

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
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NOTICE OF A REGULAR MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Scott Sarbaugh	President	2025/May 2025
Jennifer Davis	Assistant Secretary	2023/May 2023
Kathy Sidney	Assistant Secretary	2023/May 2023
Katie Murrey		2025/May 2025
Ryan St. Pierre		2025/May 2025
 Matt Cohrs, Manager	 Secretary	

DATE: June 15, 2022
TIME: 5:00 P.M.
LOCATION: ZOOM

THIS MEETING WILL BE HELD BY VIDEO/TELEPHONIC MEANS:

Join Zoom Meeting
<https://us02web.zoom.us/j/6464033676?pwd=bzJUOHBHNXNEQ2JYUTJkYkZ0b3B3Zz09>
Meeting ID: 646 403 3676
Passcode: 267458
Dial In: 1-253-215-8782

I. ADMINISTRATIVE MATTERS

- A. Confirm quorum and Present Disclosures and Potential Conflicts of Interest.

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

- C. Review and consider approval of the March 16, 2022 Special Meeting Minutes (enclosure).

- D. Discuss results of May 3, 2022 cancelled Election (enclosure).

- E. Introduction of new Board Members and brief overview of District operations.

F. Consider appointment of Officers:

President _____
Treasurer _____
Secretary _____
Asst. Secretary _____
Asst. Secretary _____
Asst. Secretary _____

II. PUBLIC COMMENT

A. Public Comment.

B. Community Liaison Committee Report.

C. Social Events Committee

1. Social Events Committee Report.

D. The Gardens at PrairieStar Committee Report.

E. Update and discussion on Community Garden.

F. Discuss transition of Design Review Committee.

III. COMMUNITY GOVERNANCE / OPERATIONS & MAINTENANCE MATTERS

A. Status of Covenant Control and Design Review (Peggy Ripko to report).

B. Discuss Rules and Regulations for Xeriscaping.

C. Update on new commercial vehicle ordinance by the Town of Berthoud.

IV. FINANCIAL MATTERS

- A. Review and ratify the approval of the payment of claims as follows (enclosures):

Fund	Period ending March 31, 2022	Period ending April 30, 2022	Period ending May 31, 2022
General	\$ 29,857.56	\$ 19,010	\$ 15,624.17
Debt Service	\$ -0-	\$ -0-	\$ -0-
Capital	\$ -0-	\$ 6,161.73	\$ -0-
Total Claims	\$ 29,857.56	\$ 25,172.06	\$ 15,624.17

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- B. Review and accept unaudited financial statements through the period ending March 31, 2022 (enclosure).

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- C. Review and consider approval of 2021 Audit and authorize execution of Representations Letter (enclosure).
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V. LEGAL MATTERS

- A. Review and consider adoption of Resolution No. 2022-06-01 Regarding Continuing Disclosure Policies and Procedures (enclosure).
-

VI. OTHER BUSINESS

- A. _____
-

- VII. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR SEPTEMBER 21, 2022.**

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PRAIRIESTAR METROPOLITAN DISTRICT NO. 2 HELD MARCH 16, 2022

A Regular Meeting of the Board of Directors (referred to hereafter as "Board") of the PrairieStar Metropolitan District No. 2 (referred to hereafter as "District") was convened on Wednesday, the 16th day of March, 2022, at 5:00 p.m. This District Board meeting was held via Zoom. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Scott Sarbaugh
Neil Almy
Richard McCabe

Following discussion, upon motion duly made by Director Sarbaugh, seconded by Director Almy and, upon vote, unanimously carried, the absences of Directors Jennifer Davis and Kathy Sidney were excused.

Also In Attendance Were:

Matt Cohrs and Peggy Ripko; Special District Management Services, Inc. ("SDMS")

MaryAnn McGeady, Esq., Kate Olson, Esq., and Tim O'Connor, Esq.; McGeady Becher P.C.

Diane Wheeler; Simmons & Wheeler, P.C.

Steve Dazzio; Dazzio & Associates, P.C.

Anton Camarota, Johanna Humphries, Amy Vignocchi, Patricia Baker, and Barb Shaffer; residents

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. Mr. Cohrs noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting and incorporated for the record those applicable disclosures made by the Board members in accordance with the statute. Attorney Olson noted that all Directors' Disclosure Statements had been filed.

RECORD OF PROCEEDINGS

ADMINISTRATIVE MATTERS

Agenda: The Board reviewed the proposed Agenda for the District's regular meeting.

Following discussion, upon motion duly made by Director Sarbaugh, seconded by Director McCabe and, upon vote, unanimously carried, the Board approved the Agenda, as presented.

Location/Manner of Meeting: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. The Board determined to hold the meeting by video/telephonic means and encouraged public participation via video or telephone. The Board noted that notice of the time, date and format of the meeting was duly posted and that the District had not received any objections to the format of the meeting, or any requests that the format of the meeting be changed by taxpaying electors within the District boundaries.

Minutes: The Board reviewed Minutes of the November 18, 2021 Special Meeting Minutes.

Following discussion, upon motion duly made by Director Sarbaugh, seconded by Director McCabe and, upon vote, unanimously carried, the Board approved the Minutes of the November 18, 2021 Special Meeting Minutes.

May 3, 2022 Regular Directors' Election: Mr. Cohrs discussed with the Board the status of the May 3, 2022 Regular Directors' Election. Mr. Cohrs noted that the election has been cancelled as allowed by statute, as there were not more nominations than seats available.

PUBLIC COMMENT

Public Comment: Mr. Camarota asked about the repair of the sidewalks on Country Road and pond operations. Director Sarbaugh responded to Mr. Camarota.

Ms. Shaffer reported to the Board that the 695 Great Plains path to the dog park was not shoveled. She also had questions regarding the new park and trucks going in the alley behind Great Plains. Director Sarbaugh addressed Ms. Shaffer's concerns and indicated that once construction is completed these items will no longer be issues.

Community Liaison Committee Report: Ms. Vignocchi updated the Board that she met with Director Sarbaugh regarding the date when the pool and fitness center will be open and confirmed both will be open for the 2022 season.

Social Events Committee: Director Sarbaugh discussed with the Board the vacancy on the Social Committee. He recommended Fawn Balzer.

RECORD OF PROCEEDINGS

The Board discussed appointing Fawn Balzer to the Social Events Committee.

Following discussion, upon motion duly made by Director Sarbaugh, seconded by Director McCabe and, upon vote, unanimously carried, the Board appointed Fawn Balzer to the Social Events Committee.

Social Events Committee Report: No report was presented.

The Gardens at PrairieStar Committee Report: Director Sarbaugh and Mr. Cohrs presented the Gardens at PrairieStar Committee Report to the Board and noted the following:

- The Committee would like Panorama Coordinated Services, Inc. to maintain the area outside the Garden along the path from the Garden to the parking area rather than volunteer gardeners.
- Some garden plots were abandoned, and one was not cleaned. The Committee would like to address the Garden's Rules and Regulations.
- The Committee would like to work more collaboratively with the Social Events Committee to better enable exposure in the Community.
- The Committee is interested in increasing its donation goal to the food bank and working with the food bank to get additional volunteers.

**COMMUNITY
GOVERNANCE/
OPERATIONS &
MAINTENANCE
MATTERS**

Covenant Control and Design Review: Ms. Ripko updated the Board regarding the covenant control and design review and noted the following:

- SDMS is conducting the covenant control and design review reports as according to plan.
- The reports will include metrics that track backyard installations. However, Ms. Ripko reported that tracking these installations has been difficult due to privacy considerations.
- Ms. Ripko reported that United Waste Systems is contracted for trash service.
- Ms. Ripko reported that the District will be sending a monthly email blast to its residents, which will include upcoming events and news.

Resolution No. 2022-03-01; Resolution Adopting Rules and Regulations for the Gardens of PrairieStar for the 2022 Growing Season: Attorney Olson discussed with the Board the adoption of Resolution No. 2022-03-01; Resolution Adopting Rules and Regulations for the Gardens of PrairieStar for the 2022 Growing Season.

Following discussion, upon motion duly made by Director Sarbaugh, seconded by Director Almy and, upon vote, unanimously carried, the Board adopted Resolution

RECORD OF PROCEEDINGS

No. 2022-03-01; Resolution Adopting Rules and Regulations for the Gardens of PrairieStar for the 2022 Growing Season.

Resolution No. 2022-03-02; Resolution Adopting Fees for the Gardens of PrairieStar for the 2022 Growing Season: Attorney Olson discussed with the Board the Resolution No. 2022-03-02; Resolution Adopting Fees for the Gardens of PrairieStar for the 2022 Growing Season.

Following discussion, upon motion duly made by Director Sarbaugh, seconded by Director Almy and, upon vote, unanimously carried, the Board adopted Resolution No. 2022-03-02; Resolution Adopting Fees for the Gardens of PrairieStar for the 2022 Growing Season

FINANCIAL MATTERS

Claims: Ms. Wheeler reviewed the claims with the Board. The Board considered ratifying the approval of the payment of claims through the period ending February 17, 2022 as follows:

General Fund:	\$12,463.26
Debt Service Fund:	-0-
Capital Projects Fund:	-0-
Total:	<u>\$12,463.26</u>

Following discussion, upon motion duly made by Director Sarbaugh, seconded by Director McCabe and, upon vote, unanimously carried, the Board ratified approval of the payment of claims through the period ending February 17, 2022 as presented.

2021 Audit: Ms. Wheeler reviewed the December 31, 2021 unaudited financial statements with the Board, noting that the audited financials are not yet completed.

Following discussion, upon motion duly made by Director Sarbaugh, seconded by Director McCabe and, upon vote, unanimously carried, the Board accepted the December 31, 2021 unaudited financial statements.

LEGAL MATTERS

Dissolution of PrairieStar Metropolitan District No. 1: The Board discussed and acknowledged the intent of PrairieStar Metropolitan District No. 1 to dissolve and pay the costs associated therewith.

Memorandum of Understanding between PrairieStar Metropolitan District No. 2 and PrairieStar Metropolitan District No. 3 : Attorney Olson reviewed with the Board the Memorandum of Understanding between PrairieStar Metropolitan District No. 2 and PrairieStar Metropolitan District No. 3 regarding PrairieStar Metropolitan

RECORD OF PROCEEDINGS

District No. 3 maintaining a detention pond, pump station, and underground sewer pipe leading to the pump station located within the boundaries of PrairieStar Metropolitan District No. 2.

Following discussion, upon motion duly made by Director Sarbaugh, seconded by Director Almy and, upon vote, unanimously carried, the Board approved the Memorandum of Understanding between PrairieStar Metropolitan District No. 2 and PrairieStar Metropolitan District No. 3 regarding PrairieStar Metropolitan District No. 3 maintaining a detention pond, pump station, and underground sewer pipe leading to the pump station located within the boundaries of PrairieStar Metropolitan District No. 2.

Partial Assignment of Metropolitan District Duties under the Declaration between PrairieStar Metropolitan District Nos. 2 and 3, with PrairieStar, Inc.:

Attorney Olson reviewed with the Board the Partial Assignment of Metropolitan District Duties under the Declaration between PrairieStar Metropolitan District Nos. 2 and 3, with PrairieStar, Inc. and acknowledging said Partial Agreement.

Following discussion, upon motion duly made by Director Sarbaugh, seconded by Director Almy and, upon vote, unanimously carried, the Board approved and acknowledged the Partial Assignment of Metropolitan District Duties under the Declaration between PrairieStar Metropolitan District Nos. 2 and 3, with PrairieStar, Inc.

Conveyance of Tracts and Public Improvements: Attorney Olson discussed the conveyance of certain tracts and public improvements with the Board.

Title Commitment: Following discussion, upon motion duly made by Director Sarbaugh, seconded by Director Almy and, upon vote, unanimously carried, the Board acknowledged the Title Commitment for tracts of real property conveyed by PrairieStar, Inc. and accepted by PrairieStar Metropolitan District No. 2.

Letter Agreement between PrairieStar, Inc. and PrairieStar Metropolitan District No. 2: The Board discussed the Letter Agreement between PrairieStar, Inc. and PrairieStar Metropolitan District No. 2 regarding the maintenance reserve.

Following review and discussion, upon motion duly made by Director Sarbaugh, seconded by Director Almy and, upon vote, unanimously carried, the Board approved the Letter Agreement between PrairieStar, Inc. and PrairieStar Metropolitan District No. 2 regarding the maintenance reserve.

Special Warranty Deed from PrairieStar, Inc. to PrairieStar Metropolitan District No. 2: The Board considered the approval of the Special Warranty Deed from PrairieStar,

RECORD OF PROCEEDINGS

Inc. to PrairieStar Metropolitan District No. 2 conveying real property (26 tracts) and acknowledge acceptance of same.

Following review and discussion, upon motion duly made by Director Sarbaugh, seconded by Director Almy and, upon vote, unanimously carried, the Board approved the Special Warranty Deed from PrairieStar, Inc. to PrairieStar Metropolitan District No. 2 conveying real property (26 tracts) and acknowledge acceptance of same.

Bill of Sale: The Board considered the approval of the Bill of Sale conveying public improvements from PrairieStar, Inc. to PrairieStar Metropolitan District No. 2.

Following review and discussion, upon motion duly made by Director Sarbaugh, seconded by Director Almy and, upon vote, unanimously carried, the Board approved the Bill of Sale conveying public improvements from PrairieStar, Inc. to PrairieStar Metropolitan District No. 2.

License Agreement between PrairieStar Metropolitan District No. 2 and PrairieStar, Inc.: The Board considered the approval of the License Agreement between PrairieStar Metropolitan District No. 2 and PrairieStar, Inc. granting access to property owned by PrairieStar Metropolitan District No. 2 for the completion of landscaping improvements.

