

STC METROPOLITAN DISTRICT NO. 3

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 • 800-741-3254
Fax: 303-987-2032
<https://stcmd1-3.colorado.gov>

NOTICE OF REGULAR MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expires:</u>
James A. Brzostowicz	President	2027/May 2027
Terry Willis	Treasurer	2027/May 2027
VACANT		2027/May 2025
VACANT		2025/May 2025
VACANT		2025/May 2025
Peggy Ripko	Secretary	

DATE: Wednesday, November 6, 2024

TIME: 9:00 A.M.

LOCATION: Zoom Meeting: The meeting can be joined through the directions below:
** Individuals requiring special accommodation to attend and/or participate in the meeting please advise the District Manager (pripko@sdmsi.com or 303-987-0835) of their specific need(s) before the meeting.*

<https://us02web.zoom.us/j/86267550643?pwd=V3RnRGRtWkRyUIZZc1VMWTJFZjFHdz09>

Phone Number: 1 (719) 359-4580
Meeting ID: 862 6755 0643
Passcode: 987572

I. PUBLIC COMMENTS

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

II. ADMINISTRATIVE MATTERS

- A. Confirm Quorum. Present Disclosures of Potential Conflicts of Interest.
-
- B. Approve agenda; confirm location of the meeting, posting of meeting notices, and designate 24-hour posting location.
-
- C. Review and consider approval of the Minutes of the September 27, 2024 Special Meeting (enclosure).
-

- D. Authorize renewal of the Districts' insurance and Special District Association ("SDA") membership for 2025.
-

- E. Ratification of 2023 Annual Report (enclosure).
-

III. FINANCIAL MATTERS

- A. Review and accept Unaudited Financial Statements through the period ending June 30, 2024 (enclosure).
-

- B. Ratify approval of 2023 Audit (enclosure) and authorize execution of Representations Letter.
-

- C. Consider engagement of Dazzio & Associates for preparation of 2024 Audit, in the amount of \$4,700.00 (enclosure).
-

- D. Public Hearing on Proposed 2025 Budget.
-

1. Public Comment Period.
-

2. Consider Approval of Resolution 2024-11-01 Approving Proposed 2025 Budget, Certification of Mill Levy, and Appropriate Sums of Money (enclosures – preliminary AV, draft 2025 Budget, and Resolution).
-

IV. LEGAL MATTERS

- A. Review and consider approval of Resolution No. 2024-11-02 Annual Resolution (enclosure).
-

- B. Discuss May 6, 2025 Regular Directors' Election and consider approval of Resolution Calling Election for Directors, appointing Designated Election Official ("DEO") and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election (enclosure). Self-Nomination Forms are due by February 28, 2025. Discuss the need for ballot issues and/or questions.
-

- C. Discuss Memorandum Regarding HB 21-1110 and Rules Establishing Technology Accessibility Standards (enclosure).
-

1. Consider approval of Resolution Adopting Technology Accessibility Standards (enclosure).
-

- D. 2024 Legislative Memorandum (enclosure).
-

V. OTHER MATTERS

- A. _____

VI. ADJOURNMENT **THERE ARE NO MORE REGULAR MEETINGS SCHEDULED FOR 2024.**

Additional Enclosure:

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

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE STC METROPOLITAN DISTRICT NO. 3 (THE “DISTRICT”) HELD SEPTEMBER 27, 2024

A special meeting of the Board of Directors of the STC Metropolitan District No. 3 (referred to hereafter as the “Board”) was convened on Friday, September 27, 2024, at 9:00 a.m., and held via Zoom videoconference. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

James A. Brzostowicz, President
Terry Willis, Treasurer

Also, In Attendance Were:

Peggy Ripko; Special District Services, Inc. (“SDMS”)

Jennifer L. Ivey, Esq. Icenogle Seaver Pogue, P.C.

Diane Wheeler; Simmons & Wheeler, P.C.

Bill Jencks; Ranch Capital, LLC

Sonia Chin; RC Superior, LLC

Geoffrey Weathers; STC Metropolitan District No. 1 Board Member

Jill Mendoza; Town of Superior

Kyle Thomas and Sam Hartman; D.A. Davidson & Co.

Suzie Ultes, Ryan Hitchler, and Erica Wood; District Residents

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

The Board discussed the requirements of Colorado law to disclose any potential conflicts of interest or potential breaches of fiduciary duty of the Board of Directors to the Secretary of State. The members of the Board were requested to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with statute. It was noted by Attorney Ivey that disclosures of potential conflicts of interest were filed with the Secretary of State for all directors, and no additional conflicts were disclosed at the meeting.

RECORD OF PROCEEDINGS

ADMINISTRATIVE MATTERS

Quorum/Confirmation of Meeting Location/Posting of Notice: Ms. Ripko confirmed the presence of a quorum. 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. Following discussion, and upon motion duly made by Director Brzostowicz, seconded by Director Willis, and upon vote unanimously carried, the Board determined to conduct the meeting to conduct the meeting via videoconference/teleconference. It was further noted that notice of the time, date and location was duly posted and that no objections to the location or any requests that the meeting place be changed by taxpaying electors within the District's boundaries have been received.

Agenda: The Board reviewed the Agenda for the meeting.

Following discussion, upon motion duly made by Director Brzostowicz, seconded by Director Willis, and upon vote unanimously carried, the Board approved the Agenda.

Minutes: The Board reviewed the Minutes of the November 1, 2023 Regular Meeting and Annual Meeting Minutes.

Following discussion, upon motion duly made by Director Brzostowicz, seconded by Director Willis and, upon vote, unanimously carried, the Board approved the Minutes of the November 1, 2023 Regular Meeting and Annual Meeting Minutes.

PUBLIC COMMENT

There were no public comments.

FINANCIAL MATTERS

There were no financial matters.

LEGAL MATTERS

Public Hearing on Petition for Inclusion of Real Property Owned by RC Superior, LLC, and Resolution No. 2024-09-01, Resolution and Order of the Board of Directors of STC Metropolitan District No. 3 Regarding Inclusion of Real Property: Director Brzostowicz opened the public hearing on the Petition for Inclusion of Lot 1A, Block 2 of Superior Town Center Filing 1B Replat No. 7, Town of Superior, County of Boulder, State of Colorado, Lot 1A, Block 5 of Superior Town Center Filing 1B Replat No. 7, Town of Superior, County of Boulder, State of Colorado, and Lot 1A, Block 8 of Superior Town Center Filing 1B Replat No. 7, Town of Superior, County of Boulder, State of Colorado of real property owned by RC Superior, LLC, consistent with published notice. No members of the public wished to make a public comment. Director Brzostowicz closed the public hearing.

RECORD OF PROCEEDINGS

Attorney Ivey presented to and reviewed with the Board Resolution No. 2024-09-01, Resolution and Order of the Board of Directors of STC Metropolitan District No.3 Regarding Inclusion of Real Property.

Following discussion, upon motion duly made by Director Brzostowicz, seconded by Director Willis, and upon vote unanimously carried, the Board adopted Resolution No. 2024-09-01, Resolution and Order of the Board of Directors of STC Metropolitan District No. 3 Regarding Inclusion of Real Property and directed legal counsel to file the inclusion with the court.

OTHER MATTERS

There were no other matters.

ADJOURNMENT

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

Respectfully submitted,

By _____
Secretary for the Meeting

**2023 ANNUAL REPORT
STC METROPOLITAN DISTRICT NO. 3**

As required by Section VII of the Service Plan for STC Metropolitan District No. 3 (the “**District**”), approved by the Town of Superior, Colorado on May 13, 2013¹, the District presents the following report of the District’s activities from January 1, 2023 to December 31, 2023. In addition, pursuant to Section 32-1-207(3)(c), C.R.S., the District is required to submit an annual report for the preceding calendar year commencing in 2023 for calendar year 2023 to the Town, the Division of Local Government, the state auditor, and the Boulder County Clerk and Recorder. The District hereby submits this annual report to satisfy the above requirements for the year ending December 31, 2023.

