 31, 2022, no Project Requisitions were submitted.

Pursuant to its Service Plan as amended, the District, District No. 1 and District No. 2 are permitted to issue bond indebtedness in the total aggregate amount of \$200,000,000, not including refunding or refinancing debt. After the issuance of debt by the District and District No. 1, \$92,769,448 of the Service Plan authorization remains as of December 31, 2022. Any proposed debt is subject to the approval by the City.

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.

NOTE 5 NET POSITION

The District had a deficit in unrestricted net position as of December 31, 2022. This deficit amount is the result of a portion of Bond proceeds being restricted to Capital Projects per the terms of the Bonds.

NOTE 6 RELATED PARTIES

The Developer of the property which constitutes the District is UFCS Airport, LLC (Developer). During 2022, all members of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

Facilities Acquisition and Payment Agreement

The District and the Developer entered into a Facilities Acquisition and Payment Agreement on November 30, 2022 (the FAPA). The FAPA sets forth the terms pursuant to which the District agrees to reimburse the Developer for and/or make direct payments of Construction Costs (as defined in the FAPA) up to a maximum amount of \$51,500,000. Simple interest accrues on such reimbursable amounts at 8% per annum. As of December 31, 2022, there are no outstanding amounts under the FAPA.

Operation Funding Agreement

On December 8, 2021, the District entered into an Operation Funding Agreement, effective January 1, 2021, as amended on November 30, 2022 (OFA), The OFA provides for the

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

Developer to advance funds for ongoing operations expenses incurred by the District as needed for fiscal years 2021 through 2023, up to the Shortfall Amount of \$135,000.

NOTE 6 RELATED PARTY (CONTINUED)

Operation Funding Agreement (Continued)

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. Interest shall accrue at the rate of 8%. The District's obligation to reimburse the Developer is subject to annual appropriations and expires on December 31, 2063. As of December 31, 2022, outstanding advances under the OFA totaled \$40,964 and accrued interest totaled \$1,939.

NOTE 7 AGREEMENTS

Operations and Maintenance Mill Levy Limitation Agreement

On March 1, 2021, District No.1 , District No. 2 (also referred to herein as the Maintenance District), and the District (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

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

an operating mill levy to generate revenues for expenses related to the provision of such Maintenance Services.

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.

2022 PILOT Covenant

The Declaration of Covenants Imposing and Implementing Payment in Lieu of Taxes against all of the property of the District (the 2022 PILOT Covenant) made by the City, as Declarant, was entered into December 6, 2022 and became effective on December 8, 2022 upon recordation in the real property records of the Clerk and Recorder of El Paso County. The purpose of the 2022 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 Indenture as the 2022 PILOT Covenant or any similar future covenant which provides for a payment in lieu of taxes) is a component of the Pledged Revenue. Payments under the 2022 PILOT Covenant are not expected to be required by the City unless a Lease Termination Event occurs, if ever, although such payments are possible.

Reimbursement Agreement

The District and District No. 1 entered into a Reimbursement Agreement, dated March 29, 2023 and effective as of December 21, 2022 (the District Reimbursement Agreement). In 2021 District No. 1 issued bonds and entered into other obligations for the purpose of, among other things, funding and reimbursing a portion of the costs of acquiring, designing and engineering, constructing and installing certain public improvements that benefit the property within both the District and District No. 1.

The District Reimbursement Agreement sets forth the terms by which the District, having issued Bonds, shall reimburse District No. 1 in the amount of \$1,365,348.91 for certain Reimbursable Expenses (defined therein) as of February 28, 2023 and a to-be-determined amount for certain Future Reimbursable Expenses (defined therein). Such expenses to be verified by an independent professional engineering firm to determine, in part, the 1) costs associated with the design and construction of certain public improvements, which have been paid for by District No. 1 that benefit the District, and therefore require a reimbursement by the District to District No. 1 and 2) allocation of costs associated with the design and construction of certain public improvements, which have been paid for by District No. 1, but that benefit both the District and District No. 1.

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

NOTE 8 ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer. The Developer has agreed to fund the District until a revenue base has been established.

NOTE 9 INTERFUND TRANSFERS

The transfer from the Capital Projects Fund to the Debt Service Fund represents proceeds from the issuance of the Bonds to be held by the Debt Service Fund.

NOTE 10 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 (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3.00% 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.

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

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.

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.