Following review and discussion, upon motion duly made by Director Sarbaugh, seconded by Director Almy and, upon vote, unanimously carried, the Board approved the License Agreement between PrairieStar Metropolitan District No. 2 and PrairieStar, Inc. granting access to property owned by PrairieStar Metropolitan District No. 2 for the completion of landscaping improvements.

OTHER MATTERS

Director Sarbaugh requested that the Board discuss revising the Design Guidelines at the next Board meeting, as there are discrepancies between current Design Guidelines and the Town Code of the Town of Berthoud (“Town Code”), resulting in numerous provisions in the District’s Design Guidelines that are unenforceable

Director Sarbaugh suggested that the Board discuss the new Town Code provisions that establish water saving features policies and determine how these provisions apply to the District.

Director Sarbaugh requested that the newly seated Board at the June 15, 2022 meeting discuss replacing PrairieStar, Inc as the Authorized Entity under the District’s covenants.

RECORD OF PROCEEDINGS

ADJOURNMENT

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

Respectfully submitted,

By _____
Secretary for the Meeting

NOTICE OF CANCELLATION
and
CERTIFIED STATEMENT OF RESULTS
§1-13.5-513(6), 32-1-104, 1-11-103(3) C.R.S.

NOTICE IS HEREBY GIVEN by the PrairieStar Metropolitan District No. 2, Larimer County, Colorado, that at the close of business on the sixty-third day before the election, there were not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates; therefore, the election to be held on May 3, 2022 is hereby canceled pursuant to section 1-13.5-513(6) C.R.S.

The following candidates are declared elected for the following terms of office:

<u>Name</u>	<u>Term</u>
Katie Murrey	Second Regular Election, May 2025
Ryan St. Pierre	Second Regular Election, May 2025
Scott Sarbaugh	Second Regular Election, May 2025

/s/Matt Cohrs
(Designated Election Official)

Contact Person for the District:	Matt Cohrs
Telephone Number of the District:	303-987-0835
Address of the District:	141 Union Boulevard, Suite 150, Lakewood, CO 80228
District Facsimile Number:	303-987-2032
District Email:	mcohres@sdmsi.com

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total	Void/Manu.
2004							
03/16/2022	McGeady Becher P.C.	1077M 12/2021	Legal	1-675	17,114.90	17,114.90	
Total 2004:						<u>17,114.90</u>	
2005							
03/16/2022	Simmons & Wheeler, P.C.	32653	Accounting	1-612	887.73	887.73	
Total 2005:						<u>887.73</u>	
2006							
03/16/2022	Special Dist Management Srvs	D1 02-2022	Miscellaneous	1-685	14.33	14.33	
03/16/2022	Special Dist Management Srvs	D2 02-2022	Miscellaneous	1-685	673.25	673.25	
03/16/2022	Special Dist Management Srvs	D2 02-2022	Election	1-635	680.80	680.80	
03/16/2022	Special Dist Management Srvs	D2 02-2022	Covenant Control	1-681	4,329.20	4,329.20	
03/16/2022	Special Dist Management Srvs	D2 02-2022	Management	1-680	5,576.60	5,576.60	
03/16/2022	Special Dist Management Srvs	D3 02-2022	Miscellaneous	1-685	3.60	3.60	
03/16/2022	Special Dist Management Srvs	D3 02-2022	Election	1-635	88.80	88.80	
03/16/2022	Special Dist Management Srvs	D3 02-2022	Management	1-680	103.60	103.60	
Total 2006:						<u>11,470.18</u>	
2007							
03/16/2022	UNCC	222021127	Miscellaneous	1-685	152.10	152.10	
Total 2007:						<u>152.10</u>	
2008							
03/16/2022	Xcel Energy	770101752	Utilities	1-793	9.37	9.37	
03/16/2022	Xcel Energy	770112511	Utilities	1-793	10.60	10.60	
Total 2008:						<u>19.97</u>	
20220301							
03/16/2022	Xcel Energy	770064005	Utilities	1-793	11.69	11.69	
03/16/2022	Xcel Energy	770075163	Utilities	1-793	11.69	11.69	
03/16/2022	Xcel Energy	770083295	Utilities	1-793	12.66	12.66	
03/16/2022	Xcel Energy	770093404	Utilities	1-793	14.58	14.58	
03/16/2022	Xcel Energy	770110944	Utilities	1-793	12.23	12.23	
03/16/2022	Xcel Energy	770139702	Utilities	1-793	12.99	12.99	
Total 20220301:						<u>75.84</u>	
20220302							
03/16/2022	Town of Berthoud	10789.1 2-2022	Utilities - Town of	1-794	29.94	29.94	
Total 20220302:						<u>29.94</u>	
20220303							
03/16/2022	Town of Berthoud	9868.1 2-2022	Utilities - Town of	1-794	22.07	22.07	
Total 20220303:						<u>22.07</u>	
20220304							
03/16/2022	Town of Berthoud	9865.1 2-2022	Utilities - Town of	1-794	22.07	22.07	

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total	Void/Manu.
Total 20220304:						<u>22.07</u>	
20220305							
03/16/2022	Town of Berthoud	9717.1 2-2022	Utilities - Town of	1-794	20.92	<u>20.92</u>	
Total 20220305:						<u>20.92</u>	
20220306							
03/16/2022	Town of Berthoud	11524.2 2-2022	Utilities - Town of	1-794	20.92	<u>20.92</u>	
Total 20220306:						<u>20.92</u>	
20220307							
03/16/2022	Town of Berthoud	11566.1 2-2022	Utilities - Town of	1-794	20.92	<u>20.92</u>	
Total 20220307:						<u>20.92</u>	
Grand Totals:						<u><u>29,857.56</u></u>	

Prairie Star Metropolitan District No.2

March-22

	General	Debt	Capital	Totals
Disbursements	\$ 29,857.56			\$ 29,857.56
	\$ -			\$ -
Total Disbursements from Checking Acct	\$29,857.56	\$0.00	\$0.00	\$29,857.56

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total	Void/Manu.
2009							
04/15/2022	Altitude Community Law, P.C.	1119 3-2022	Legal	1-675	351.00	351.00	
Total 2009:						351.00	
2010							
04/15/2022	McGeady Becher P.C.	1076M 2-2022	Legal	1-675	350.00	350.00	
04/15/2022	McGeady Becher P.C.	1077M 2-2022	Legal	1-675	7,654.93	7,654.93	
Total 2010:						8,004.93	
2011							
04/15/2022	Ranger Engineering, LLC	1455	Engineering	3-784	6,161.73	6,161.73	
Total 2011:						6,161.73	
2012							
04/15/2022	Special Dist Management Srvs	D1 3-2022	Miscellaneous	1-685	7.53	7.53	
04/15/2022	Special Dist Management Srvs	D1 3-2022	Election	1-635	162.80	162.80	
04/15/2022	Special Dist Management Srvs	D1 3-2022	Management	1-680	182.80	182.80	
04/15/2022	Special Dist Management Srvs	D2 3-2022	Miscellaneous	1-685	683.82	683.82	
04/15/2022	Special Dist Management Srvs	D2 3-2022	Election	1-635	310.80	310.80	
04/15/2022	Special Dist Management Srvs	D2 3-2022	Covenant Control	1-681	2,460.00	2,460.00	
04/15/2022	Special Dist Management Srvs	D2 3-2022	Accounting	1-612	473.60	473.60	
04/15/2022	Special Dist Management Srvs	D2 3-2022	Management	1-680	4,856.80	4,856.80	
04/15/2022	Special Dist Management Srvs	D3 3-2022	Election	1-635	148.00	148.00	
04/15/2022	Special Dist Management Srvs	D3 3-2022	Management	1-680	444.00	444.00	
Total 2012:						9,730.15	
2013							
04/15/2022	Special District Association	2022 SDA	Insurance/SDA Du	1-670	454.19	454.19	
Total 2013:						454.19	
2014							
04/15/2022	UNCC	222031164	Miscellaneous	1-685	191.10	191.10	
Total 2014:						191.10	
20220401							
04/15/2022	Town of Berthoud	10789.1 3-2022	Utilities - Town of	1-794	29.94	29.94	
Total 20220401:						29.94	
20220402							
04/15/2022	Town of Berthoud	9868.1 3-2022	Utilities - Town of	1-794	22.07	22.07	
Total 20220402:						22.07	
20220403							
04/15/2022	Town of Berthoud	9865.1 3-2022	Utilities - Town of	1-794	22.07	22.07	
Total 20220403:						22.07	
20220404							
04/15/2022	Town of Berthoud	9717.1 3-2022	Utilities - Town of	1-794	20.92	20.92	

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total	Void/Manu.
Total 20220404:						20.92	
20220405							
04/15/2022	Town of Berthoud	11524.2 3-2022	Utilities - Town of	1-794	20.92	20.92	
Total 20220405:						20.92	
20220406							
04/15/2022	Town of Berthoud	11566.1 3-2022	Utilities - Town of	1-794	20.92	20.92	
Total 20220406:						20.92	
20220407							
04/15/2022	Town of Berthoud	9716.1 3-2022	Utilities - Town of	1-794	20.92	20.92	
Total 20220407:						20.92	
20220408							
04/15/2022	Xcel Energy	774044278	Utilities	1-793	13.96	13.96	
04/15/2022	Xcel Energy	774055524	Utilities	1-793	11.58	11.58	
04/15/2022	Xcel Energy	774058855	Utilities	1-793	11.69	11.69	
04/15/2022	Xcel Energy	774068207	Utilities	1-793	12.56	12.56	
04/15/2022	Xcel Energy	774096735	Utilities	1-793	12.23	12.23	
04/15/2022	Xcel Energy	774099330	Utilities	1-793	12.88	12.88	
04/15/2022	Xcel Energy	774133902	Utilities	1-793	11.38	11.38	
04/15/2022	Xcel Energy	774135370	Utilities	1-793	34.92	34.92	
Total 20220408:						121.20	
Grand Totals:						25,172.06	

Prairie Star Metropolitan District No.2

April-22

	General	Debt	Capital	Totals
Disbursements	\$ 19,010.33		\$ 6,161.73	\$ 25,172.06
	\$ -			\$ -
Total Disbursements from Checking Acct	\$19,010.33	\$0.00	\$6,161.73	\$25,172.06

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total	Void/Manu.
2015							
05/16/2022	Altitude Community Law, P.C.	1119 4-2022	Legal	1-675	657.00	657.00	
Total 2015:						657.00	
2016							
05/16/2022	Berthoud Weekly Surveyor	36136	Miscellaneous	1-685	109.92	109.92	
Total 2016:						109.92	
2017							
05/16/2022	McGeady Becher P.C.	1076M 3-2022	Legal	1-675	2,520.00	2,520.00	
Total 2017:						2,520.00	
2018							
05/16/2022	Simmons & Wheeler, P.C.	32873	Accounting	1-612	2,932.55	2,932.55	
Total 2018:						2,932.55	
2019							
05/16/2022	Special Dist Management Srvs	D2 4-2022	Miscellaneous	1-685	426.23	426.23	
05/16/2022	Special Dist Management Srvs	D2 4-2022	Election	1-635	177.60	177.60	
05/16/2022	Special Dist Management Srvs	D2 4-2022	Accounting	1-612	458.80	458.80	
05/16/2022	Special Dist Management Srvs	D2 4-2022	Covenant Control	1-681	4,447.70	4,447.70	
05/16/2022	Special Dist Management Srvs	D2 4-2022	Management	1-680	3,322.00	3,322.00	
05/16/2022	Special Dist Management Srvs	D3 4-2022	Election	1-635	103.60	103.60	
05/16/2022	Special Dist Management Srvs	D3 4-2022	Management	1-680	59.20	59.20	
Total 2019:						8,995.13	
2020							
05/16/2022	Town of Berthoud	10789.1 4-2022	Utilities - Town of	1-794	29.94	29.94	
05/16/2022	Town of Berthoud	10789.1 4-2022	Utilities - Town of	1-794	29.94-	29.94-	V
05/16/2022	Town of Berthoud	11524.2 4-2022	Utilities - Town of	1-794	38.37	38.37	
05/16/2022	Town of Berthoud	11524.2 4-2022	Utilities - Town of	1-794	38.37-	38.37-	V
05/16/2022	Town of Berthoud	11566.1 4-2022	Utilities - Town of	1-794	20.92	20.92	
05/16/2022	Town of Berthoud	11566.1 4-2022	Utilities - Town of	1-794	20.92-	20.92-	V
05/16/2022	Town of Berthoud	9716.1 4-2022	Utilities - Town of	1-794	31.39	31.39	
05/16/2022	Town of Berthoud	9716.1 4-2022	Utilities - Town of	1-794	31.39-	31.39-	V
05/16/2022	Town of Berthoud	9717.1 4-2022	Utilities - Town of	1-794	20.92	20.92	
05/16/2022	Town of Berthoud	9717.1 4-2022	Utilities - Town of	1-794	20.92-	20.92-	V
05/16/2022	Town of Berthoud	9865.1 4-2022	Utilities - Town of	1-794	60.46	60.46	
05/16/2022	Town of Berthoud	9865.1 4-2022	Utilities - Town of	1-794	60.46-	60.46-	V
05/16/2022	Town of Berthoud	9868.1 4-2022	Utilities - Town of	1-794	36.03	36.03	
05/16/2022	Town of Berthoud	9868.1 4-2022	Utilities - Town of	1-794	36.03-	36.03-	V
Total 2020:						.00	
2021							
05/16/2022	UNCC	222041201	Miscellaneous	1-685	132.60	132.60	
Total 2021:						132.60	
20220501							
05/17/2022	Town of Berthoud	10789.1 4-2022 REI	Utilities - Town of	1-794	29.94	29.94	
05/17/2022	Town of Berthoud	11524.2 4-2022 REI	Utilities - Town of	1-794	38.37	38.37	