For the year ending December 31, 2023, the District makes the following report pursuant to the District’s Service Plan:

i. Changes made or proposed to the District’s Boundaries as of December 31 of the prior year:

In 2023, the District made no changes to its boundaries. No other changes to the District’s boundaries were proposed as of December 31, 2023.

ii. Intergovernmental agreements with other governmental entities, either entered into or proposed as of December 31 of the prior year.

The District entered no Intergovernmental agreements with other governmental entities.

iii. Copies of the District’s rules and regulations, if any as of December 31 of the prior year.

The District made no changes to its rules and regulations in 2023.

iv. A summary of any litigation which involves the District as of December 31 of the prior year.

The District is not aware of any litigation which involves the District as of December 31, 2023.

v. Status of the District’s construction of the Public Improvements as of December 31 of the prior year.

No Public Improvements were constructed by the District during 2023.

¹ The Order and Decree Creating District was recorded December 5, 2013.

- vi. **A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the Town as of December 31 of the prior year.**

The District did not construct any facilities and improvements as of December 31, 2023.

- vii. **The assessed valuation of the District for the current year.**

The District's total taxable assessed valuation for 2023 is \$3,590. Please see the Certification of Valuation by the Boulder County Assessor attached hereto as Exhibit A.

- viii. **Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.**

As of the date of filing this 2023 Annual Report, the District is not aware of any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

- ix. **Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.**

For the year ending December 31, 2023, the District makes the following report pursuant to Section 32-1-207(3)(c), C.R.S.:

- (A) Boundary changes made.**

In 2023, the District made no changes to its boundaries. No other changes to the District's boundaries were proposed as of December 31, 2023.

- (B) Intergovernmental agreements entered into or terminated with other governmental entities.**

As of the date of filing this 2023 Annual Report, the District is not aware of any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

- (C) Access information to obtain a copy of rules and regulations adopted by the board.**

For information concerning rules and regulations adopted by the District please contact the District's Manager:

Peggy Ripko
141 Union Boulevard, Suite 150
Lakewood, CO 80228
Phone: 303-987-0835
Email: pripko@sdmsi.com

(D) A summary of litigation involving public improvements owned by the special district.

The District is not aware of any litigation involving public improvements owned by the special district as of December 31, 2023.

(E) The status of the construction of public improvements by the special district.

The District did not construct any public improvements as of December 31, 2023.

(F) A list of facilities or improvements constructed by the special district that were conveyed or dedicated to the county or municipality.

The District did not construct any facilities or improvements as of December 31, 2023.

(G) The final assessed valuation of the special district as of December 31 of the reporting year.

The District's total taxable assessed valuation for 2023 is \$3,590. Please see the Certification of Valuation by the Boulder County Assessor attached hereto as Exhibit A.

(H) A copy of the current year's budget.

Please see the 2024 Budget attached hereto as Exhibit B.

(I) A copy of the audited financial statements, if required by the "Colorado Local Government Audit Law", part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.

A copy of the 2023 Audited Financial Statements will be provided when completed.

(J) Notice of any uncured defaults existing for more than ninety days under any debt instrument of the special district.

The District is not aware of any notice of any uncured defaults existing for more than ninety days under any debt instrument of the special district as of December 31, 2023.

(K) Any inability of the special district to pay its obligations as they come due under any obligation which continues beyond a ninety-day period.

The District is not aware of any inability of the special district to pay its obligations as they come due under any obligation which continues beyond a ninety-day period as of December 31, 2023.

EXHIBIT A

Certification of Valuation by the Boulder County Assessor

County Tax Entity Code 083101

CERTIFICATION OF VALUATION BY BOULDER COUNTY ASSESSOR

DOLA LGID/SID _____ / _____

STCMD3

New Tax Entity [] YES [X] NO

Date: December 13, 2023

NAME OF TAX ENTITY: STC METROPOLITAN DISTRICT 3

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

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

Table with 11 rows of valuation items and their corresponding dollar amounts, including 'PREVIOUS YEAR'S NET TOTAL ASSESSED VALUATION' and 'CURRENT YEAR'S GROSS TOTAL ASSESSED VALUATION'.

- Footnotes explaining symbols: ‡ This value reflects personal property exemption IF enacted by the jurisdiction as authorized by Art. X, Sec. 20(8)(b), Colo. Constitution. * New Construction is defined as: Taxable real property structures and personal property connected with the structure. ≈ Jurisdiction must submit to the Division of Local Government respective Certifications of Impact in order for the values to be treated as growth in the limit calculation; use forms DLG52 & 52A. Ⓢ Jurisdiction must apply to the Division of Local Government before the value can be treated as growth in the limit calculation; use Form (DLG 52B).

USE FOR TABOR "LOCAL GROWTH" CALCULATION ONLY

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

Table with 7 rows of actual valuation items and their corresponding dollar amounts, including 'CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY' and 'CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS'.

DELETIONS FROM TAXABLE REAL PROPERTY

Table with 3 rows of deletion items and their corresponding dollar amounts, including 'DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS' and 'PREVIOUSLY TAXABLE PROPERTY'.

- Footnotes explaining symbols: † This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property. * Construction is defined as newly constructed taxable real property structures. § Includes production from a new mines and increase in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS:

TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY \$ \$0

IN ACCORDANCE WITH 39-5-128(1.5), C.R.S., THE ASSESSOR PROVIDES:

HB21-1312 VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): ** \$ \$0

- ** The tax revenue lost to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119.5(3), C.R.S.

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

DLG 57 (Rev. 6/21)

EXHIBIT B
2024 Budget

STC Metropolitan District No. 3
Adopted Budget
General Fund
For the Year Ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual 6/30/2023	Estimate <u>2023</u>	Adopted Budget <u>2024</u>
Beginning balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Property taxes	81	39	40	40	37
SURA Property Tax Increment	53,010	24,413	24,263	24,413	25,577
Specific ownership taxes	2,416	2,200	552	1,000	2,200
Miscellaneous Income	-	-	-	-	-
Total Revenue	<u>55,507</u>	<u>26,652</u>	<u>24,855</u>	<u>25,453</u>	<u>27,814</u>
Total Funds Available	<u>55,507</u>	<u>26,652</u>	<u>24,855</u>	<u>25,453</u>	<u>27,814</u>
Expenditures:					
Treasurer's Fees	<u>1</u>	<u>33</u>	<u>1</u>	<u>1</u>	<u>33</u>
Total expenditures	<u>1</u>	<u>33</u>	<u>1</u>	<u>1</u>	<u>33</u>
Transfers and Reserves					
Transfer to STCMD No. 2	55,506	26,619	24,854	25,452	27,781
Emergency Reserve	-	-	-	-	-
Total expenditures	<u>55,506</u>	<u>26,619</u>	<u>24,854</u>	<u>25,452</u>	<u>27,781</u>
Ending balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Assessed Valuation Gross		<u>\$ 2,482,358</u>			<u>\$ 2,501,770</u>
Assessed Valuation Increment		<u>\$ 2,478,471</u>			<u>\$ 2,498,180</u>
Assessed Valuation		<u>\$ 3,887</u>			<u>\$ 3,590</u>
Mill Levy		<u>10.000</u>			<u>10.394</u>