NOTE 12 SUBSEQUENT EVENTS

Public Improvement IGA

The District entered into a Public Improvement Intergovernmental Agreement with the City, acting by and through its enterprise, the Colorado Springs Municipal Airport (Airport and together with the City, COS), effective as of July 18, 2023 and recorded in the real property records of the Clerk and Recorder of El Paso County on July 20, 2023 (Public Improvement IGA). Pursuant to the Public Improvements IGA, COS delegates to the District the obligation to finance and cause construction of the Project Public Improvements (defined therein) and to finance same with proceeds from the District's Bonds.

The District, either directly or with the efforts and cooperation with the Developer and other Service Providers (defined therein) shall coordinate, administer, and oversee, among other things, (i) the preparation of all budgets, schedules, contracts, and other documents pertaining to the Project Public Improvements and (ii) the planning, design, engineering, testing, construction, and installation for the Project Public Improvements according to the Construction Plans (defined therein). This agreement does not create a multi-fiscal year direct or indirect debt or obligation and financial obligations are contingent upon funds appropriated, budgeted, and otherwise available on an annual basis. The Public Improvements IGA shall continue in full force and effect until all obligations are satisfied unless otherwise terminated by mutual written consent of the parties to the agreement.

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

NOTE 13 SUBSEQUENT EVENTS (CONTINUED)

Availability of Funds and Step-In Rights Agreement

The Availability of Funds and Step-In Rights Agreement was entered into on July 18, 2023 by the District, the City, acting by and through its Airport enterprise, and Peak Innovation, LLC (the Owner) (the Step-In Rights Agreement). The Owner has purchased from the Airport certain property within the District (the Owner Property). In conjunction with the purchase, the Owner entered into an Owner Development Agreement with the Airport, which describes the obligation of the Airport to cause the installation of certain offsite improvements which may qualify as eligible public improvements under the City IGA and FAPA (the District Improvements). In order for the Owner Property to be developed and utilized, the District Improvements need to be constructed. The Step-In Rights Agreement sets forth the terms and conditions under which the District and the Airport will provide assurances to the Owner that the District Improvements will be constructed and when the Owner will be permitted to step-in and manage the completion of the District Improvements.

Funds related to the design, testing, engineering, and construction of the District Improvements, together with the related consultant fees associated with the construction of the District Improvements, have been and/or will be subject to payment and/or reimbursement by the District to construct the District Improvements (the Construction Related Expenses). Payment of District Project Funds (defined therein) may only be made after construction costs have been verified by an independent engineer (Certified Construction Costs).

The Step-In Rights Agreement shall automatically terminate upon the later of (i) the Completion Date (as defined in the Owner Development Agreement) or (ii) once all of the Certified Construction Costs related to the District Improvements under the Owner Development Agreement have been disbursed.

First Amendment to FAPA

On July 18, 2023 the District and Developer entered into a First Amendment to the FAPA (the Amended FAPA) to recognize the requirements of the City IGA and to delegate to the Developer certain obligations relative to the Developer's construction of the Improvements (including the Peak IGA Improvements) under the FAPA.

SUPPLEMENTARY INFORMATION

**PEAK METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budgets		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Interest Income	\$ -	\$ 9,972	\$ 9,972	\$ 9,972
Total Revenues	-	9,972	9,972	9,972
EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	9,972	9,972	9,972
OTHER FINANCING SOURCES				
Transfers from Other Funds	-	-	10,484,250	10,484,250
Total Other Financing Sources	-	-	10,484,250	10,484,250
NET CHANGE IN FUND BALANCE	-	9,972	10,494,222	10,494,222
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ 9,972	\$ 10,494,222	\$ 10,494,222

**PEAK METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Interest Income	\$ -	\$ -	\$ 48,983	\$ 48,983
Total Revenues	-	-	48,983	48,983
EXPENDITURES				
Bond Issue Costs	-	2,000,000	1,781,322	218,678
Capital Outlay	10,000,000	-	-	-
Contingency	-	900,000	-	900,000
Transfers to Other Districts	-	1,100,000	-	1,100,000
Total Expenditures	10,000,000	4,000,000	1,781,322	2,218,678
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,000,000)	(4,000,000)	(1,732,339)	2,267,661
OTHER FINANCING SOURCES (USES)				
Bond Issue Proceeds	10,000,000	75,000,000	-	(75,000,000)
Bond Issue Proceeds - 2022A-1	-	-	18,250,000	18,250,000
Bond Issue Proceeds - 2022A-2	-	-	45,530,553	45,530,553
Transfers to Other Funds	-	(12,000,000)	(10,484,250)	1,515,750
Total Other Financing Sources (Uses)	10,000,000	63,000,000	53,296,303	(9,703,697)
NET CHANGE IN FUND BALANCE	-	59,000,000	51,563,964	(7,436,036)
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ 59,000,000	\$ 51,563,964	\$ (7,436,036)