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total	Void/Manu
05/17/2022	Town of Berthoud	11566.1 4-2022 REI	Utilities - Town of	1-794	20.92	20.92	
05/17/2022	Town of Berthoud	9716.1 4-2022 REIS	Utilities - Town of	1-794	31.39	31.39	
05/17/2022	Town of Berthoud	9717.1 4-2022 REIS	Utilities - Town of	1-794	20.92	20.92	
05/17/2022	Town of Berthoud	9865.1 4-2022 REIS	Utilities - Town of	1-794	60.46	60.46	
05/17/2022	Town of Berthoud	9868.1 4-2022 REIS	Utilities - Town of	1-794	36.03	36.03	
Total 20220501:						<u>238.03</u>	
20220502							
05/17/2022	Xcel Energy	778117959	Utilities	1-793	12.57	12.57	
05/17/2022	Xcel Energy	778119030	Utilities	1-793	14.14	14.14	
05/17/2022	Xcel Energy	778132079	Utilities	1-793	12.23	12.23	
Total 20220502:						<u>38.94</u>	
Grand Totals:						<u><u>15,624.17</u></u>	

Prairie Star Metropolitan District No.2

May-22

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 15,624.17			\$ 15,624.17
	\$ -			\$ -
Total Disbursements from Checking Acct	\$15,624.17	\$0.00	\$0.00	\$15,624.17

FORM OF REPORT

\$8,195,000
PRAIRIESTAR METROPOLITAN DISTRICT NO. 2
(IN THE TOWN OF BERTHOUD)
LARIMER COUNTY, COLORADO
LIMITED TAX GENERAL OBLIGATION
REFUNDING AND IMPROVEMENT BONDS
SERIES 2021A

Date of Report: 4/6/2022

All capitalized terms used and not otherwise defined in this report shall have the respective meanings assigned in the Continuing Disclosure Agreement (“**Agreement**”) entered into on December 10, 2021, by and among PrairieStar Metropolitan District No. 2, in the Town of Berthoud, Larimer County, Colorado (the “**District**”), PrairieStar, Inc., a Colorado corporation (the “**Developer**”), and UMB Bank, n.a., Denver, Colorado, as trustee (“**Trustee**”), for the above captioned bonds (the “**Bonds**”) and as dissemination agent. Unless otherwise stated, all information contained herein is the most current information available as of the Date of Report specified above.

Section 1. Development Activity [Developer to complete, to be updated each quarter on and prior to the Annual Report Conversion Date].

(a) Land Entitlements. Since the date of the last Quarterly Report (or, in the case of the first Quarterly Report, since the date of the relevant information disclosed in the Official Statement), have any land entitlements pertaining to property in the District (e.g., zoning, platting, etc.) been changed or put into place? If so, describe. No

(b) Changes in Planned Development. Provide a narrative description regarding changes (if any) to the Development (as described in the Official Statement) since the last Quarterly Report (or, in the case of the first Quarterly Report, since the date of the relevant information disclosed in the Official Statement). As used in this subsection (b), “changes” refer to the occurrence of any event which has, or the Developer anticipates is likely to have, a material impact on the timeline for, or value of, the completed Development. N/A

(c) Building Permit and Certificate of Occupancy Activity. Developer will update the number of building permits (“**BP**”) and certificates of occupancy (“**CO**”) issued within the District (as the boundaries existed on the date of issuance of the Bonds) by completing and revising the following tables. To the extent the Developer is aware of any changes or additions to the Landowner, Builder, Product Type and Number of Planned Residential Units, the Developer will update the same including, as applicable, the addition of new rows to the table.

Current Building Permits and Certificates of Occupancy Issued in the District after June 30, 2021⁽¹⁾

Landowner	Builder	Product Type	Number of Planned Residential Units	BP Issued this Quarter	BP Issued Since June 30, 2021 ⁽²⁾	CO Issued this Quarter	CO Issued Since June 30, 2021
Developer	TBD	Single-Family	124	27	118	26	74
Developer	TBD	Multifamily	84	0	0	0	0
		Total	208	27	118	26	74
		Percentage of Total	100%	12.9%	56.7%	12.5%	35.5%

⁽¹⁾ Assumes each residential unit requires its own issuance of a BP and CO. If a single BP or CO covers multiple residential units, the same should be noted in a parenthetical or footnote.

⁽²⁾ As of June 30, 2021, 40 of the 124 remaining planned single-family residential units had a BP (i.e. were under construction) but no CO (i.e. not yet complete). Accordingly, as of June 30, 2021, only 84 building permits remain to be issued with respect to the planned single-family residential units while 124 certificates of occupancy remain.

Quarterly Report History of Building Permits and Certificates of Occupancy Issued in the District after June 30, 2021⁽¹⁾

Reporting Period	Report Due Date	BP Issued During Reporting Period ⁽²⁾	CO Issued during Reporting Period
July 1, 2021 – December 31, 2021	February 15	91	48
January 1, 2022 – March 31, 2022	May 15	27	26
April 1, 2022 – June 30, 2022	August 15		
July 1, 2022 – September 30, 2022	November 15		
October 1, 2022 – December 31, 2022	February 15		
January 1, 2023 – March 31, 2023	May 15		
April 1, 2023 – June 30, 2023	August 15		
July 1, 2023 – September 30, 2023	November 15		
October 1, 2023 – December 31, 2023	February 15		
January 1, 2024 – March 31, 2024	May 15		
April 1, 2024 – June 30, 2024	August 15		
July 1, 2024 – September 30, 2024	November 15		
October 1, 2024 – December 31, 2024	February 15		

⁽¹⁾ The Developer to add additional rows for each quarterly report as necessary.

⁽²⁾ As of June 30, 2021, 40 of the 124 remaining planned single-family residential units had a BP (i.e. were under construction) but no CO (i.e. not yet complete). Accordingly, as of June 30, 2021, only 84 building permits remain to be issued with respect to the planned single-family residential units while 124 certificates of occupancy remain to be issued.

Section 2. Fund Balances [District to complete, based upon information received from the Trustee; to be updated each quarter on and prior to the Annual Report Conversion Date, and to be updated annually after the Annual Report Conversion Date].

The amount on deposit in each of the following funds for the Bonds is as set forth below:

- (a) amount on deposit in the Senior Project Fund is \$_____;
- (b) amount on deposit in the Senior Bond Fund is \$14,634.75_____; and
- (c) amount on deposit in the Reserve Fund is \$295,126.00_____(consisting of the Reserve Policy in the amount of \$1.00_____ and deposits in the amount of \$295,125.00_____).

Section 3. Additional District Information to be Updated [District to complete; to be provided annually with the Report due on or before November 15].

(a) The District shall update the following tables and/or information included in the Official Statement:

1. TABLE III History of the District's Assessed Valuation and Mill Levies¹
2. TABLE IV Preliminary 2021 Assessed and "Actual" Valuation of Classes of Property in the District²
3. TABLE V Historical Property Tax Collections in the District¹
4. TABLE VI Largest Taxpayers within the District³

(b) The District shall provide its ratio of debt to assessed valuation based on its most recent available final certified assessed valuation and the District's debt outstanding as of December 31 of the same year. The District must include both current and historical information (for at least the previous five years but information prior to that disclosed in the Official Statement is not required).

(c) The District shall attach its Audited Financial Statements for the previous year (20__).⁴ The information contained in this Report has been obtained from sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness. The information contained in this Report is neither intended nor shall be construed as a document updating the Official Statement for the Bonds, and is neither intended to, nor shall it be, used by the Owners or Beneficial Owners of the Bonds for the purpose of making a subsequent investment decision with respect to the Bonds.

Receipt of this Report by any person or entity shall create no obligation or liability of the District, the Developer or the Trustee.

¹ The District is to update this information for the applicable reporting period and include historical information for at least the previous five years but information prior to that disclosed in the Official Statement is not required.

² The District is to update this table based on its most recent certified assessed valuation, whether preliminary or final.

³ The District is to update this table based on its most recent certified assessed valuation and with respect to only its top ten taxpayers.

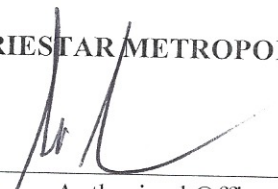
⁴ The Annual Financial Report (including the Quarterly Report due each year prior to the Annual Report Conversion Date for the quarter ending September 30) shall contain or incorporate by reference a copy of the District's Audited Financial Statements, prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If Audited Financial Statements are not available by the applicable Filing Date, unaudited financial statements will be provided as part of the Annual Report and Audited Financial Statements will be provided when and if available.

The undersigned hereby certify, respectively, that they are authorized representatives of the District and the Developer, and further certify on behalf of the following entities that the information contained in the foregoing Report (for the Developer, with respect to Section 1 only, and for the District, with respect to Sections 2 and 3 only) is, to their actual knowledge, true, accurate and complete. This Report may be executed below on counterpart signature pages.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

By _____


Authorized Officer

 *P. Reinhart* 4/8/2022

PRAIRIESTAR, INC.,
a Colorado Corporation

By _____

Authorized Officer

 *P. Reinhart* 4/8/2022

[Signature/Certification Page to Report]

**PRAIRIESTAR METROPOLITAN
DISTRICT NO. 2**

Financial Statements

December 31, 2021

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Governmental Funds	
Balance Sheet	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	9
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	10
Notes to the Financial Statements	11
Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund	32
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund	33
Other Information	
Schedule of Debt Service Requirements to Maturity	34
Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected	35



Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
PrairieStar Metropolitan District No. 2
Larimer County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of PrairieStar Metropolitan District No. 2 (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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the District, as of December 31, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial

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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Required Supplementary Information

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

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 purposes of additional analysis and is not a required part of the basic financial statements. Such 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, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The Other Information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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.

June 9, 2022

BASIC FINANCIAL STATEMENTS

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

STATEMENT OF NET POSITION

December 31, 2021

	Governmental Activities
Assets	
Cash and Investments - Restricted	\$ 3,766,856
Receivable from County Treasurer	3,204
Property Taxes Receivable	742,312
Prepaid Expense	6,679
Capital Assets Not Being Depreciated	1,047,639
Total Assets	5,566,690
Liabilities	
Due to District No. 1	3,372,196
Accrued Interest Payable	27,181
Noncurrent Liabilities:	
Due Within One Year	90,000
Due In More Than One Year	23,682,391
Total Liabilities	27,171,768
Deferred Inflows of Resources	
Unavailable Revenue - Property Taxes	742,312
Net Position	
Restricted	
Debt Service	118,447
Unrestricted	(22,465,837)
Total Net Position	\$ (22,347,390)

The notes to the financial statements are an integral part of this statement.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

**STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021**

<u>Function/Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental Activities</u>	<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Governmental Activities					
Administration	\$ 251,111	\$ 4,654	\$ 39,040	\$ -	\$ (207,417)
Interest and Related Costs on Long-term Debt	1,254,877	-	-	-	(1,254,877)
Payment to District No. 1	17,797,522	-	-	-	(17,797,522)
Transfer of Public Improvements from District No. 1	-	-	-	1,047,639	1,047,639
Total Governmental Activities	\$ 19,303,510	\$ 4,654	\$ 39,040	\$ 1,047,639	(18,212,177)
General Revenues:					
Property Taxes					634,038
Specific Ownership Taxes					48,234
Net Investment Income					694
Total General Revenues					682,966
Changes In Net Position					(17,529,211)
Net Position - Beginning					(4,818,179)
Net Position - Ending					\$ (22,347,390)

The notes to the financial statements are an integral part of this statement.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and Investments - Restricted	\$ -	\$ 394,334	\$ 3,372,522	3,766,856
Receivable from County Treasurer	713	2,491	-	3,204
Property Taxes Receivable	164,952	577,360	-	742,312
Due from District No. 1	-	39,584	-	39,584
Prepaid Expense	6,679	-	-	6,679
Due from Other Funds	-	19,515	-	19,515
Total Assets	<u>\$ 172,344</u>	<u>\$ 1,033,284</u>	<u>\$ 3,372,522</u>	<u>\$ 4,578,150</u>
Liabilities				
Due to District No. 1	\$ 39,258	\$ -	\$ 3,372,522	\$ 3,411,780
Due to Other Funds	19,515	-	-	19,515
Total Liabilities	<u>58,773</u>	<u>-</u>	<u>3,372,522</u>	<u>3,431,295</u>
Deferred Inflows of Resources				
Property Taxes	164,952	577,360	-	742,312
Fund Balances				
Prepaid Expenses	6,679	-	-	6,679
Restricted for Debt Service	-	455,924	-	455,924
Unassigned	(58,060)	-	-	(58,060)
Total Fund Balances	<u>(51,381)</u>	<u>455,924</u>	<u>-</u>	<u>404,543</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 172,344</u>	<u>\$ 1,033,284</u>	<u>\$ 3,372,522</u>	<u>\$ 4,578,150</u>

The notes to the financial statements are an integral part of this statement.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

December 31, 2021

Total Fund Balances - Governmental Funds \$ 404,543

Total net position reported for governmental activities in the statement of
of net position is different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. Those
assets consist of:

Construction in Process 1,047,639

Long-term liabilities applicable to the District's
governmental activities are not due and
payable in the current period and accordingly
are not reported as fund liabilities. All
liabilities, both current and long-term, are
reported in the statement of net position.