STC Metropolitan District No. 3
Adopted Budget
Debt Service Fund
For the Year Ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual <u>6/30/2023</u>	Estimate <u>2023</u>	Adopted Budget <u>2024</u>
Beginning balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Property taxes	162	78	79	79	75
SURA Property Tax Increment	106,021	49,569	48,526	49,569	52,012
Specific Ownership Taxes	4,831	3,259	1,104	2,200	3,259
Interest income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>111,014</u>	<u>52,906</u>	<u>49,709</u>	<u>51,848</u>	<u>55,346</u>
Total Funds Available	<u>111,014</u>	<u>52,906</u>	<u>49,709</u>	<u>51,848</u>	<u>55,346</u>
Expenditures:					
Treasurer's Fees	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total expenditures	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Transfers and Reserves					
Transfer to STCMD No. 2	111,012	52,905	49,708	51,847	55,345
Emergency Reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Transfers and Reserves	<u>111,012</u>	<u>52,905</u>	<u>49,708</u>	<u>51,847</u>	<u>55,345</u>
Ending balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Assessed Valuation Gross		<u>\$ 2,482,358</u>			<u>\$ 2,501,770</u>
Assessed Valuation Increment		<u>\$ 2,478,471</u>			<u>\$ 2,498,180</u>
Assessed Valuation		<u>\$ 3,887</u>			<u>\$ 3,590</u>
Mill Levy		<u>20.000</u>			<u>20.820</u>
Total Mill Levy		<u>30.000</u>			<u>31.214</u>

EXHIBIT C
Audited Financial Statements

STC METROPOLITAN DISTRICT NO. 3

Financial Statements

December 31, 2023

STC METROPOLITAN DISTRICT NO. 3

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
Statement of Revenues, Expenditures and Changes in Fund Balance.....	7
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	8
Notes to Financial Statements	9
Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund	20



Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
STC Metropolitan District No. 3
Boulder County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the STC Metropolitan District No. 3 (the District), as of and for the year ended December 31, 2023, 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, 2023, 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 statements that are free from material misstatement, whether due to fraud or error.

8200 South Quebec Street, Suite A3259, Centennial, Colorado 80112
303-905-0809 • info@dazziocpa.com

• Member American Institute of Certified Public Accountants • Member Colorado Society of Certified Public Accountants •

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.

Duggio & Associates, P.C.

September 12, 2024

BASIC FINANCIAL STATEMENTS

STC METROPOLITAN DISTRICT NO. 3

STATEMENT OF NET POSITION

December 31, 2023

	Governmental Activities
Assets	
Receivable from County Treasurer	\$ 317
Property Taxes Receivable	112
Tax Increment Taxes Receivable	77,589
	<hr/>
Total Assets	78,018
	<hr/>
Liabilities	
Payable to District No. 2	317
	<hr/>
Deferred Inflows of Resources	
Deferred Property Tax	112
Deferred Tax Increment Taxes	77,589
	<hr/>
Total Deferred Inflows of Resources	77,701
	<hr/>
Net Position	
Unrestricted	\$ -
	<hr/> <hr/>

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

STC METROPOLITAN DISTRICT NO. 3

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

<u>Function/Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Permits, Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
Governmental Activities					Governmental Activities
Administration	\$ 76,905	\$ -	\$ -	\$ -	\$ (76,905)
Total Governmental Activities	<u>\$ 76,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(76,905)</u>
		General Revenues			
			Property Taxes	119	
			Specific Ownership Taxes	3,421	
			SURA Property Tax Increment	73,365	
			Total General Revenues	<u>76,905</u>	
			Changes In Net Position		-
			Net Position - Beginning		-
			Net Position - Ending		<u>\$ -</u>

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

STC METROPOLITAN DISTRICT NO. 3

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2023

	General Fund	Debt Service	Total
Assets			
Receivable from County Treasurer	\$ 106	\$ 211	\$ 317
Property Taxes Receivable	37	75	112
Tax Increment Taxes Receivable	25,577	52,012	77,589
Total Assets	\$ 25,720	\$ 52,298	\$ 78,018
Liabilities			
Payable to District No. 2	\$ 106	\$ 211	\$ 317
Deferred Inflows of Resources			
Deferred Property Tax	37	75	112
Deferred Tax Increment Taxes	25,577	52,012	77,589
Total Deferred Inflows of Resources	25,614	52,087	77,701
Fund Balance			
Unassigned	-	-	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 25,720	\$ 52,298	\$ 78,018

Amounts reported for governmental activities in the statement of net position are the same as above.

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

STC METROPOLITAN DISTRICT NO. 3

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

For the Year Ended December 31, 2023

	General Fund	Debt Service	Total
Revenues			
Property Taxes	\$ 40	\$ 79	\$ 119
SURA Property Tax Increment	24,455	48,910	73,365
Specific Ownership Tax	1,140	2,281	3,421
Total Revenues	25,635	51,270	76,905
Expenditures			
County Treasurer Fees	1	1	2
Transfer to District No. 2	25,634	51,269	76,903
Total Expenditures	25,635	51,270	76,905
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -

Amounts reported for governmental activities in the statement of activities are the same as above.

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

STC METROPOLITAN DISTRICT NO. 3

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

**For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)**

	Original & Final Budget	Actual Amounts	Variance with Final Budget	2022 Actual
Revenues				
Property Taxes	\$ 39	\$ 40	\$ 1	\$ 81
Specific Ownership Tax	2,200	1,140	(1,060)	2,416
SURA Property Tax Increment	24,413	24,455	42	53,010
Interest Income	-	-	-	-
Total Revenues	26,652	25,635	(1,017)	55,507
Expenditures				
County Treasurer Fees	33	1	32	1
Transfer to District No. 2	26,619	25,634	985	55,506
Total Expenditures	26,652	25,635	1,017	55,507
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

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

STC METROPOLITAN DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 1 – Definition of Reporting Entity

The STC Metropolitan District No. 3 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by Order and Decree of the District Court for Boulder County recorded on December 5, 2013, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District is one of three related districts: STC Metropolitan District Nos. 1, 2 and 3 (individually District No. 1 and District No. 2, and collectively with the District, the Districts).

The District operates under a Service Plan approved by the Town of Superior (the Town) on May 13, 2013 and amended on April 6, 2014. Pursuant to the Service Plan, District No. 2 and the District are referred to as the Financing Districts and District No. 1 is the Managing District. The Managing District is responsible for managing, implementing and coordinating the financing, construction, and the operation and maintenance of all public infrastructure and services within and without the project known as Superior Town Center. The Financing Districts provide the funding for the improvements and the tax base needed to support ongoing operations of the Districts. On January 1, 2015, the Districts entered into a Facilities Funding, Construction and Operation Agreement whereby District No. 2 took over the responsibilities of the Managing, or Operating District, and District No. 1 became a financing District (see Note 5).

The District's service area boundaries are located entirely within the Town and the Superior Urban Renewal Area.

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.

STC METROPOLITAN DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

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. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets and liabilities 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Other items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end. The major sources of revenue susceptible to accrual are

STC METROPOLITAN DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. 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 resources accumulated and payments made for principal and interest on long-term general obligation debt.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

Cash and Investments

Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest which include: obligations of the United States and certain U.S. government agency securities, general obligation and revenue bonds of U.S. local government entities, bankers acceptances of certain banks, commercial paper, certain corporate bonds, written repurchase agreements collateralized by certain authorized securities, certain money market funds, guaranteed investment contracts, and local government investment pools.

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

STC METROPOLITAN DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

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 and balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets 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 item that qualifies for reporting in this category. Accordingly, the item, property tax revenue, is deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position and Fund Equity

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation.

STC METROPOLITAN DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

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

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

Fund Balances

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.

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.

STC METROPOLITAN DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

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

Note 3 – Cash and Investments

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, 2023, the District did not have any deposits.

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.

STC METROPOLITAN DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

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

At December 31, 2023, the District did not have any investments.

Note 4 – Authorized Debt

On November 5, 2013, District voters approved debt authorization in the amount of \$1,305,000,000, at an interest rate not to exceed 9% per annum, for the construction of capital improvements, with an additional \$290,000,000 for refunding debt. The voters also authorized debt of \$145,000,000 each for the cost of operating and maintaining the District's systems and for intergovernmental agreements.