OTHER INFORMATION

**PEAK METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2022**

				\$18,250,000
				Limited Tax General Obligation Bonds, Series 2022A-1
				Dated December 21, 2022
				Interest Rate 7.500%
				Interest Payable June 1 and December 1
				Principal Due December 1
<u>Year Ending December 31,</u>	<u>Principal</u>		<u>Interest</u>	<u>Total</u>
2023	\$ -		\$ 1,292,708	\$ 1,292,708
2024	-		1,368,750	1,368,750
2025	-		1,368,750	1,368,750
2026	-		1,368,750	1,368,750
2027	-		1,368,750	1,368,750
2028	-		1,368,750	1,368,750
2029	-		1,368,750	1,368,750
2030	-		1,368,750	1,368,750
2031	-		1,368,750	1,368,750
2032	-		1,368,750	1,368,750
2033	-		1,368,750	1,368,750
2034	-		1,368,750	1,368,750
2035	-		1,368,750	1,368,750
2036	-		1,368,750	1,368,750
2037	65,000		1,368,750	1,433,750
2038	220,000		1,363,875	1,583,875
2039	355,000		1,347,375	1,702,375
2040	540,000		1,320,750	1,860,750
2041	700,000		1,280,250	1,980,250
2042	845,000		1,227,750	2,072,750
2043	960,000		1,164,375	2,124,375
2044	1,120,000		1,092,375	2,212,375
2045	1,205,000		1,008,375	2,213,375
2046	1,340,000		918,000	2,258,000
2047	1,440,000		817,500	2,257,500
2048	1,595,000		709,500	2,304,500
2049	1,715,000		589,875	2,304,875
2050	1,890,000		461,250	2,351,250
2051	2,030,000		319,500	2,349,500
2052	2,230,000		167,250	2,397,250
Total	\$ 18,250,000		\$ 34,243,208	\$ 52,493,208

**PEAK METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2022**

	\$45,530,553 (Value at Issuance)		
	\$84,680,000 (Value at 2022A-2 Current Interest Conversion Date)		
	Limited Tax General Obligation Bonds, Series 2022A-2		
	Dated December 21, 2022		
	Interest Rate 7.750% - 8.000%		
	Interest Payable June 1 and December 1		
	Principal Due December 1		
<u>Year Ending December 31,</u>	Principal	Interest	Total
2023	\$ -	\$ -	\$ -
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	6,744,788	6,744,788
2032	-	6,744,788	6,744,788
2033	-	6,744,788	6,744,788
2034	-	6,744,788	6,744,788
2035	-	6,744,788	6,744,788
2036	-	6,744,788	6,744,788
2037	135,000	6,744,788	6,879,788
2038	850,000	6,734,325	7,584,325
2039	1,505,000	6,668,450	8,173,450
2040	2,380,000	6,551,813	8,931,813
2041	3,150,000	6,367,363	9,517,363
2042	3,825,000	6,123,238	9,948,238
2043	4,365,000	5,826,800	10,191,800
2044	5,155,000	5,477,600	10,632,600
2045	5,565,000	5,065,200	10,630,200
2046	6,225,000	4,620,000	10,845,000
2047	6,725,000	4,122,000	10,847,000
2048	7,475,000	3,584,000	11,059,000
2049	8,075,000	2,986,000	11,061,000
2050	8,940,000	2,340,000	11,280,000
2051	9,655,000	1,624,800	11,279,800
2052	10,655,000	852,400	11,507,400
Total	\$ 84,680,000	\$ 116,157,505	\$ 200,837,505

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

Year Ended December 31,	Prior	Mills Levied		Total Property Taxes		Percent Collected to Levied
	Year Assessed					
	Valuation for Current Year Property Tax Levy	General	Debt Service	Levied	Collected	
2022	\$ -	1.000	-	\$ -	\$ -	- %
Estimated for the Year Ending December 31, 2023	\$ 90	2.000	37.000	\$ 3		
NOTE: Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.						