Balances at year-end are:

Bonds Payable	\$ (21,840,000)	
Bond Premium	(1,932,391)	
Accrued Interest on Bonds	(27,181)	<u>(23,799,572)</u>

Net Position - Governmental Activities \$ (22,347,390)

The notes to the financial statements are an integral part of this statement.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2021

	General	Debt Service	Capital Projects	Total
Revenues				
Property Taxes	\$ 140,891	\$ 493,147	\$ -	\$ 634,038
Specific Ownership Tax	10,718	37,516	-	48,234
Net Investment income	76	618	-	694
Developer Contribution	39,040	-	-	39,040
Miscellaneous Income	4,654	-	-	4,654
Total Revenues	<u>195,379</u>	<u>531,281</u>	<u>-</u>	<u>726,660</u>
Expenditures				
Current				
Management	4,475	-	-	4,475
Legal	286	-	-	286
Payment to District No. 1	242,184	-	-	242,184
Treasurer's Fees	2,819	9,868	-	12,687
Miscellaneous	1,347	-	-	1,347
Capital Outlay				
Payment to District No. 1	-	-	4,152,522	4,152,522
Debt Service				
Payment to District No. 1	-	13,645,000	-	13,645,000
Bond Issue Costs	-	721,965	-	721,965
Bond Principal	-	534,000	-	534,000
Bond Interest	-	341,579	-	341,579
Paying Agent Fees	-	6,000	-	6,000
Total Expenditures	<u>251,111</u>	<u>15,258,412</u>	<u>4,152,522</u>	<u>19,662,045</u>
Excess Revenues Over (Under)				
Expenditures	<u>(55,732)</u>	<u>(14,727,131)</u>	<u>(4,152,522)</u>	<u>(18,935,385)</u>
Other Financing Sources (Uses)				
Bond Proceeds - Series 2021A	-	8,195,000	-	8,195,000
Bond Proceeds - Series 2021B	-	13,645,000	-	13,645,000
Bond Premium - Series 2021A	-	1,932,391	-	1,932,391
Payment to Refunded Escrow Agent	-	(5,838,968)	-	(5,838,968)
Transfer In (Out)	-	(4,152,522)	4,152,522	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>13,780,901</u>	<u>4,152,522</u>	<u>17,933,423</u>
Net Change in Fund Balances	(55,732)	(946,230)	-	(1,001,962)
Fund Balances - Beginning	4,351	1,402,154	-	1,406,505
Fund Balances - Ending	<u>\$ (51,381)</u>	<u>\$ 455,924</u>	<u>\$ -</u>	<u>\$ 404,543</u>

The notes to the financial statements are an integral part of this statement.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2021

Net Change in Fund Balances - Total Governmental Funds \$ (1,001,962)

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

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and transfers) is to increase net assets. In the statement of activities, only the gain on the disposition of capital assets is reported. However, in the governmental funds, the proceeds from the disposition, if any, increases financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the asset disposed.

Contributed assets 1,047,639

The issuance of long-term debt provides current financial resources to governmental 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	\$ (21,840,000)	
Bond Premium	(1,932,391)	
Bond Principal Payment	6,195,000	
Change in Bond Interest Payable	<u>2,503</u>	<u>(17,574,888)</u>

Change in Net Position - Governmental Activities \$ (17,529,211)

The notes to the financial statements are an integral part of this statement.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2020 Actual
Revenues					
Property Taxes	\$ 140,992	\$ 140,992	\$ 140,891	\$ (101)	\$ 109,171
Specific Ownership Tax	9,002	9,002	10,718	1,716	7,300
Transfer from District No. 1	-	51,875	-	(51,875)	-
Developer Contribution	-	-	39,040	39,040	-
Net investment income	-	-	76	76	19
Miscellaneous Income	100	6,000	4,654	(1,346)	4,375
Total Revenues	150,094	207,869	195,379	(12,490)	120,865
Expenditures					
Current					
Management	-	6,375	4,475	1,900	-
Accounting	-	2,750	-	2,750	-
Payment to District No. 1	153,672	153,672	242,184	(88,512)	114,852
Treasurer's Fee	2,113	2,113	2,819	(706)	1,638
Legal	-	10,000	286	9,714	-
Covenant Control Enforcement	-	10,000	-	10,000	-
Social Activities	-	3,000	-	3,000	-
Common Area Landscaping	-	7,250	-	7,250	-
Utilities	-	2,500	-	2,500	-
Engineering	-	8,000	-	8,000	-
Miscellaneous	100	2,100	1,347	753	24
Contingency	-	4,461	-	4,461	-
Emergency Reserve	1,660	-	-	-	-
Total Expenditures	157,545	212,221	251,111	(38,890)	116,514
Net Change in Fund Balance	(7,451)	(4,352)	(55,732)	(51,380)	4,351
Fund Balance - Beginning	7,451	4,352	4,351	(1)	-
Fund Balance - Ending	\$ -	\$ -	\$ (51,381)	\$ (51,381)	\$ 4,351

The notes to the financial statements are an integral part of this statement.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Note 1 – Definition of Reporting Entity

The PrairieStar Metropolitan District No. 2 (the “District”), was originally organized by recorded Order and Decree of the District Court for the County of Larimer on December 8, 2010, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District operates under a Service Plan approved by the Town of Berthoud (the “Town”) on July 27, 2010. The District’s service boundaries are located entirely within the Town. The District is one of four related districts: PrairieStar Metropolitan Districts Nos. 1, 2, 3 and 4 (the “Districts”). The Districts entered into a Memorandum of Understanding that defines the various responsibilities of the Districts (see Note 5). As of December 31, 2021, the Districts have the same membership of their respective Boards of Directors.

Pursuant to the Service Plan, the District has the power to provide for the design, acquisition, construction, installation, relocating, redeveloping and financing of certain water, sanitation, storm water, street, traffic and safety protection, transportation, mosquito control, park and recreation, television relay and translator, and fire protection improvements and services.

On December 10, 2021, the District issued \$8,195,000 Limited Tax General Obligation Refunding and Improvement Bonds, Series 2021A and \$13,645,000 Subordinate Limited Tax General Obligation Bonds, Series 2021B₍₃₎ (See Note 4). Concurrent with the issuance of the bonds, and upon meeting the statutory requirements for dissolution, including termination of various funding agreements by the District (see Notes 4 and 5), it is the intention that District No. 1 would cease functioning as the operating district and dissolve.

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

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 to any other organization, nor is the District a component unit of any other primary governmental entity.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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. For the most part, the effect of interfund activity has been removed from these statements.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* 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 revenue are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in 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*. Revenue is 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 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 revenue to be available if they are collected within 60 days of the end of the current fiscal period. The major source of revenue susceptible to accrual are developer advances. All other revenue items are considered to be measurable and available only when cash is received by the District.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The District reports the following major governmental funds:

General Fund – This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – This fund is used to account for the acquisition and construction of the District's major capital facilities.

Capital Projects Fund – This fund is used to account for the acquisition and construction of the District's major capital facilities.

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 level and lapses at year end. The District 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.

The District incurred expenditures in excess of appropriation for the year ended December 31, 2021, in the General and Capital Projects Funds, which may be in violation of the Local Government Budget Law.

Pooled Cash and Investments

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

Cash and investments are presented on the balance sheet in the basic financial statements at fair value.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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.

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premiums and discounts. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight method and charged to interest expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, even if withheld from the actual new proceeds received, are reported as debt services expenditures, in both the government-wide statements and fund financial statements.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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.

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

Net investment in capital assets – this component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction or improvement of those assets. If there are significant unspent debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in this component.

Restricted – this component of net position consists of assets that are restricted for use as imposed by external parties such as creditors, grantors or contributors, or as imposed by laws or regulations of other governments, or as imposed through constitutional provisions or enabling legislation.

Unrestricted – the component of net position that does not meet the definitions above.

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 legally or contractually required to be maintained intact.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Restricted fund balance – The portion of fund balances that is constrained to be 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 policy to use the most restrictive classification first.

Note 3 – Cash Deposits and Investments

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

Cash and Investments - Restricted \$ 3,766,856

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

Cash Deposits	\$ 44,802
Investments	<u> 3,722,054</u>
Total	<u>\$ 3,766,856</u>

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Cash Deposits

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) 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 equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized. The State Regulatory Commissions 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, 2021, the District's cash deposits had a bank and carrying balance of \$44,802.

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 obligations of the United States, certain U.S. government agency securities and Local Government Investment Pools, 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 disclosure requirements or subject to investment custodial credit risk 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.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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 US 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, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Government Liquid Asset Trust (COLOTRUST)	Weighted Average under 60 Days	\$ 39,233
Morgan Stanley Liquidity Funds Treasury Portfolio	Weighted Average under 60 Days	3,682,821
		<u>\$ 3,722,054</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24 75 601.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE 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.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

The District holds all its investments in the COLOTRUST PLUS+ portfolio.

Morgan Stanley Institutional Liquidity Funds Treasury Portfolio (MSILF)

The MSILF invests exclusively in U.S. Treasury Obligations and repurchase agreements fully collateralized by U.S. Treasury Obligations. The MSILF records its investments at amortized cost and the District records its investments in the MSILF 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. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. The fund is rated AAAM by Standard and Poor's and AAA by Moody's.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
Limited Tax General Obligation Bonds, Series 2016	\$ 6,195,000	\$ -	\$ 6,195,000	\$ -	\$ -
Limited Tax General Obligation Bonds, Series 2021A	-	8,195,000	-	8,195,000	90,000
Bond Premium - Series 2021A	-	1,932,391	-	1,932,391	-
Subordinate Limited Tax General Obligation Bonds, Series 2021B(3)	-	13,645,000	-	13,645,000	-
	<u>\$ 6,195,000</u>	<u>\$ 23,772,391</u>	<u>\$ 6,195,000</u>	<u>\$ 23,772,391</u>	<u>\$ 90,000</u>

General Obligation Bonds

Limited Tax General Obligation Bonds, Series 2016

The District issued \$6,195,000 in Limited Tax General Obligation Bonds, Series 2016, dated August 17, 2016, (the 2016 Bonds) with interest at 5.75%, payable semi-annually on June 1 and December 1, beginning on December 1, 2016. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2021. The Bonds mature on December 1, 2046, and are subject to redemption prior to maturity, at the option of the District, on December 1, 2021, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
December 1, 2021, to November 30, 2022	3.00%
December 1, 2022, to November 30, 2023	2.00%
December 1, 2023, to November 30, 2024	1.00%
December 1, 2024, and thereafter	0.00%

The proceeds from the sale of the Bonds were used for the purposes of: (i) paying or reimbursing the costs of capital infrastructure improvements; (ii) providing capitalized interest for the Bonds; (iii) funding a Reserve Fund securing the Bonds; and, (iv) paying costs of issuance of the Bonds.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

The 2016 Bonds were paid in their entirety from the issuance of the Limited Tax General Obligation Refunding and Improvement Bonds, Series 2021A.

Limited Tax General Obligation Refunding and Improvement Bonds, Series 2021A

Series 2021A Bond Details

The District issued \$8,195,000 in Limited Tax General Obligation Refunding and Improvement Bonds, Series 2021A, dated December 10, 2021, (the 2021A Bonds) with interest at 5.00%, payable semi-annually on June 1 and December 1, beginning on June 1, 2022.

Proceeds from the sale of the 2021A Bonds will be used to (a) currently refund all of the outstanding 2016 Bonds, (b) finance or reimburse a portion of the costs of acquiring, constructing, and/or installing certain Public Improvements to serve the development within the District, (c) purchase the Reserve Policy and fund a portion of the Reserve Fund, (d) purchase a municipal bond insurance policy for the Bonds, and (e) fund the costs of issuing the Bonds and the Series 2021B₍₃₎ Subordinate Bonds.

The District refunded the 2016 Bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$898,454. The 2016 Bonds were both fully redeemed on December 10, 2021.

The 2021A Bonds consist of \$2,090,000 of serial bonds maturing in various amounts from December 1, 2022 through December 31, 2031 and \$6,105,000 of term bonds maturing in various amounts from December 1, 2032 through December 31, 2046.

The 2021A Bonds maturing on or after December 1, 2036, are subject to redemption prior to maturity, at the option of the District, in whole or in part, and if in part in any order of maturity, on December 1, 2031, and on any date thereafter, at a redemption price equal to the principal amount thereof without premium. The Term Bonds maturing on December 1, 2036, December 1, 2041, and December 1, 2046, are subject to mandatory sinking fund redemption at a price equal to the principal amount thereof, plus accrued interest to the redemption date.

Repayment of both principal and interest on the Bonds are insured by Build America Mutual Assurance Company.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Series 2021A Bonds Pledged Revenue

The Bonds are secured by and payable solely from Pledged Revenue, which includes property taxes derived from the Required Mill Levy, net of the cost of collection, Specific Ownership Taxes attributable to the Required Mill Levy, and any other legally available moneys which the District determines to transfer to the Trustee for application as Pledged Revenue.

Series 2021A Bonds Required Mill Levy

Pursuant to the Indenture, the District has covenanted to levy each year upon all taxable property of the District the Senior Required Mill Levy, meaning, an ad valorem mill levy imposed upon all taxable property of the District each year in an amount necessary to generate Senior Property Tax Revenues sufficient to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable (less any amount thereof for which amounts are then on deposit in the Senior Bond Fund and, solely to the extent provided in the Indenture, the Reserve Fund) and replenishing the Reserve Fund to the Reserve Requirement or repaying the Bond Insurer for draws on the Reserve Policy, as applicable, but not in excess of 50 mills, provided, however, that in the event that the method of calculating assessed valuation is changed after January 1, 2010, the maximum mill levy of 50 mills provided herein will be increased or decreased to reflect such changes.

Series 2021A Bonds Reserve Fund

The Series 2021A Bonds are also secured by amounts on deposit in the Reserve Fund which will initially be funded through the issuance of the Reserve Policy and proceeds of the 2021A Bonds in an aggregate amount equal to \$590,250 (the "Reserve Requirement"). The Reserve Policy and proceeds of the Bonds will each be in the amount of 50% of the Reserve Requirement.