STC METROPOLITAN DISTRICT NO. 3

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 5, 2013	2015 Series A & B Limited Tax GO Bonds	2019A Limited Tax GO Bonds	2019B ₍₃₎ Limited Tax GO Bonds	2020C/D Limited Tax GO Bonds	Authorized but Unissued
Streets	\$ 145,000,000	\$ 12,195,885	\$ 49,991,322	\$ 14,974,426	\$ 7,112,721	\$ 60,725,646
Parks and Recreation	145,000,000	144,330	6,082,936	1,822,086	3,943,557	133,007,091
Water	145,000,000	2,092,785	4,051,277	1,213,522	1,731,818	135,910,598
Sanitation/Storm	145,000,000	9,622,000	5,875,553	1,759,966	1,763,407	125,979,074
Public Transportation	145,000,000	-	-	-	-	145,000,000
Mosquito Control	145,000,000	-	-	-	-	145,000,000
Traffic and Safety	145,000,000	-	-	-	-	145,000,000
Fire Protection	145,000,000	-	-	-	11,370	144,988,630
Television Relay	145,000,000	-	-	-	-	145,000,000
Operations and Maintenance	145,000,000	-	-	-	-	145,000,000
Intergovernmental Agreements	145,000,000	-	-	-	-	145,000,000
Refundings	290,000,000	-	2,293,903	-	-	287,706,097
	<u>\$ 1,885,000,000</u>	<u>\$ 24,055,000</u>	<u>\$ 68,294,991</u>	<u>\$ 19,770,000</u>	<u>\$ 14,562,873</u>	<u>\$ 1,758,317,136</u>

The Service Plan limits the total principal amount of obligations the District may issue to \$145,000,000. Additionally, the Maximum Debt Mill levy is 50.000 mills while the aggregate District's debt exceeds fifty percent (50%) of the District's assessed valuation. With prior Town Board consent, for the portion of any aggregate District's Debt which is equal to or less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate.

Note 5 – District Agreements

Cost Sharing Agreement

On October 18, 2013, the Districts entered into a Cost Sharing Agreement (CSA) with the Superior Urban Renewal Authority (SURA) and RC Superior, LLC (the Developer). The CSA provides that tax increment revenues received by the SURA from the Districts' respective mill levies be disbursed to District No. 2 as pledged revenues for any bonds or other financial obligations issued by District No. 2.

STC METROPOLITAN DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Capital Pledge Agreement

On April 14, 2015, District No. 2 issued \$17,055,000 Limited Tax General Obligation Senior Bonds, Series 2015A and \$7,000,000 Limited Tax General Obligation Subordinate Bonds, Series 2015B (the Bonds). In connection with the Bonds, District No. 1 and District No. 2 entered into a Capital Pledge Agreement, dated April 1, 2015, whereby District No. 1 agreed to impose the District No. 1 Required Mill Levy (as defined in the Capital Pledge Agreement), subject to the limitations and adjustments described in the 2015 Bond Indenture, and assign and remit to District No. 2 all revenues resulting from the imposition of the District No. 1 Required Mill Levy and Specific Ownership Taxes, as well as certain other revenues of District No. 1 to pay a portion of the principal of and interest on the Bonds commencing in 2016 and each year thereafter so long as the Bonds remains outstanding.

On December 19, 2019, District No. 2 issued \$90,790,000 Limited Tax General Obligation and Special Revenue Refunding and Improvement Bonds, Series 2019A, and \$19,770,000 Subordinate Limited Tax General Obligation and Special Revenue Bonds, Series 2019B₍₃₎ (the 2019 Bonds). In connection with the Bonds, the Districts entered into an Amended and Restated Capital Pledge Agreement dated December 1, 2019 whereby the Districts agree to impose up to a maximum mill levy as follows: (a) with respect to District No. 1, 50 mills (as adjusted for changes in the method of calculating assessed valuation); (b) with respect to District No. 2 (the Issuing District): (i) prior to and including levy year 2023, 35 mills (as adjusted for changes in the method of calculating assessed valuation), and (ii) commencing with levy year 2024, 44 mills (as adjusted for changes in the method of calculating assessed valuation); and (c) with respect to the District: (i) prior to and including levy year 2023, 20 mills (as adjusted for changes in the method of calculating assessed valuation), and (ii) commencing with levy year 2024, 29 mills (as adjusted for changes in the method of calculating assessed valuation); subject to the limitations and adjustments described in the 2019A Senior and 2019B₍₃₎ Subordinate Bond Indenture, and assign and remit to District No. 2 all revenues resulting from the imposition of the District No. 1 and the District Required Mill Levy and Specific Ownership Taxes, as well as certain other revenues of District No. 1 and the District to pay a portion of the principal of and interest on the Bonds commencing in 2020 and each year thereafter so long as the Bonds remains outstanding.

On December 2, 2020, District No. 2 issued the total maximum principal amount of \$16,215,000 Junior Limited Tax General Obligation Bonds, Series 2020C and the total maximum principal amount of \$18,958,000 Taxable Junior Limited Tax General Obligation Bond, Series 2020D (the 2020 Bonds). The 2020 Bonds are limited tax general obligations and revenue obligations of District No. 2 and shall be payable solely from the Junior Pledged Revenue as defined in the 2020 Bonds Indenture, which includes amounts derived under the Capital Pledge Agreement.

STC METROPOLITAN DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Further, pursuant to the Urban Renewal Act and Superior Urban Renewal Plan, until the tax increment expiration date, the District Property Tax Increment Revenues are payable to SURA and that, pursuant to the Cost Sharing Agreement, SURA has agreed to disburse the District Property Tax Increment Revenues on a monthly basis to such persons or entities as may be designated by the Designated Representative (as defined in the Cost Sharing Agreement). The Pledged Revenues, including the District Property Tax Increment Revenues attributable to the District No. 1 and the District Required Mill Levy, are pledged by District No. 1 and the District to District No. 2 for the payment of principal and interest on the Bonds.

Facilities Funding, Construction and Operation Agreement (FFCO Agreement)

On January 1, 2015, the Districts entered into a Facilities Funding, Construction and Operation Agreement (FFCO Agreement). The FFCO Agreement designates District No. 2 as the Operating District which will operate, maintain, finance and construct (including funding thereof) certain of the Public Improvements and the District and District No. 1 will contribute to those costs. District No. 1 and the District shall remit to District No. 2 their respective property tax revenue, specific ownership taxes and any other legally available revenue.

Note 6 – Related Party

Some of the members of the Board of Directors of the District may be or have been employees, owners of, or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

Note 7 – 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 (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 automobile liability, public officials, auto physical damage and worker's compensation 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,

STC METROPOLITAN DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

which the Pool determines are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula.

Note 8 – 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 all of its General Fund revenue to District No. 2. Therefore, no Emergency Reserve has been provided for by the District. The Emergency Reserve related to the District's revenue stream is captured in District No. 2.

On November 5, 2013, the voters approved the District to increase property taxes \$2,000,000 annually for the purpose of paying the District's operations, maintenance expenses and capital expenses, without regard to any spending, revenue raising or other limitation contained within Article X, Section 20 of the Colorado Constitution or any other property tax limitation or law.

Additionally, the voters authorized the District to collect, retain and spend all revenues received by the District during 2014 and all subsequent years as voter-approved revenue changes without regard to any spending, revenue raising or other limitation.