Events of Default

Events of Default as defined in the Series 2021A Bond Indenture are 1) the failure of the District to impose the Senior Required Mill levy, or to apply the Pledged Revenue as required by the Indenture, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indenture or the Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds. Failure to pay the principal of or interest on the Series 2021A Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2021A Bonds is not an available remedy for an Event of Default.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Series 2019 Bonds Debt Service

The outstanding principal and interest of the Series 2021A Bonds are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 90,000	\$ 399,506	\$ 489,506
2023	180,000	405,250	585,250
2024	190,000	396,250	586,250
2025	200,000	386,750	586,750
2026	210,000	376,750	586,750
2027-2031	1,220,000	1,715,500	2,935,500
2032-2037	1,560,000	1,377,750	2,937,750
2038-2041	1,995,000	946,500	2,941,500
2042-2046	2,550,000	395,000	2,945,000
	<u>\$ 8,195,000</u>	<u>\$ 6,399,256</u>	<u>\$ 14,594,256</u>

Subordinate Limited Tax General Obligation Bonds, Series 2021B₍₃₎

Series 2021B₍₃₎ Bond Details

The District issued \$13,645,000 in Subordinate Limited Tax General Obligation Bonds, Series 2021B₍₃₎, dated December 10, 2021, (the 2021B₍₃₎ Bonds) with interest at 1.73%. Interest is payable to the extent of Subordinate Pledged Revenue available therefor annually on each December 15, commencing on December 15, 2022.

To the extent interest on any Bond is not paid when due, such interest shall compound annually on each Interest Payment Date, at the rate then borne by the 2021B₍₃₎ Bond.

Proceeds from the sale of the 2021B₍₃₎ Bonds were used to pay amounts due from District No. 1 to the Developer under the Facilities Funding and Acquisition Agreement entered into on December 14, 2010 and effective as of December 8, 2010, between District No. 1 and the Developer, as amended by a First Amendment thereto entered into on August 3, 2016. Reimbursement Agreement.

The 2021B₍₃₎ Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity, and in whole or partial maturities (and if in part in such order of maturities as the District shall determine and by lot within maturities), on December 1, 2026, and on any date thereafter, upon payment of par,

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, 2026, to November 30, 2027	3.00%
December 1, 2027, to November 30, 2028	2.00
December 1, 2028 to November 30, 2029	1.00
December 1, 2029, and thereafter	0.00

In the event that any amount of principal of or interest on the 2021B₍₃₎ Bonds remains unpaid after the application of all Subordinate Pledged Revenue available therefor on December 15, 2061, the 2021B₍₃₎ Bonds shall be deemed discharged. Upon such discharge, the registered owners of the 2021B₍₃₎ Bonds will have no recourse to the District or any property of the District for the payment of any amount of principal of or interest on the Bonds remaining unpaid.

Series 2021B₍₃₎ Bonds Pledged Revenue

The 2021B₍₃₎ Bonds are secured by and payable solely from Subordinate Pledged Revenue, which includes subordinate property taxes derived from the Subordinate Required Mill Levy, net of the cost of collection, subordinate Specific Ownership Taxes attributable to the Subordinate Required Mill Levy, and any other legally available moneys which the District determines to transfer to the Trustee for application as Subordinate Pledged Revenue.

Series 2021B₍₃₎ Subordinate Bonds Required Mill Levy

The Subordinate Required Mill Levy means an ad valorem mill levy equal to 35 mills less the Senior Obligation Mill Levy, or such lesser amount that will generate Subordinate Property Tax Revenues which, when combined with moneys then on deposit in the Subordinate Bond Fund, will pay the 2021B₍₃₎ Bonds in full in the year such levy is collected; provided however, that in the event that the method of calculating assessed valuation is changed after January 1, 2010, the mill levy of 35 mills provided herein shall be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes, but in no event shall the mill levy of 35 mills provided for herein be adjusted to exceed 50 mills.

Events of Default

Events of Default as defined in the Series 2021B₍₃₎ Bond Indenture are 1) the failure of the District to impose the Subordinate Required Mill levy, or to apply the Subordinate Pledged Revenue as required by the Indenture, 2) the default by the District in the performance or

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

observance of any other of the covenants, agreements, or conditions of the Indenture or the Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds. Failure to pay the principal of or interest on the Series 2021B₍₃₎ Bonds. It is acknowledged that due to the limited nature of the Subordinate Pledged Revenue, the failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an event of default. Acceleration of the 2021B₍₃₎ Bonds is not an available remedy for an Event of Default.

The Series 2021B₍₃₎ Bonds do not have scheduled amortization but, rather, are subject to mandatory redemption to the extent of Subordinate Pledged Revenues available.

Authorized Debt

On November 2, 2010 and on May 6, 2014, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$915,600,000 at an interest rate not to exceed 18% per annum. At December 31, 2021, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 2, 2010	Amount Authorized on May 6, 2014	Series 2016 Limited Tax General Obligation Bonds	Series 2021A Limited Tax General Obligation Bonds	Series 2021B ₍₃₎ Limited Tax General Obligation Bonds	Remaining Authorization
Public Improvements	\$ 343,350,000	\$ 343,350,000	\$ 6,195,000	\$ 3,237,735	\$ 13,645,000	\$ 663,622,265
Operations and Maintenance	38,150,000	38,150,000	-	-	-	76,300,000
Debt Refundings	38,150,000	38,150,000	-	-	-	76,300,000
Intergovernmental Agreements	38,150,000	38,150,000	-	-	-	76,300,000
	<u>\$ 457,800,000</u>	<u>\$ 457,800,000</u>	<u>\$ 6,195,000</u>	<u>\$ 3,237,735</u>	<u>\$ 13,645,000</u>	<u>\$ 892,522,265</u>

The Service Plan limits the District to issuing \$38,150,000 in debt.

Developer Advances

Multiple-Year Operations Funding Agreement (MYOFA)

On December 10, 2021, the District entered into a MYOFA with the Developer. The District anticipates that it will not have sufficient revenues to make payment of its Operations Expenses for fiscal years 2022 through 2023. The District anticipates a shortfall in revenues available for Operations Expenses to be incurred for fiscal years 2022 through 2023 in an aggregate amount of \$39,039.99 (the "Shortfall Amount").

During the year ended December 31, 2021, the Developer advanced \$39,039.99 to the District.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

The Developer has waived the right to repayment by the District for the Developer Advance and further acknowledges the District shall have no obligations to make reimbursements under this Agreement. Therefore, the amount is shown as a Developer Contribution in the financial statements.

Note 5 – Intergovernmental Agreements

Intergovernmental Agreement with the Town

On December 14, 2010, the District entered into an Intergovernmental Agreement (“Agreement”) with the Town whereby the District agreed to various restrictions and notification requirements related to areas such as District dissolution, tax or fee impositions, bond issuances, boundary expansions and service expansions.

Memorandum of Understanding

A Memorandum of Understanding was entered into on December 14, 2010 by and among the District, District No. 1, District No. 3 and District No. 4 (“MOU”). Under the Service Plan, the Districts are required to work together and coordinate their efforts with respect to all activities contemplated in the Service Plan including but not limited to the management and administration of the Districts, the provision of essential services by the Districts, and the financing, construction, operation and maintenance of public improvements.

The MOU acknowledges that PrairieStar Metropolitan District No. 1 (District No. 1) shall provide for the financing, construction, design, operation and maintenance of the public improvements, as well as the overall administration of the Districts and further acknowledges that District No. 1 has the authority to enter into agreement(s) and other obligations with the Developer of the property to provide for the financing of such services. The MOU acknowledges that the Districts will enter into a Facilities, Funding, Construction and Operations Agreement detailing such services (“FFCOA”). The MOU also provides that the FFCOA shall provide for the District, District No. 3 and District No. 4 to remit revenues to District No. 1 for all costs incurred by District No. 1 pursuant to the MOU based on an allocable basis to be set forth in the FFCOA.

On December 10, 2021, the MOU was terminated.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Facilities, Funding, Construction and Operations Agreement (“FFCOA”)

On December 9, 2014, with an effective date of December 5, 2013, the District entered into a FFCOA with District No. 1. Pursuant to the FFCOA, District No. 1 serves as the Operating District which will operate, maintain, finance and construct (including funding thereof) certain of the Public Improvements and the Taxing District will contribute to the costs of construction, operation, management and maintenance of such Public Improvements. The District serves as the Taxing District. As of the Effective Date of this Agreement, District No. 3 and District No. 4 continue to be inactive. Consistent with the terms of the MOU, the Districts intend for District No. 3 and District No. 4 to also be parties to this Agreement and therefore, at such time as District No. 3 and District No. 4 each become active, this Agreement will be presented to District No. 3 and District No. 4 for consideration and they will each be given the opportunity to become a party to this Agreement, and until such time, the MOU shall continue to govern the rights and obligations with respect to District No. 3 and District No. 4.

On August 3, 2016, the FFCOA was amended and restated (“Amended FFCOA”) to recognize the Taxing District’s issuance of Bonds and to reflect the changed debt structure of the Districts. Pursuant to the Amended FFCOA, either of the Districts may issue bonds for the construction, acquisition, or reimbursement of costs. Each District that determines to issue Bonds hereunder the proceeds of which will be utilized for Public Improvements shall be an "Issuing District". Each Taxing District anticipates receiving revenue from the imposition of a mill levy against all property within its respective boundaries and specific ownership taxes, and, if imposed or assessed at the direction of the Operating District, the collection of fees, charges, rates and tolls. All revenue received by the Taxing District will be transferred to the Operating District. However, If the Taxing District is the Issuing District and if the Taxing District pledges its debt service mill levy, specific ownership taxes attributable to such mill levy and other revenue of the Taxing District to the repayment of the Bond Requirements related to its Bonds, the Taxing District shall not be required to transfer the Taxing District Pledged Revenue to the Operating District.

Upon District No. 3’s return to active status on March 28, 2018, District No. 1, District No. 2 and District No. 3 entered into a Second Amended and Restated FFCOA, effective March 28, 2018 in order to add District No. 3 as a party.

During the year ending December 31, 2021, \$114,852 was transferred to District No. 1, representing funds received from the imposition of the District’s operating mill levy and other unrestricted funds.

On December 10, 2021, the Districts entered into a Termination of Facilities Funding, Construction and Operations Agreement (the “FFCOA Termination Agreement”). Therefore, the FFCOA is terminated as of the date of this Termination Agreement and is of no further force

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

or effect as of the date of this Termination Agreement, and that that the Districts have no further obligations to each other under the FFCOA.

PrairieStar Metropolitan District No. 2 Inclusion Agreement (“Inclusion Agreement”)

On March 27, 2019, the District entered into an Inclusion Agreement with District No. 1 and PrairieStar, Inc. (“Owner”). The Owner owns property within the service area and intends to include approximately 32.0 acres into the District (“Inclusion Parcels”). The Inclusion Agreement was amended on February 18, 2021, with an effective date of November 19, 2020, to include an additional 1.145 acres into the District. Pursuant to the Inclusion Agreement, the Owner agrees to proceed with the inclusion of the Inclusion Parcels within the boundaries of the District and to proceed with the design and construction of certain public improvements on the Inclusion Parcels, in reliance on the agreement of District No. 1 and the District that the costs incurred by the Owner will be reimbursed by District No. 1 under the terms of the Facilities Funding and Acquisition Agreement, as amended, from the proceeds of Bonds to be issued by the District pursuant to the FFCOA. The Owner acknowledges that upon inclusion of the Inclusion Parcels into the District, such Inclusion Parcels shall be liable for payment of taxes imposed by the District to pay the obligations of the District, including, but not limited to, the 2016 Bonds and all Bonds issued by the District in the future.

On April 26, 2019, the Inclusion Parcels were included within the boundaries of the District pursuant to a recorded order for inclusion. The Included Parcels and are now subject to all of the taxes and charges imposed by the District and shall be liable for its proportionate share of existing and future bonded indebtedness of the District. In addition, pursuant to the Inclusion Agreement, District No. 1 will reimburse the Owner for costs incurred by the design and construction of certain public improvements.

The District’s obligations under the Inclusion Agreement were fulfilled coincident with the issuance of the 2021 Bonds on December 10, 2021, and upon distribution of reimbursement to the Developer.

Note 6 – Net Position

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

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2021, amounting to \$118,447.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Unrestricted net position represents assets that do not have any third-party limitations on their use.

The District has a deficit in unrestricted net position. The deficit is a result of the District being responsible for the repayment of bonds issued for public improvements which were constructed by other governmental entities.

Note 7 – Related Party

All of the members of the Board of Directors are employees, officers, owners or are otherwise associated with the Developer of the District and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed.

Note 8 – 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 natural disasters.

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 general and public officials' liability coverage. In the event aggregate 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.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Note 9 – 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% 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 transfers its net operating revenue to District No. 1 pursuant to the Amended FFCOA. Therefore, the Emergency Reserves related to the District's revenues are captured in District No. 1.

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 and qualification as an Enterprise will require judicial interpretation.

On May 6, 2014, the District's electors approved the following ballot issues:

Shall PrairieStar Metropolitan District No. 2 taxes be increased \$38,150,000 annually or such lesser amount as necessary to pay the District's administration, operations, maintenance, and capital expenses, by the imposition of ad valorem property taxes levied in any year, without limitation as to rate or amount or any other condition to pay such expenses and shall the proceeds of such taxes and any investment income thereon be collected, retained and spent by the District in fiscal year 2014 and in each fiscal year thereafter as a voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Shall PrairieStar Metropolitan District No. 2 taxes be increased \$38,150,000 annually or such lesser amount as necessary to pay the District's administration, operations, maintenance, and capital expenses, by the imposition of a fee or fees imposed, without limitation as to rate or amount or any other condition to pay such expenses and shall the proceeds of such fees and any investment income thereon be collected, retained and spent by the District in fiscal year 2014 and in each fiscal year thereafter as a voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

Shall PrairieStar Metropolitan District No. 2 be authorized to collect, receive, retain, and spend the full amount of all taxes, tax increment revenues, tap fees, park fees, facility fees, public improvement fees, service charges, inspection charges, administrative charges, grants or any other fee, rate, toll, penalty, or charge authorized by law, covenants or contract to be imposed, collected or received by the District during 2014 and each fiscal year thereafter, such amounts to constitute a voter-approved revenue change and be collected, retained and spent by the District without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any subsequent year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, and without limiting in any year the amount of other revenues that may be collected, received, retained and spent by the District?

SUPPLEMENTARY INFORMATION

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2020 Actual
Revenues					
Property Taxes	\$ 493,496	\$ 493,496	\$ 493,147	\$ (349)	\$ 382,118
Specific Ownership Tax	32,077	32,077	37,516	5,439	27,465
Net Investment income	2,000	2,000	618	(1,382)	4,364
Total Revenues	<u>527,573</u>	<u>527,573</u>	<u>531,281</u>	<u>3,708</u>	<u>413,947</u>
Expenditures					
Debt Service					
Payment to District No. 1	-	13,645,000	13,645,000	-	-
Bond Issue Costs	-	722,550	721,965	585	-
Bond Principal	25,000	534,000	534,000	-	-
Bond Interest	356,212	356,212	341,579	14,633	356,213
Paying Agent Fees	-	-	6,000	(6,000)	-
Treasurer's Fees	9,870	9,870	9,868	2	7,645
Total Expenditures	<u>391,082</u>	<u>15,267,632</u>	<u>15,258,412</u>	<u>9,220</u>	<u>363,858</u>
Excess Revenues Over (Under)					
Expenditures	<u>136,491</u>	<u>(14,740,059)</u>	<u>(14,727,131)</u>	<u>12,928</u>	<u>50,089</u>
Other Financing Sources (Uses)					
Bond Proceeds - Series 2021A	-	10,855,000	8,195,000	(2,660,000)	-
Bond Proceeds - Series 2021B	-	13,645,000	13,645,000	-	-
Bond Premium - Series 2021A	-	-	1,932,391	1,932,391	-
Payment to Refunded Escrow Agent	-	(6,106,219)	(5,838,968)	267,251	-
Transfers Out	-	(4,152,522)	(4,152,522)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>14,241,259</u>	<u>13,780,901</u>	<u>(460,358)</u>	<u>-</u>
Net Change in Fund Balance	<u>136,491</u>	<u>(498,800)</u>	<u>(946,230)</u>	<u>(447,430)</u>	<u>50,089</u>
Fund Balance - Beginning	<u>1,387,200</u>	<u>1,402,153</u>	<u>1,402,154</u>	<u>1</u>	<u>1,352,065</u>
Fund Balance - Ending	<u>\$ 1,523,691</u>	<u>\$ 903,353</u>	<u>\$ 455,924</u>	<u>\$ (447,429)</u>	<u>\$ 1,402,154</u>

See the Accompanying Independent Auditor's Report

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

CAPITAL PROJECTS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

**For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2020 Actual
Miscellaneous Income	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-
Expenditures					
Capital					
Payment to District No. 1	-	3,600,000	4,152,522	(552,522)	-
Total Expenditures	-	3,600,000	4,152,522	(552,522)	-
Net Change in Fund Balance	-	-	-	-	-
Fund Balance - Beginning	-	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -	\$ -

See the Accompanying Independent Auditor's Report

OTHER INFORMATION

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2021**

**\$8,195,000 Limited Tax General Obligation Refunding and
Improvement Bonds, Series 2021A
Dated December 10, 2021
Interest Rate: 5.00%
Interest Payable June 1, December 1
Principal Due December 1**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 90,000	\$ 399,506	\$ 489,506
2023	180,000	405,250	585,250
2024	190,000	396,250	586,250
2025	200,000	386,750	586,750
2026	210,000	376,750	586,750
2027	220,000	366,250	586,250
2028	230,000	355,250	585,250
2029	245,000	343,750	588,750
2030	255,000	331,500	586,500
2031	270,000	318,750	588,750
2032	285,000	305,250	590,250
2033	295,000	291,000	586,000
2034	310,000	276,250	586,250
2035	325,000	260,750	585,750
2036	345,000	244,500	589,500
2037	360,000	227,250	587,250
2038	380,000	209,250	589,250
2039	400,000	190,250	590,250
2040	415,000	170,250	585,250
2041	440,000	149,500	589,500
2042	460,000	127,500	587,500
2043	485,000	104,500	589,500
2044	510,000	80,250	590,250
2045	535,000	54,750	589,750
2046	560,000	28,000	588,000
	<u>\$ 8,195,000</u>	<u>\$ 6,399,256</u>	<u>\$ 14,594,256</u>

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

**SCHEDULE OF ASSESSED VALUATION, MILL LEVY AND
PROPERTY TAXES COLLECTED**

Levy Year	Collection Year	Assessed Valuation	Mill Levy			Total Levy	Current Collection	Collection Rate
			General	Debt	Total			
2015	2016	\$ 780,226	10.000	35.000	45.000	\$ 35,110	\$ 35,110	100.00%
2016	2017	1,279,993	10.000	35.000	45.000	57,600	57,600	100.00%
2017	2018	2,965,759	11.055	38.694	49.749	147,544	147,544	100.00%
2018	2019	4,868,126	11.055	38.694	49.749	242,184	241,113	99.56%
2019	2020	9,834,341	11.132	38.964	50.096	492,661	491,289	99.72%
2020	2021	12,665,440	11.132	38.964	50.096	634,488	634,037	99.93%
Estimated for the year ending December 31, 2022		\$ 14,817,787	11.132	38.964	50.096	\$ 742,312		

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

Source: Larimer County Assessor and Treasurer.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

June 9, 2022

Dazzio & Associates, PC
8200 S. Quebec St., Suite A3259
Centennial, Colorado 80112

This representation letter is provided in connection with your audit of the financial statements of PrairieStar Metropolitan District No. 2, which comprise the respective financial position of the governmental activities and each major fund as of December 31, 2021, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of June 9, 2022, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 20, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

- 8) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 9) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the District and involves—
 - Management, or
 - Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 17) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

Government-specific

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- 20) The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 22) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 27) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 30) The financial statements properly classify all funds and activities in accordance with [GASBS No. 34](#) , as amended, and [GASBS No. 84](#) .
- 31) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

- 32) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 33) Investments are properly valued.
- 34) Provisions for uncollectible receivables have been properly identified and recorded.
- 35) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 36) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 37) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 38) Deposits and investments are properly classified as to risk and are properly disclosed.
- 39) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 40) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 41) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 42) With respect to the supplementary information as listed in the table of contents on which an in-relation-to opinion is issued the (Supplementary Information):
 - a) We acknowledge our responsibility for presenting the Supplementary Information in accordance with accounting principles generally accepted in the United States of America, and we believe the Supplementary Information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Supplementary Information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the Supplementary Information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signed _____

Title: Board Member

Signed _____

Title: District Manager

Signed _____

Title: Accountant for the District

RESOLUTION NO. 2022-06-01

**RESOLUTION OF THE BOARD OF DIRECTORS OF
PRAIRIESTAR METROPOLITAN DISTRICT NO. 2
REGARDING CONTINUING DISCLOSURE POLICIES AND PROCEDURES**

A. The PrairieStar Metropolitan District No. 2, Town of Berthoud, Larimer County, Colorado (the “**District**”) has entered into the continuing disclosure undertaking(s) set forth in **Exhibit A** attached hereto (referred to collectively herein, whether one or more than one, the “**Continuing Disclosure Agreement**”).

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

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PRAIRIESTAR METROPOLITAN DISTRICT NO. 2, TOWN OF BERTHOUD, LARIMER COUNTY, COLORADO:

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

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

3. The Continuing Disclosure Policy is intended to supplement any previous post-issuance compliance procedures that may have been adopted by the District and any procedures evidenced in writing by any Official Statement or continuing disclosure undertaking heretofore or hereafter issued, entered into or executed and delivered by the District or on its behalf.

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

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

6. Within thirty (30) days, or earlier if necessary, of entering into any new continuing disclosure undertaking and/or with respect to any changes or modifications to the Continuing Disclosure Undertaking, the responsible parties and consultants shall meet with bond counsel and disclosure counsel to review the continuing disclosure compliance requirements and develop a process for compliance with respect to such new and/or changed continuing disclosure undertaking.

RESOLUTION APPROVED AND ADOPTED on June 15, 2022.

**PRAIRIESTAR METROPOLITAN
DISTRICT NO. 2**

By: _____
President

Attest:

By: _____
Secretary

EXHIBIT A
CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

\$8,195,000

**PRAIRIESTAR METROPOLITAN DISTRICT NO. 2
(IN THE TOWN OF BERTHOUD)
LARIMER COUNTY, COLORADO
LIMITED TAX GENERAL OBLIGATION
REFUNDING AND IMPROVEMENT BONDS
SERIES 2021A**

This Continuing Disclosure Agreement (this “**Agreement**”) is entered into on December 10, 2021, by and among PrairieStar Metropolitan District No. 2, in the Town of Berthoud, Larimer County, Colorado (the “**District**”), PrairieStar, Inc., a Colorado corporation (the “**Developer**”), and UMB Bank, n.a., Denver, Colorado, as trustee (the “**Trustee**”), under the Indenture (defined below) and as dissemination agent hereunder relating to the District’s Limited Tax General Obligation Refunding and Improvement Bonds, Series 2021A, issued in the original aggregate principal amount of \$8,195,000 (the “**Bonds**”).

Section 1. Purpose. This Agreement is being executed and delivered by the parties hereto for the benefit of the holders of the Bonds, in consideration for the purchase by Piper Sandler & Co. (the “**Underwriter**”) of the Bonds pursuant to the terms of a Bond Purchase Agreement between the Underwriter and the District dated November 17, 2021 and in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “**Rule**”). The District has determined that the District is the only “obligated person” with responsibility for continuing disclosure within the meaning of the Rule. This Agreement creates no rights for holders of the Series 2021B(3) Subordinate Bonds.

Section 2. Definitions. Capitalized terms used and not otherwise defined in this Agreement shall have the respective meanings set forth in the Indenture (defined below) and the Official Statement (defined below). The capitalized terms set forth below shall have the following respective meanings for purposes of this Agreement:

“**Annual Budget Report**” means the form attached hereto as **Appendix B**.

“**Annual Report Conversion Date**” means the date upon which, within the District (as the boundaries existed on the date of issuance of the Bonds), certificates of occupancy have been issued for at least an additional 124 single-family homes after June 30, 2021 (such amount being equal to all of the additional 124 single-family homes planned to be constructed in the District after June 30, 2021).

“**Audited Financial Statements**” means the District’s most recent annual financial statements, prepared in accordance with generally accepted accounting principles for governmental units as prescribed by the Governmental Accounting Standards Board, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State of Colorado.

“**Beneficial Owner**” means any person for which a Participant acquires an interest in the Bonds.

“**Business Day**” means a day other than a Saturday, Sunday or holiday on which the Trustee is scheduled in the normal course of its operations to be open to the public for conduct of its operations.

“**Indenture**” means the Indenture of Trust (Senior) dated as of December 1, 2021, between the Trustee and the District, pursuant to which the Bonds were issued.

“**Official Statement**” means the Official Statement prepared in connection with the offer and sale of the Bonds dated November 17, 2021.

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

“**Participant**” means any broker-dealer, bank, or other financial institution from time to time for which DTC (as defined in the Indenture) or another Depository (as defined in the Indenture) holds the Bonds.

“**Report**” means the form attached hereto as **Appendix A**, which, prior to the Annual Report Conversion Date, constitutes a Quarterly Report, and on and after the Annual Report Conversion Date, constitutes an Annual Financial Report.