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

SUPPLEMENTARY INFORMATION

STC METROPOLITAN DISTRICT NO. 3

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

**For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)**

	Original & Final Budget	Actual Amounts	Variance with Final Budget	2022 Actual
Revenues				
Property Taxes	\$ 78	\$ 79	\$ 1	\$ 162
SURA Property Tax Increment	49,569	48,910	(659)	106,021
Specific Ownership Tax	3,259	2,281	(978)	4,831
Interest Income	-	-	-	-
Total Revenues	52,906	51,270	(1,636)	111,014
Expenditures				
County Treasurer Fees	1	1	-	2
Transfer to District No. 2	52,905	51,269	1,636	111,012
Total Expenditures	52,906	51,270	1,636	111,014
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

See the Independent Auditor's Report

STC Metropolitan District No. 3
Financial Statements

June 30, 2024

ACCOUNTANT'S COMPILATION REPORT

Board of Directors
STC Metropolitan District No. 3

Management is responsible for the accompanying financial statements of each major fund of STC Metropolitan District No. 3, as of and for the period ended June 30, 2024 which are comprised of the Balance Sheet and the related Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Funds and account groups for the six months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit the Statement of Net Position, Statement of Activities, Management Discussion and Analysis and all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to STC Metropolitan District No. 3 because we performed certain accounting services that impaired our independence.

Simmons & Wheeler P.C.

August 14, 2024
Englewood, Colorado

STC Metropolitan District No 3
Balance Sheet - Governmental Funds and Account Groups
June 30, 2024

See Accountant's Compilation Report

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total All Funds</u>
Assets			
Current assets			
SURA Taxes Receivable	\$ 5,357	\$ 11,364	\$ 16,721
Due to District No. 2	-	-	-
Taxes Receivable	<u>102</u>	<u>206</u>	<u>308</u>
Total assets	\$ <u>5,459</u>	\$ <u>11,570</u>	\$ <u>17,029</u>
Liabilities and Equity			
Current liabilities			
Due to District No. 2	\$ <u>5,459</u>	\$ <u>11,570</u>	\$ <u>17,029</u>
Total liabilities	<u>5,459</u>	<u>11,570</u>	<u>17,029</u>
Fund Equity			
Fund balance (deficit)	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
	\$ <u>5,459</u>	\$ <u>11,570</u>	\$ <u>17,029</u>

STC Metropolitan District No 3
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the 6 Months Ended June 30, 2024
General Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues			
Property Taxes	\$ 37	\$ 37	\$ -
Specific Ownership Taxes	2,200	527	(1,673)
SURA Property Tax Increment	<u>25,577</u>	<u>23,520</u>	<u>(2,057)</u>
 Total revenues	 <u>27,814</u>	 <u>24,084</u>	 <u>(3,730)</u>
 Expenditures			
Treasurer's Fees	33	-	33
Transfer to District 2	<u>27,781</u>	<u>24,084</u>	<u>3,697</u>
 Total expenditures	 <u>27,814</u>	 <u>24,084</u>	 <u>3,730</u>
 Excess (deficiency) of revenues over expenditures	 -	 -	 -
 Fund balance - beginning	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund balance - ending	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

STC Metropolitan District No 3
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the 6 Months Ended June 30, 2024
Debt Service Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues			
Property Taxes	\$ 75	\$ 73	\$ (2)
Specific Ownership Taxes	3,259	1,056	(2,203)
SURA Property Tax Increment	52,012	49,896	(2,116)
Interest income	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenues	 <u>55,346</u>	 <u>51,025</u>	 <u>(4,321)</u>
 Expenditures			
Treasurer's Fees	1	1	-
Transfer to District 2	<u>55,345</u>	<u>51,024</u>	<u>4,321</u>
 Total expenditures	 <u>55,346</u>	 <u>51,025</u>	 <u>4,321</u>
 Excess (deficiency) of revenues over expenditures	 -	 -	 -
 Fund balance - beginning	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund balance - ending	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

STC METROPOLITAN DISTRICT NO. 3

Financial Statements

December 31, 2023

STC METROPOLITAN DISTRICT NO. 3

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
Statement of Revenues, Expenditures and Changes in Fund Balance	7
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	8
Notes to Financial Statements	9
Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund	20



Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
STC Metropolitan District No. 3
Boulder County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the STC Metropolitan District No. 3 (the District), as of and for the year ended December 31, 2023, 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, 2023, 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 statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

Duggio & Associates, P.C.

September 12, 2024

BASIC FINANCIAL STATEMENTS

STC METROPOLITAN DISTRICT NO. 3

STATEMENT OF NET POSITION

December 31, 2023

	Governmental Activities
Assets	
Receivable from County Treasurer	\$ 317
Property Taxes Receivable	112
Tax Increment Taxes Receivable	77,589
Total Assets	<u>78,018</u>
Liabilities	
Payable to District No. 2	<u>317</u>
Deferred Inflows of Resources	
Deferred Property Tax	112
Deferred Tax Increment Taxes	77,589
Total Deferred Inflows of Resources	<u>77,701</u>
Net Position	
Unrestricted	<u><u>\$ -</u></u>

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

STC METROPOLITAN DISTRICT NO. 3

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

<u>Function/Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Permits, Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
Governmental Activities					Governmental Activities
Administration	\$ 76,905	\$ -	\$ -	\$ -	\$ (76,905)
Total Governmental Activities	<u>\$ 76,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(76,905)</u>
		General Revenues			
			Property Taxes	119	
			Specific Ownership Taxes	3,421	
			SURA Property Tax Increment	73,365	
			Total General Revenues	<u>76,905</u>	
			Changes In Net Position		-
			Net Position - Beginning		-
			Net Position - Ending		<u>\$ -</u>

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

STC METROPOLITAN DISTRICT NO. 3

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2023

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
Assets			
Receivable from County Treasurer	\$ 106	\$ 211	\$ 317
Property Taxes Receivable	37	75	112
Tax Increment Taxes Receivable	<u>25,577</u>	<u>52,012</u>	<u>77,589</u>
Total Assets	<u>\$ 25,720</u>	<u>\$ 52,298</u>	<u>\$ 78,018</u>
Liabilities			
Payable to District No. 2	<u>\$ 106</u>	<u>\$ 211</u>	<u>\$ 317</u>
Deferred Inflows of Resources			
Deferred Property Tax	37	75	112
Deferred Tax Increment Taxes	<u>25,577</u>	<u>52,012</u>	<u>77,589</u>
Total Deferred Inflows of Resources	<u>25,614</u>	<u>52,087</u>	<u>77,701</u>
Fund Balance			
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 25,720</u>	<u>\$ 52,298</u>	<u>\$ 78,018</u>

Amounts reported for governmental activities in the statement of net position are the same as above.

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

STC METROPOLITAN DISTRICT NO. 3

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

For the Year Ended December 31, 2023

	General Fund	Debt Service	Total
Revenues			
Property Taxes	\$ 40	\$ 79	\$ 119
SURA Property Tax Increment	24,455	48,910	73,365
Specific Ownership Tax	1,140	2,281	3,421
Total Revenues	25,635	51,270	76,905
Expenditures			
County Treasurer Fees	1	1	2
Transfer to District No. 2	25,634	51,269	76,903
Total Expenditures	25,635	51,270	76,905
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -

Amounts reported for governmental activities in the statement of activities are the same as above.

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

STC METROPOLITAN DISTRICT NO. 3

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

**For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)**

	Original & Final Budget	Actual Amounts	Variance with Final Budget	2022 Actual
Revenues				
Property Taxes	\$ 39	\$ 40	\$ 1	\$ 81
Specific Ownership Tax	2,200	1,140	(1,060)	2,416
SURA Property Tax Increment	24,413	24,455	42	53,010
Interest Income	-	-	-	-
Total Revenues	26,652	25,635	(1,017)	55,507
Expenditures				
County Treasurer Fees	33	1	32	1
Transfer to District No. 2	26,619	25,634	985	55,506
Total Expenditures	26,652	25,635	1,017	55,507
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

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

STC METROPOLITAN DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 1 – Definition of Reporting Entity

The STC Metropolitan District No. 3 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by Order and Decree of the District Court for Boulder County recorded on December 5, 2013, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District is one of three related districts: STC Metropolitan District Nos. 1, 2 and 3 (individually District No. 1 and District No. 2, and collectively with the District, the Districts).

The District operates under a Service Plan approved by the Town of Superior (the Town) on May 13, 2013 and amended on April 6, 2014. Pursuant to the Service Plan, District No. 2 and the District are referred to as the Financing Districts and District No. 1 is the Managing District. The Managing District is responsible for managing, implementing and coordinating the financing, construction, and the operation and maintenance of all public infrastructure and services within and without the project known as Superior Town Center. The Financing Districts provide the funding for the improvements and the tax base needed to support ongoing operations of the Districts. On January 1, 2015, the Districts entered into a Facilities Funding, Construction and Operation Agreement whereby District No. 2 took over the responsibilities of the Managing, or Operating District, and District No. 1 became a financing District (see Note 5).

The District's service area boundaries are located entirely within the Town and the Superior Urban Renewal Area.

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.

STC METROPOLITAN DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

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. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets and liabilities 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Other items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end. The major sources of revenue susceptible to accrual are

STC METROPOLITAN DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. 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 resources accumulated and payments made for principal and interest on long-term general obligation debt.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

Cash and Investments

Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest which include: obligations of the United States and certain U.S. government agency securities, general obligation and revenue bonds of U.S. local government entities, bankers acceptances of certain banks, commercial paper, certain corporate bonds, written repurchase agreements collateralized by certain authorized securities, certain money market funds, guaranteed investment contracts, and local government investment pools.

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

STC METROPOLITAN DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

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 and balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets 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 item that qualifies for reporting in this category. Accordingly, the item, property tax revenue, is deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position and Fund Equity

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation.

STC METROPOLITAN DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

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

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

Fund Balances

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.

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.

STC METROPOLITAN DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

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

Note 3 – Cash and Investments

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, 2023, the District did not have any deposits.

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.

STC METROPOLITAN DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

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

At December 31, 2023, the District did not have any investments.

Note 4 – Authorized Debt

On November 5, 2013, District voters approved debt authorization in the amount of \$1,305,000,000, at an interest rate not to exceed 9% per annum, for the construction of capital improvements, with an additional \$290,000,000 for refunding debt. The voters also authorized debt of \$145,000,000 each for the cost of operating and maintaining the District's systems and for intergovernmental agreements.

STC METROPOLITAN DISTRICT NO. 3

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 5, 2013	2015 Series A & B Limited Tax GO Bonds	2019A Limited Tax GO Bonds	2019B ₍₃₎ Limited Tax GO Bonds	2020C/D Limited Tax GO Bonds	Authorized but Unissued
Streets	\$ 145,000,000	\$ 12,195,885	\$ 49,991,322	\$ 14,974,426	\$ 7,112,721	\$ 60,725,646
Parks and Recreation	145,000,000	144,330	6,082,936	1,822,086	3,943,557	133,007,091
Water	145,000,000	2,092,785	4,051,277	1,213,522	1,731,818	135,910,598
Sanitation/Storm	145,000,000	9,622,000	5,875,553	1,759,966	1,763,407	125,979,074
Public Transportation	145,000,000	-	-	-	-	145,000,000
Mosquito Control	145,000,000	-	-	-	-	145,000,000
Traffic and Safety	145,000,000	-	-	-	-	145,000,000
Fire Protection	145,000,000	-	-	-	11,370	144,988,630
Television Relay	145,000,000	-	-	-	-	145,000,000
Operations and Maintenance	145,000,000	-	-	-	-	145,000,000
Intergovernmental Agreements	145,000,000	-	-	-	-	145,000,000
Refundings	290,000,000	-	2,293,903	-	-	287,706,097
	<u>\$ 1,885,000,000</u>	<u>\$ 24,055,000</u>	<u>\$ 68,294,991</u>	<u>\$ 19,770,000</u>	<u>\$ 14,562,873</u>	<u>\$ 1,758,317,136</u>

The Service Plan limits the total principal amount of obligations the District may issue to \$145,000,000. Additionally, the Maximum Debt Mill levy is 50.000 mills while the aggregate District's debt exceeds fifty percent (50%) of the District's assessed valuation. With prior Town Board consent, for the portion of any aggregate District's Debt which is equal to or less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate.

Note 5 – District Agreements

Cost Sharing Agreement

On October 18, 2013, the Districts entered into a Cost Sharing Agreement (CSA) with the Superior Urban Renewal Authority (SURA) and RC Superior, LLC (the Developer). The CSA provides that tax increment revenues received by the SURA from the Districts' respective mill levies be disbursed to District No. 2 as pledged revenues for any bonds or other financial obligations issued by District No. 2.

STC METROPOLITAN DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Capital Pledge Agreement

On April 14, 2015, District No. 2 issued \$17,055,000 Limited Tax General Obligation Senior Bonds, Series 2015A and \$7,000,000 Limited Tax General Obligation Subordinate Bonds, Series 2015B (the Bonds). In connection with the Bonds, District No. 1 and District No. 2 entered into a Capital Pledge Agreement, dated April 1, 2015, whereby District No. 1 agreed to impose the District No. 1 Required Mill Levy (as defined in the Capital Pledge Agreement), subject to the limitations and adjustments described in the 2015 Bond Indenture, and assign and remit to District No. 2 all revenues resulting from the imposition of the District No. 1 Required Mill Levy and Specific Ownership Taxes, as well as certain other revenues of District No. 1 to pay a portion of the principal of and interest on the Bonds commencing in 2016 and each year thereafter so long as the Bonds remains outstanding.

On December 19, 2019, District No. 2 issued \$90,790,000 Limited Tax General Obligation and Special Revenue Refunding and Improvement Bonds, Series 2019A, and \$19,770,000 Subordinate Limited Tax General Obligation and Special Revenue Bonds, Series 2019B₍₃₎ (the 2019 Bonds). In connection with the Bonds, the Districts entered into an Amended and Restated Capital Pledge Agreement dated December 1, 2019 whereby the Districts agree to impose up to a maximum mill levy as follows: (a) with respect to District No. 1, 50 mills (as adjusted for changes in the method of calculating assessed valuation); (b) with respect to District No. 2 (the Issuing District): (i) prior to and including levy year 2023, 35 mills (as adjusted for changes in the method of calculating assessed valuation), and (ii) commencing with levy year 2024, 44 mills (as adjusted for changes in the method of calculating assessed valuation); and (c) with respect to the District: (i) prior to and including levy year 2023, 20 mills (as adjusted for changes in the method of calculating assessed valuation), and (ii) commencing with levy year 2024, 29 mills (as adjusted for changes in the method of calculating assessed valuation); subject to the limitations and adjustments described in the 2019A Senior and 2019B₍₃₎ Subordinate Bond Indenture, and assign and remit to District No. 2 all revenues resulting from the imposition of the District No. 1 and the District Required Mill Levy and Specific Ownership Taxes, as well as certain other revenues of District No. 1 and the District to pay a portion of the principal of and interest on the Bonds commencing in 2020 and each year thereafter so long as the Bonds remains outstanding.

On December 2, 2020, District No. 2 issued the total maximum principal amount of \$16,215,000 Junior Limited Tax General Obligation Bonds, Series 2020C and the total maximum principal amount of \$18,958,000 Taxable Junior Limited Tax General Obligation Bond, Series 2020D (the 2020 Bonds). The 2020 Bonds are limited tax general obligations and revenue obligations of District No. 2 and shall be payable solely from the Junior Pledged Revenue as defined in the 2020 Bonds Indenture, which includes amounts derived under the Capital Pledge Agreement.