Section 3. Periodic Reporting Requirements.

a. Timing of Reports.

i. **Quarterly Reports.** Prior to the Annual Report Conversion Date, the Developer and the District shall provide their respective portions of the Reports (referred to as “**Quarterly Reports**” prior to the Annual Report Conversion Date) to the Trustee as follows:

Last Day of Quarterly Reporting Period	Date Trustee Sends Notice to District and Fund Balance Information for Section 2 (“Trustee Notice Date”)	Date Quarterly Report is Due to Trustee (“Due Date”)	Date Quarterly Report is Due to Be Filed with the MSRB (“Filing Date”)
March 31	March 31	May 5	May 15
June 30	June 30	August 5	August 15
September 30	September 30	November 5	November 15
December 31	December 31	February 5	February 15

The first Quarterly Report will be due for the quarterly reporting period ending December 31, 2021.

ii. **Annual Financial Reports.** On and after the Annual Report Conversion Date, the District shall provide Reports (referred to as “**Annual Financial Reports**” after the Annual Report Conversion Date) to the Trustee as follows:

Last Day of Annual Reporting Period	Date Trustee Sends Notice to District and Fund Balance Information for Section 2 (“Trustee Notice Date”)	Date Annual Financial Report is Due to Trustee (“Due Date”)	Date Annual Financial Report is Due to Be Filed with the MSRB (“Filing Date”)
December 31	September 30	November 5	November 15

iii. **Annual Budget Reports.** The District shall provide Annual Budget Reports to the Trustee as follows:

First Day of Annual Budget Reporting Period	Date Trustee Sends Notice to District (“Trustee Notice Date”)	Date Annual Budget Report is Due to Trustee (“Due Date”)	Date Annual Budget Report is Due to Be Filed with the MSRB (“Filing Date”)
January 1	January 15	January 31	February 15

The first Annual Budget Report will be due for the year beginning January 1, 2022.

b. Contents of Reports.

i. **Quarterly Reports.** For the Quarterly Report for the quarters ending March 31, June 30, and December 31, the Developer shall complete Section 1 of the Report, and the District shall complete Section 2 of the Report. For the Quarterly Report for the quarter ending September 30, the Developer shall complete Section 1 of the Report and the District shall complete Sections 2 and 3 of the Report.

ii. **Annual Financial Reports.** For each Annual Financial Report, the District shall complete Sections 2 and 3 of the Report and it shall have no obligation to complete Section 1 of the Report.

iii. **Annual Budget Reports.** For each Annual Budget Report, the District shall complete all sections of the Annual Budget Report.

iv. **Incorporation by Reference.** Any or all of the items required to be updated may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which are available to the public on EMMA or any website designated by the MSRB as an internet website for filing such information, or filed with the United States Securities and Exchange Commission. The District and the Developer, as applicable, shall clearly identify each such document incorporated by reference.

c. Trustee's Duties. The Trustee shall:

i. determine prior to each Filing Date the appropriate electronic format prescribed by the MSRB;

ii. on or before each Trustee Notice Date, send written notice to the District which: (x) states that the Report or Annual Budget Report, as applicable, will be due by the applicable Due Date; and (y) for Quarterly Reports and Annual Financial Reports, provides the information required by Section 2 of the Report;

iii. on or before each Filing Date, provide to the MSRB (in an electronic format as prescribed by the MSRB) the completed Report or Annual Budget Report, as applicable. Each Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3(b)(iv) above;

iv. if necessary, file the Notice of Failure to File Report form attached as **Appendix C** with the MSRB as required by Section 3(d);

v. file the Notice of Annual Report Conversion Date attached as **Appendix D** with the MSRB if required by Section 5(a); and

vi. upon request, file a report with the District at the address in the following paragraph certifying that the Report, Annual Budget Report, Notice of Failure to File Report, or Notice of Annual Report Conversion Date, as applicable, has been provided to the MSRB pursuant to this Agreement, stating the date it was provided and listing all the entities to which it was provided.

d. Failure to File Reports. If the District or the Developer fail to provide to the Trustee their respective portions of each Report by the applicable Due Date, or if the District fails to provide to the Trustee the Annual Financial Report or the Annual Budget Report by the applicable Due Date, which results in the Trustee's inability to provide a Report or Annual Budget Report to the MSRB by the applicable Filing Date, the Trustee shall file or cause to be filed a notice in substantially the form attached as **Appendix C** with the MSRB. If the Trustee files or causes to be filed a notice in substantially the form attached as **Appendix C** with the MSRB, the Trustee shall submit a copy of such filing to the District and the Developer, as follows:

To the District: PrairieStar Metropolitan District No. 2
c/o McGeady Becher P.C.
450 E. 17th Avenue, Suite 400
Denver, Colorado 80203
Telephone: (303) 592-4380
Email:
legalnotices@specialdistrictlaw.com

With a copy to: Simmons & Wheeler, P.C.
304 Inverness Way South, Suite 490
Englewood, Colorado 80112
Telephone: (303) 689-0833
Email:
diane@simmonswheeler.com

To the Developer: PrairieStar, Inc.
2738 Pine Street
Boulder, Colorado 80302
Telephone: (303) 443-3939
Email:
scott@sarbaugh.com

To the Trustee: UMB Bank, NA
Corporate Trust & Escrow Services
1670 Broadway
Telephone: (303) 839-2258
Email:
john.wahl@umb.com

Upon receipt of such a notice regarding a failure to file by the Developer, the District has additional duties pursuant to Section 8(b) hereof.

e. Means of Transmitting Information. Subject to technical and economic feasibility, the District and the Developer shall employ such methods of information transmission as the Trustee shall reasonably request. All documents provided to the MSRB pursuant to this Agreement shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

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

Section 4. Notice of Material Events.

(a) No later than ten (10) Business Days after the occurrence of any of the following events, the District shall give, or cause to be given, notice to the MSRB, through EMMA, of the occurrence of any of the following events with respect to the Bonds (the “**Material Events**”):

- (1) principal and interest payment delinquencies;

- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
- (7) modifications to rights of Bond holders, if material;
- (8) Bond calls, if material, and, whether or not material, tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of defaults, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect the holders of the Bonds, if material;
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “Financial Obligation”

shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

(b) Whenever the Trustee obtains actual knowledge of the occurrence of any of the aforementioned Material Events, the Trustee shall promptly notify the District of such event and request that the District promptly notify the Trustee in writing whether or not to report the event pursuant to subsection 4(d). For purposes of this paragraph, “actual knowledge” of the Trustee means actual knowledge by an officer of the Trustee having responsibility for matters regarding the Indenture or the Bonds. If in response to a request under this subsection 4(b), the District determines that the event does not constitute a Material Event, the District shall so notify the Trustee in writing and instruct the Trustee not to report the occurrence pursuant to subsection 4(d).

(c) Whenever the District obtains knowledge of the occurrence of a Material Event, because of a notice from the Trustee pursuant to subsection 4(b) or otherwise, the District shall report the occurrence to the MSRB pursuant to subsection 4(a), or notify and instruct the Trustee in writing to report the occurrence pursuant to subsection 4(d), in either event so that notice is given within ten (10) Business Days after the occurrence of the event.

(d) If the Trustee has been instructed by the District to report the occurrence of a Material Event, the Trustee shall promptly file a notice of such occurrence with the MSRB, via EMMA, with a copy to the District. Notwithstanding the foregoing, notice of Material Events described in subsections 4(a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the registered owners of affected Bonds pursuant to the Indenture.

Section 5. Termination.

(a) The obligations of the Developer as to the information in Section 1 of the Reports shall terminate after the Annual Report Conversion Date. Upon the occurrence of the Annual Report Conversion Date, the Developer shall complete the Notice of Annual Report Conversion Date attached hereto as **Appendix D** and provide such notice to the District and the Trustee. The Trustee shall then file the Notice of Annual Report Conversion Date with the MSRB within 10 days of receipt.

(b) The obligations of the District as to information in Sections 2 and 3 of the Reports and the Trustee as to information in Section 2 of the Reports, and the obligations of the District as to the Annual Budget Reports, shall terminate at such time as none of the Bonds are Outstanding under the Indenture.

Section 6. Liability for Content of Information Provided. So long as the parties to this Agreement act in good faith, such entities shall not be liable for any errors, omissions or misstatements in the information provided pursuant to this Agreement. Without limiting the foregoing, the District makes no representation as to the accuracy of any information provided by the Developer.

Section 7. Amendment. Notwithstanding any other provision of this Agreement, this Agreement may only be amended with the consent of the parties hereto and the majority of the Owners of the Bonds then Outstanding.

Section 8. Default.

(a) Any failure by the District to perform in accordance with this Agreement shall not constitute an Event of Default under the Indenture, and the rights and remedies provided by the Indenture upon the occurrence of an Event of Default shall not apply to any such failure. If the District fails to comply

with this Agreement, any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations hereunder.

(b) If the Developer fails to comply with this Agreement, the District, within 10 business days of receipt of notice in substantially the form attached as **Appendix C** from the Trustee, shall be obligated to update Section 1 of **Appendix A**, but only to the extent such information is publicly available or otherwise within the District's actual knowledge. Furthermore, if the Developer fails to comply with this Agreement, any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Developer to comply with its obligations hereunder.

Section 9. Severability. If any section, paragraph, clause, or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Agreement, the intent being that the same are severable.

Section 10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado.

Section 11. Compensation. As compensation for its services under this Agreement, the Trustee shall be compensated or reimbursed by the District for its reasonable fees and expenses in performing the services specified under this Agreement.

Section 12. Beneficiaries. This Agreement shall inure solely to the benefit of the District, the Developer, the Trustee, the Underwriter, and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Trustee's Duties; Removal or Resignation as Dissemination Agent. The Trustee shall have only such duties as are specifically set forth in this Agreement, and no implied covenants or obligation shall be read into this Agreement against the Trustee, and the District agrees, to the extent permitted by law and under the terms of the indenture, to indemnify and save the Trustee, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performances of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim or liability, but excluding liabilities due to the Trustee's gross negligence or willful misconduct. The Trustee may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the District. The Trustee shall not be responsible in any manner for the content of any notice or Report prepared by the District or the Developer pursuant to this Agreement and shall not be responsible for the District's or the Developer's failure to file a complete Annual Report or Quarterly Report. The obligations of the District under this Section shall survive resignation or removal of the Trustee and payment of the Bonds. If, at any time, the Trustee resigns or is otherwise removed as dissemination agent hereunder, the obligations of the Trustee as dissemination agent provided herein shall become the obligations of the District, subject to the District's appointment of a successor dissemination agent.

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

Section 15. Assignment. The covenants and conditions herein contained apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

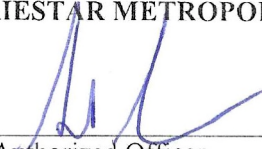
Section 16. Counterparts. This Agreement may be executed on counterpart signature pages.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in their respective names, all as of the date first above written.

[Signature Page Follows]

This CONTINUING DISCLOSURE AGREEMENT is executed as of the date first set forth above.

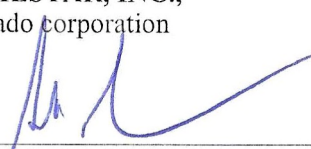
PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

By  _____
Authorized Officer

UMB BANK, n.a., as Trustee

By _____
Authorized Officer

PRAIRIESTAR, INC.,
a Colorado corporation

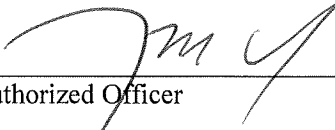
By  _____
Authorized Officer

This CONTINUING DISCLOSURE AGREEMENT is executed as of the date first set forth above.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

By _____
Authorized Officer

UMB BANK, n.a., as Trustee

By  _____
Authorized Officer

PRAIRIESTAR, INC.,
a Colorado corporation

By _____
Authorized Officer

**APPENDIX A
(TO CONTINUING DISCLOSURE AGREEMENT)**

FORM OF REPORT

**\$8,195,000
PRAIRIESTAR METROPOLITAN DISTRICT NO. 2
(IN THE TOWN OF BERTHOUD)
LARIMER COUNTY, COLORADO
LIMITED TAX GENERAL OBLIGATION
REFUNDING AND IMPROVEMENT BONDS
SERIES 2021A**

Date of Report: _____

All capitalized terms used and not otherwise defined in this report shall have the respective meanings assigned in the Continuing Disclosure Agreement (“**Agreement**”) entered into on December 10, 2021, by and among PrairieStar Metropolitan District No. 2, in the Town of Berthoud, Larimer County, Colorado (the “**District**”), PrairieStar, Inc., a Colorado corporation (the “**Developer**”), and UMB Bank, n.a., Denver, Colorado, as trustee (“**Trustee**”), for the above captioned bonds (the “**Bonds**”) and as dissemination agent. Unless otherwise stated, all information contained herein is the most current information available as of the Date of Report specified above.

Section 1. Development Activity [Developer to complete, to be updated each quarter on and prior to the Annual Report Conversion Date].

(a) Land Entitlements. Since the date of the last Quarterly Report (or, in the case of the first Quarterly Report, since the date of the relevant information disclosed in the Official Statement), have any land entitlements pertaining to property in the District (e.g., zoning, platting, etc.) been changed or put into place? If so, describe.

(b) Changes in Planned Development. Provide a narrative description regarding changes (if any) to the Development (as described in the Official Statement) since the last Quarterly Report (or, in the case of the first Quarterly Report, since the date of the relevant information disclosed in the Official Statement). As used in this subsection (b), “changes” refer to the occurrence of any event which has, or the Developer anticipates is likely to have, a material impact on the timeline for, or value of, the completed Development.

(c) Building Permit and Certificate of Occupancy Activity. Developer will update the number of building permits (“**BP**”) and certificates of occupancy (“**CO**”) issued within the District (as the boundaries existed on the date of issuance of the Bonds) by completing and revising the following tables. To the extent the Developer is aware of any changes or additions to the Landowner, Builder, Product Type and Number of Planned Residential Units, the Developer will update the same including, as applicable, the addition of new rows to the table.

Current Building Permits and Certificates of Occupancy Issued in the District after June 30, 2021⁽¹⁾

Landowner	Builder	Product Type	Number of Planned Residential Units	BP Issued this Quarter	BP Issued Since June 30, 2021 ⁽²⁾	CO Issued this Quarter	CO Issued Since June 30, 2021
Developer	TBD	Single-Family	124				
Developer	TBD	Multifamily	84				
		Total	<u>208</u>				
		Percentage of Total	<u>100%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>

⁽¹⁾ Assumes each residential unit requires its own issuance of a BP and CO. If a single BP or CO covers multiple residential units, the same should be noted in a parenthetical or footnote.

⁽²⁾ As of June 30, 2021, 40 of the 124 remaining planned single-family residential units had a BP (i.e. were under construction) but no CO (i.e. not yet complete). Accordingly, as of June 30, 2021, only 84 building permits remain to be issued with respect to the planned single-family residential units while 124 certificates of occupancy remain.