STC METROPOLITAN DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Further, pursuant to the Urban Renewal Act and Superior Urban Renewal Plan, until the tax increment expiration date, the District Property Tax Increment Revenues are payable to SURA and that, pursuant to the Cost Sharing Agreement, SURA has agreed to disburse the District Property Tax Increment Revenues on a monthly basis to such persons or entities as may be designated by the Designated Representative (as defined in the Cost Sharing Agreement). The Pledged Revenues, including the District Property Tax Increment Revenues attributable to the District No. 1 and the District Required Mill Levy, are pledged by District No. 1 and the District to District No. 2 for the payment of principal and interest on the Bonds.

Facilities Funding, Construction and Operation Agreement (FFCO Agreement)

On January 1, 2015, the Districts entered into a Facilities Funding, Construction and Operation Agreement (FFCO Agreement). The FFCO Agreement designates District No. 2 as the Operating District which will operate, maintain, finance and construct (including funding thereof) certain of the Public Improvements and the District and District No. 1 will contribute to those costs. District No. 1 and the District shall remit to District No. 2 their respective property tax revenue, specific ownership taxes and any other legally available revenue.

Note 6 – Related Party

Some of the members of the Board of Directors of the District may be or have been employees, owners of, or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

Note 7 – 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 (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 automobile liability, public officials, auto physical damage and worker's compensation 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,

STC METROPOLITAN DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

which the Pool determines are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula.

Note 8 – 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 all of its General Fund revenue to District No. 2. Therefore, no Emergency Reserve has been provided for by the District. The Emergency Reserve related to the District's revenue stream is captured in District No. 2.

On November 5, 2013, the voters approved the District to increase property taxes \$2,000,000 annually for the purpose of paying the District's operations, maintenance expenses and capital expenses, without regard to any spending, revenue raising or other limitation contained within Article X, Section 20 of the Colorado Constitution or any other property tax limitation or law.

Additionally, the voters authorized the District to collect, retain and spend all revenues received by the District during 2014 and all subsequent years as voter-approved revenue changes without regard to any spending, revenue raising or other limitation.

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

SUPPLEMENTARY INFORMATION

STC METROPOLITAN DISTRICT NO. 3

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

**For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)**

	Original & Final Budget	Actual Amounts	Variance with Final Budget	2022 Actual
Revenues				
Property Taxes	\$ 78	\$ 79	\$ 1	\$ 162
SURA Property Tax Increment	49,569	48,910	(659)	106,021
Specific Ownership Tax	3,259	2,281	(978)	4,831
Interest Income	-	-	-	-
Total Revenues	52,906	51,270	(1,636)	111,014
Expenditures				
County Treasurer Fees	1	1	-	2
Transfer to District No. 2	52,905	51,269	1,636	111,012
Total Expenditures	52,906	51,270	1,636	111,014
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

See the Independent Auditor's Report



Dazzio & Associates, PC
Certified Public Accountants

October 24, 2024

To the Board of Directors and Management
STC Metropolitan District No. 3
c/o Special District Management Services, Inc.
141 Union Blvd, Suite 150
Lakewood, Colorado 80228

We are pleased to confirm our understanding of the services we are to provide STC Metropolitan District No. 3 (the District) for the year ended December 31, 2024.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities and each major fund and the disclosures, which collectively comprise the basic financial statements of the District as of and for the year ended December 31, 2024.

We have also been engaged to report on supplementary information that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a in a report combined with our auditor's report on the financial statements:

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not

designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also prepare the financial statements of the District in conformity with accounting principles generally accepted in the United States of America based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

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

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

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

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

Engagement Administration, Fees, and Other

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

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

Stephen Dazzio is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$4,700. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Reporting

We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the Board of Directors of the District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

Dazzio & Associates, P.C.

Dazzio & Associates, PC

RESPONSE:

This letter correctly sets forth the understanding of STC Metropolitan District No. 3.

Management signature: _____

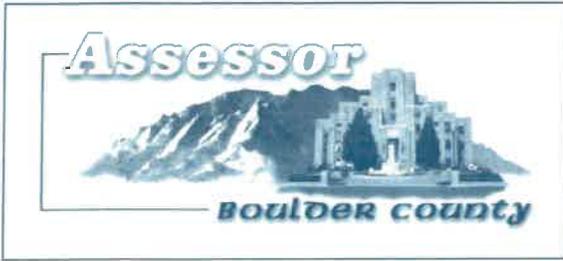
Title: _____

Date: _____

Board signature: _____

Title: _____

Date: _____



Cynthia Braddock

PO Box 471, 13th and Pearl
Boulder, Colorado 80306-0471

Phone: (303) 441-3530

FAX: (303) 441-4996

www.BoulderCountyAssessor.org



AUG 27 2024

August 22, 2024

Superior Town Center Metro District #3
Special District Management Services
141 Union Blvd Ste #150
Lakewood, CO 80228-1898

This is to certify that, as of August 22nd, per C.R.S. 39-5-128(1) the assessed value of the Superior Town Center Metro District #3, for the purpose of taxation for the year 2024 is:

10,471

Per C.R.S. 39-5-128(3), this figure represents the value remaining after the following Urban Renewal Area/Downtown Authority tax increments have been deducted from the total valuation for your district:

	BASE	INCREMENT
Superior Town Center Urban Renewal Plan	10,471	9,517,025

This valuation is subject to change by the County Board of Equalization (C.R.S. 39-8-107(2)), the State Board of Assessment Appeals (C.R.S. 39-2-125), the State Board of Equalization (C.R.S. 39-9-103), and the correction of errors by the Assessor or Treasurer (C.R.S. 39-5-125.2).

Values listed in the enclosed Certification letter are **preliminary values and should not be used to determine your budget and/or mill levy for next year.**

These values reflect reductions in value for SB24-233. Values may shift depending on any possible special legislative session or the outcomes of ballot initiatives 50 and/or 108.

If you have any questions about the value or other information on this letter, need to update your district contact information please contact Erin Gray at ergray@bouldercounty.org.

Sincerely,

Cynthia Braddock
Boulder County Assessor

County Tax Entity Code 083101

CERTIFICATION OF VALUATION BY BOULDER COUNTY ASSESSOR

DOLA LGID/SID _____/_____

STCMD3

New Tax Entity [] YES [X] NO

Date: August 21, 2024

NAME OF TAX ENTITY: STC METROPOLITAN DISTRICT 3

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

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

Table with 11 rows of valuation items and their corresponding dollar amounts, including 'PREVIOUS YEAR'S NET TOTAL ASSESSED VALUATION' and 'CURRENT YEAR'S GROSS TOTAL ASSESSED VALUATION'.

- † This value reflects personal property exemption IF enacted by the jurisdiction as authorized by Art. X, Sec. 20(8)(b), Colo. Constitution
* New Construction is defined as: Taxable real property structures and personal property connected with the structure
≈ Jurisdiction must submit to the Division of Local Government respective Certifications of Impact in order for the values to be treated as growth in the limit calculation; use forms DLG52 & 52A.
Ⓢ Jurisdiction must apply to the Division of Local Government before the value can be treated as growth in the limit calculation; use Form (DLG 52B).

USE FOR TABOR "LOCAL GROWTH" CALCULATION ONLY

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

Table with 7 rows of valuation items and their corresponding dollar amounts, including 'CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY' and 'CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS'.

DELETIONS FROM TAXABLE REAL PROPERTY

Table with 3 rows of deletion items and their corresponding dollar amounts, including 'DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS' and 'DISCONNECTIONS/EXCLUSIONS'.

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

IN ACCORDANCE WITH 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS:

Table with 1 row showing 'TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY' with a dollar amount of \$0.

IN ACCORDANCE WITH 39-5-128(1.5), C.R.S., THE ASSESSOR PROVIDES:

Table with 1 row showing 'HB21-1312 VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **' with a dollar amount of \$0.