**Quarterly Report History of Building Permits and
Certificates of Occupancy Issued in the District after June 30, 2021⁽¹⁾**

Reporting Period	Report Due Date	BP Issued during Reporting Period ⁽²⁾	CO Issued during Reporting Period
July 1, 2021 – December 31, 2021	February 15		
January 1, 2022 – March 31, 2022	May 15		
April 1, 2022 – June 30, 2022	August 15		
July 1, 2022 – September 30, 2022	November 15		
October 1, 2022 – December 31, 2022	February 15		
January 1, 2023 – March 31, 2023	May 15		
April 1, 2023 – June 30, 2023	August 15		
July 1, 2023 – September 30, 2023	November 15		
October 1, 2023 – December 31, 2023	February 15		
January 1, 2024 – March 31, 2024	May 15		
April 1, 2024 – June 30, 2024	August 15		
July 1, 2024 – September 30, 2024	November 15		
October 1, 2024 – December 31, 2024	February 15		

⁽¹⁾ The Developer to add additional rows for each quarterly report as necessary.

⁽²⁾ As of June 30, 2021, 40 of the 124 remaining planned single-family residential units had a BP (i.e. were under construction) but no CO (i.e. not yet complete). Accordingly, as of June 30, 2021, only 84 building permits remain to be issued with respect to the planned single-family residential units while 124 certificates of occupancy remain to be issued.

Section 2. Fund Balances [District to complete, based upon information received from the Trustee; to be updated each quarter on and prior to the Annual Report Conversion Date, and to be updated annually after the Annual Report Conversion Date].

The amount on deposit in each of the following funds for the Bonds is as set forth below:

- (a) amount on deposit in the Senior Project Fund is \$_____;
- (b) amount on deposit in the Senior Bond Fund is \$_____; and
- (c) amount on deposit in the Reserve Fund is \$_____ (consisting of the Reserve Policy in the amount of \$_____ and deposits in the amount of \$_____).

Section 3. Additional District Information to be Updated [District to complete; to be provided annually with the Report due on or before November 15].

(a) The District shall update the following tables and/or information included in the Official Statement:

1. TABLE III History of the District’s Assessed Valuation and Mill Levies¹
2. TABLE IV Preliminary 2021 Assessed and “Actual” Valuation of Classes of Property in the District²
3. TABLE V Historical Property Tax Collections in the District¹
4. TABLE VI Largest Taxpayers within the District³

(b) The District shall provide its ratio of debt to assessed valuation based on its most recent available final certified assessed valuation and the District’s debt outstanding as of December 31 of the same year. The District must include both current and historical information (for at least the previous five years but information prior to that disclosed in the Official Statement is not required).

(c) The District shall attach its Audited Financial Statements for the previous year (20____).⁴

The information contained in this Report has been obtained from sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness. The information contained in this Report is neither intended nor shall be construed as a document updating the Official Statement for the Bonds, and is neither intended to, nor shall it be, used by the Owners or Beneficial Owners of the Bonds for the purpose of making a subsequent investment decision with respect to the Bonds.

Receipt of this Report by any person or entity shall create no obligation or liability of the District, the Developer or the Trustee.

¹ The District is to update this information for the applicable reporting period and include historical information for at least the previous five years but information prior to that disclosed in the Official Statement is not required.

² The District is to update this table based on its most recent certified assessed valuation, whether preliminary or final.

³ The District is to update this table based on its most recent certified assessed valuation and with respect to only its top ten taxpayers.

⁴ The Annual Financial Report (including the Quarterly Report due each year prior to the Annual Report Conversion Date for the quarter ending September 30) shall contain or incorporate by reference a copy of the District’s Audited Financial Statements, prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If Audited Financial Statements are not available by the applicable Filing Date, unaudited financial statements will be provided as part of the Annual Report and Audited Financial Statements will be provided when and if available.

The undersigned hereby certify, respectively, that they are authorized representatives of the District and the Developer, and further certify on behalf of the following entities that the information contained in the foregoing Report (for the Developer, with respect to Section 1 only, and for the District, with respect to Sections 2 and 3 only) is, to their actual knowledge, true, accurate and complete. This Report may be executed below on counterpart signature pages.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

By _____
Authorized Officer

PRAIRIESTAR, INC.,
a Colorado Corporation

By _____
Authorized Officer

[Signature/Certification Page to Report]

**APPENDIX B
(TO CONTINUING DISCLOSURE AGREEMENT)**

FORM OF ANNUAL BUDGET REPORT

**\$8,195,000
PRAIRIESTAR METROPOLITAN DISTRICT NO. 2
(IN THE TOWN OF BERTHOUD)
LARIMER COUNTY, COLORADO
LIMITED TAX GENERAL OBLIGATION
REFUNDING AND IMPROVEMENT BONDS
SERIES 2021A**

Date of Report: _____

All capitalized terms used and not otherwise defined in this report shall have the respective meanings assigned in the Continuing Disclosure Agreement (“**Agreement**”) entered into on December 10, 2021, by and among PrairieStar Metropolitan District No. 2, in the Town of Berthoud, Larimer County, Colorado (the “**District**”), PrairieStar, Inc., a Colorado corporation (the “**Developer**”), and UMB Bank, n.a., Denver, Colorado, as trustee (“**Trustee**”), for the above captioned bonds (the “**Bonds**”). Unless otherwise stated, all information contained herein is the most current information available as of the Date of Report specified above.

Section 1. Adopted Budget. Attached hereto is the annual budget for the District for the fiscal year ending December 31, 20__, adopted by the Board of Directors of the District on _____, 20__. Included in, or attached to, such budget is evidence of the certification by the District of its mill levies specified in **Section 3** below.

Section 2. Assessed Value and Actual Value.

(a) **Assessed Value.** The current assessed value of the District, as published or certified by the county assessor, is \$_____, as certified as of December 10, 20__.

(b) **Actual Value.** The current “actual value” of the District, as such term is used and published or certified by the county assessor, is \$_____, as certified as of December 10, 20__.

Section 3. Mill Levies.

(a) **Mill Levy Certification.** The District certified a mill levy of _____ mills on _____ [insert date] to the county assessor, comprised of the following mills:

- (i) _____ mills for debt service; and
- (ii) _____ mills for operations.

The information contained in this Annual Budget Report has been obtained from sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness. The information contained in

this Annual Budget Report is neither intended nor shall be construed as a document updating the Official Statement for the Bonds, and is neither intended to, nor shall it be, used by the Owners or Beneficial Owners of the Bonds for the purpose of making a subsequent investment decision with respect to the Bonds.

Receipt of this Annual Budget Report by any person or entity shall create no obligation or liability of the District or the Trustee.

The undersigned hereby certify, respectively, that he or she is the authorized representative of the District, and further certifies on behalf of the District that the information contained in the foregoing Annual Budget Report is, to their actual knowledge, true, accurate and complete.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

By _____
Authorized Officer

**APPENDIX C
(TO CONTINUING DISCLOSURE AGREEMENT)**

NOTICE OF FAILURE TO FILE REPORT

Name of Issuer: PrairieStar Metropolitan District No. 2, in the Town of Berthoud, Larimer County, Colorado (the “**District**”)

Bond Issue: Limited Tax General Obligation Refunding and Improvement Bonds, Series 2021A, in the original aggregate principal amount of \$8,195,000 (the “**Bonds**”)

CUSIP: Issuer No. 73973A

Series 2021A Serial Bonds

Maturity Date (December 1)	CUSIP
2022	AF4
2023	AG2
2024	AH0
2025	AJ6
2026	AK3
2027	AL1
2028	AM9
2029	AN7
2030	AP2
2031	AB3

Series 2021A Term Bonds

2036	AC1
2041	AD9
2046	AE7

Date of Issuance: December 10, 2021

NOTICE IS HEREBY GIVEN that (check as appropriate) the District the Developer has/have not provided a Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated December 10, 2021, among the District, the Developer and the Trustee.

The (check as appropriate) District Developer anticipate(s) that the Report will be filed by _____.

Dated: _____, 20____.

UMB BANK, n.a., as Trustee

By: _____
Authorized Officer

**APPENDIX D
(TO CONTINUING DISCLOSURE AGREEMENT)**

NOTICE OF ANNUAL REPORT CONVERSION DATE

Name of Issuer: PrairieStar Metropolitan District No. 2, in the Town of Berthoud, Larimer County, Colorado (the “**District**”)

Bond Issue: Limited Tax General Obligation Refunding and Improvement Bonds, Series 2021A, in the original aggregate principal amount of \$8,195,000 (the “**Bonds**”)

CUSIP: Issuer No. 73973A

Series 2021A Serial Bonds

Maturity Date (December 1)	CUSIP
2022	AF4
2023	AG2
2024	AH0
2025	AJ6
2026	AK3
2027	AL1
2028	AM9
2029	AN7
2030	AP2
2031	AB3

Series 2021A Term Bonds

2036	AC1
2041	AD9
2046	AE7

Date of Issuance: December 10, 2021

NOTICE IS HEREBY GIVEN that the Annual Report Conversion Date (as defined in the Continuing Disclosure Agreement dated December 10, 2021) occurred on _____, 20____. Pursuant to Sections 3(a)(i) and 5(a) of the Continuing Disclosure Agreement, the Developer and the District are no longer obligated to provide Quarterly Reports to the Trustee. The District remains obligated to provide Annual Financial Reports and Annual Budget Reports pursuant to Section 3(a)(ii) and 3(a)(iii).

Dated: _____, 20____.

PRAIRIESTAR, INC.,
a Colorado corporation

By _____
Authorized Officer

EXHIBIT B
COMPLIANCE PROCEDURE

PrairieStar Metropolitan District No. 2, Town of Berthoud, Larimer County, Colorado
\$8,195,000 Limited Tax General Obligation Refunding and Improvement Bonds, Series 2021A
and \$13,645,000 Subordinate Limited Tax General Obligation Bonds, Series 2021B(3)
Subject to SEC Rule 15c2-12: YES

<u>FINANCIAL DISCLOSURES</u>	
Submittal Date to Trustee	Required Documentation Prepared By:
<p>Quarterly Reports¹</p> <ul style="list-style-type: none"> • May 5 • August 5 • November 5 • February 5 <p>commencing with the Quarterly Report due February 5, 2022 (for the quarter ending December 31, 2021)</p>	<p>Section 1 of the Quarterly Report²: PrairieStar, Inc., a Colorado corporation (“Developer”), to provide the following to Simmons & Wheeler, P.C. (“Accountant”), at least thirty (30) days prior to submittal date:</p> <ul style="list-style-type: none"> • Land Entitlements • Changes in Planned Development • Building Permit and Certificate of Occupancy Activity
	<p>Section 2 of the Quarterly Report: Accountant to obtain from UMB Bank, n.a. (“Trustee”), the fund balances on each March 31, June 30, September 30, and December 31, respectively.</p>
	<p>Section 3 of the Quarterly Report: Accountant to update the following tables in the Official Statement:</p> <ul style="list-style-type: none"> • TABLE III: History of the District’s Assessed Valuation and Mill Levies³ • TABLE IV: Preliminary 2021 Assessed and “Actual Valuation of Classes of Property in the District⁴ • TABLE V: Historical Property Tax Collections in the District³ • TABLE VI: Largest Taxpayers within the District⁵ <p>Accountant shall provide its ratio of debt to assessed valuation based on its most recent available final certified assessed valuation and the District’s debt outstanding as of December 31 of the same year. Accountant must include both current and historical information (for at least the previous five years but information prior to that disclosed in the Official Statement is not required).</p> <p>Accountant to include the Audited Financial Statements for the previous year.</p> <p>SECTION 3 ONLY REQUIRED FOR THE QUARTERLY REPORT DUE NOVEMBER 5 (FOR THE QUARTER ENDING SEPTEMBER 30)</p>
<p>Annual Financial Reports November 5 of each year (commencing after the Annual Report Conversion Date, as defined in Exhibit A, Continuing Disclosure Agreement)</p>	<p>Accountant to complete Section 2*, and 3 discussed above.</p> <p>*Trustee to provide the fund balances to the Accountant on September 30.</p>
<p>Annual Budget Reports January 31 of each year, commencing with the Annual Budget Report due January 31, 2022 (for the year beginning January 1, 2022)</p>	<p>Section 1 of the Annual Budget Report: Accountant to include the following:</p> <ul style="list-style-type: none"> • Adopted Budget
	<p>Section 2 of the Annual Budget Report: Accountant to include the following:</p> <ul style="list-style-type: none"> • Assessed Value of the District • Actual Value of the District
	<p>Section 3 of the Annual Budget Report: Accountant to include the following:</p> <ul style="list-style-type: none"> • Mill levies certified by the District

¹ Quarterly Reports are due prior to the Annual Report Conversion Date (as defined in **Exhibit A**, Continuing Disclosure Agreement), and Annual Financial Reports are due after such Annual Report Conversion Date.

² The obligation of the Developer relative to Section 1 of the Quarterly Report terminates after the Annual Report Conversion Date.

³ The Accountant is to update this information for the applicable reporting period and include historical information for at least the previous five years but information prior to that disclosed in the Official Statement is not required.

⁴ The Accountant is to update this table based on its most recent certified assessed valuation, whether preliminary or final.

⁵ The District is to update this table based on its most recent certified assessed valuation and with respect to only its top ten taxpayers.

Procedure:

1. Accountant will prepare first draft of the report due.
2. Accountant to submit report to Trustee on applicable submittal date and shall simultaneously forward a copy of the submittal to McGeady Becher P.C. at continuingdisclosure@specialdistrictlaw.com.

<u>NOTICE OF MATERIAL EVENT</u>		
Reporting / Submittal Deadlines	Responsible Party to Report Event of Default	Party Responsible to Notify Trustee of Event of Default
Manager shall cause the Trustee to provide, in a timely manner, a notice of a material event	Accountant, Special District Management Services, Inc., McGeady Becher P.C., Trustee (to the extent Trustee obtains actual knowledge of the occurrence of a Material Event), or anyone who obtains actual knowledge of the occurrence of a material event	Special District Management Services, Inc.