** The tax revenue lost to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119.5(3), C.R.S.

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

DLG 57 (Rev. 6/21)

**STC Metropolitan District No. 3
Proposed Budget
General Fund
For the Year Ended December 31, 2025**

	Actual <u>2023</u>	Adopted Budget <u>2024</u>	Actual <u>6/30/2024</u>	Estimate <u>2024</u>	Proposed Budget <u>2025</u>
Beginning balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Property taxes	40	37	37	37	109
SURA Property Tax Increment	24,455	25,577	23,520	25,577	97,436
Specific ownership taxes	1,140	2,200	527	1,000	2,200
Reimbursement from SURA	-	-	-	-	-
Taxes Receivable	-	-	-	-	-
Interest Income	-	-	-	-	-
Total Revenue	<u>25,635</u>	<u>27,814</u>	<u>24,084</u>	<u>26,614</u>	<u>99,745</u>
Total Funds Available	<u>25,635</u>	<u>27,814</u>	<u>24,084</u>	<u>26,614</u>	<u>99,745</u>
Expenditures:					
Treasurer's Fees	<u>1</u>	<u>33</u>	<u>-</u>	<u>1</u>	<u>33</u>
Total expenditures	<u>1</u>	<u>33</u>	<u>-</u>	<u>1</u>	<u>33</u>
Transfers and Reserves					
Transfer to STCMD No. 2	25,634	27,781	11,570	26,613	99,712
Emergency Reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>25,634</u>	<u>27,781</u>	<u>11,570</u>	<u>26,613</u>	<u>99,712</u>
Ending balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,514</u>	<u>\$ -</u>	<u>\$ -</u>
Assessed Valuation Gross		<u>\$ 2,501,770</u>			<u>\$ 9,527,496</u>
Assessed Valuation Increment		<u>\$ 2,498,180</u>			<u>\$ 9,517,025</u>
Assessed Valuation		<u>\$ 3,590</u>			<u>\$ 10,471</u>
Mill Levy		<u>10.394</u>			<u>10.394</u>

STC Metropolitan District No. 3
Proposed Budget
Debt Service Fund
For the Year Ended December 31, 2025

	Actual <u>2023</u>	Adopted Budget <u>2024</u>	Actual 6/30/2024	Estimate <u>2024</u>	Proposed Budget <u>2025</u>
Beginning balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Property taxes	79	75	73	73	218
SURA Property Tax Increment	48,910	52,012	49,896	52,012	198,144
Specific Ownership Taxes	2,281	3,259	1,056	2,200	3,259
Interest income	-	-	-	-	-
Total Revenue	<u>51,270</u>	<u>55,346</u>	<u>51,025</u>	<u>54,285</u>	<u>201,621</u>
Total Funds Available	<u>51,270</u>	<u>55,346</u>	<u>51,025</u>	<u>54,285</u>	<u>201,621</u>
Expenditures:					
Treasurer's Fees	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>
Total expenditures	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>
Transfers and Reserves					
Transfer to STCMD No. 2	51,269	55,345	51,024	54,284	201,618
Emergency Reserve	-	-	-	-	-
Total Transfers and Reserves	<u>51,269</u>	<u>55,345</u>	<u>51,024</u>	<u>54,284</u>	<u>201,618</u>
Ending balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Assessed Valuation Gross		<u>\$ 2,501,770</u>			<u>\$ 9,527,496</u>
Assessed Valuation Increment		<u>\$ 2,498,180</u>			<u>\$ 9,517,025</u>
Assessed Valuation		<u>\$ 3,590</u>			<u>\$ 10,471</u>
Mill Levy		<u>20.820</u>			<u>20.820</u>
Total Mill Levy		<u>31.214</u>			<u>31.214</u>

STATE OF COLORADO
COUNTY OF BOULDER
STC METROPOLITAN DISTRICT NO. 3
2025 BUDGET RESOLUTION

The Board of Directors of the STC Metropolitan District No. 3 (the “District”), Boulder County, Colorado held a regular meeting on Wednesday, November 6, 2024, at the hour of 9:00 A.M., via video conference at <https://us02web.zoom.us/j/86267550643?pwd=V3RnRGRtWkRyUIZZc1VMWTJFZjFHdz09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 862 6755 0643, Passcode: 987572.

The following members of the District’s Board of Directors (the “Board) were present:

President:
Treasurer:
Secretary:
Assistant Secretary:
Assistant Secretary:

Also present were:

Ms. Ripko reported that proper notice was made to allow the Board to conduct a public hearing on the 2025 budget and, prior to the meeting, each of the directors had been notified of the date, time and place of this meeting and the purpose for which it was called. It was further reported that this meeting is a regular meeting of the Board and that a notice of regular meeting was posted on a public website of the District, <https://stcmd1-3.colorado.gov/>, no less than twenty-four hours prior to the holding of the meeting, and to the best of her knowledge, remains posted to the date of this meeting.

Thereupon, Director _____ introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET, APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN AND LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2025 TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE STC METROPOLITAN DISTRICT NO. 3, BOULDER COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2025 AND ENDING ON THE LAST DAY OF DECEMBER 2025.

WHEREAS, the Board has authorized its treasurer and accountant to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget was submitted to the Board for its review and consideration on or before October 15, 2024; and

WHEREAS, the proposed budget is fifty thousand dollars (\$50,000.00) or less, due and proper notice was made by posting in three public places within the District's boundaries a notice indicating (i) the date and time of the hearing at which the adoption of the proposed budget will be considered; (ii) that the proposed budget is available for inspection by the public at a designated place; (iii) that any interested elector of the District may file any objections to the proposed budget at any time prior to the final adoption of the budget by the District; and (iv) if applicable, the amount of the District's increased property tax revenues resulting from a request to the Division pursuant to Section 29-1-302(1), C.R.S.; and the Affidavit of Posting evidencing the same is attached hereto as Exhibit A and incorporated herein by this reference; and

WHEREAS, the proposed budget was open for inspection by the public at the designated place; and

WHEREAS, a public hearing was held on Wednesday, November 6, 2024 and interested electors were given the opportunity to file or register any objections to said proposed budget and any such objections were considered by the Board; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information then available to the Board, including regarding the effects of Section 29-1-301, C.R.S., and Article X, Section 20 of the Colorado Constitution; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law; and

WHEREAS, pursuant to Section 29-1-113(1), C.R.S., the Board shall cause a certified copy of the budget, including the budget message and any resolutions adopting the budget, appropriating moneys and fixing the rate of any mill levy, to be filed with the Division of Local Government within thirty (30) days following the beginning of the fiscal year of the budget adopted; and

WHEREAS, pursuant to Section 32-1-1201, C.R.S., the Board shall determine in each year the amount of money necessary to be raised by taxation, taking into consideration those items required by law, and shall certify the rate so fixed to the board of county commissioners of each county within the District or having a portion of its territory within the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE STC METROPOLITAN DISTRICT NO. 3, BOULDER COUNTY, COLORADO:

Section 1. Summary of 2025 Revenues and 2025 Expenditures. That the estimated revenues and expenditures for each fund for fiscal year 2025, as more specifically set forth in the budget attached hereto as Exhibit B and incorporated herein by this reference, are accepted and approved.

Section 2. Adoption of Budget. That the budget as submitted, and if amended, then as amended, and attached hereto as Exhibit B is approved and adopted as the budget of the District for fiscal year 2025. The District's accountant has made a good faith effort and used the best information available at the time of preparation of the budget to provide the District with alternative scenarios, if applicable, showing a proposed budget and mill levies for fiscal year 2025. Due to the significant possibility that the final assessed valuation provided by the Boulder County Assessor's Office differs from the preliminary assessed valuation used in the proposed budget, the District's accountant is hereby directed to modify and/or adjust the budget and mill levy certification as needed to reflect the final assessed valuation, and/or any applicable revenue caps or limitations, including making any appropriate temporary property tax credit or temporary mill levy reduction, without the need for additional Board authorization.

Section 3. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 4. Budget Certification. That the budget shall be certified by Ms. Ripko, Secretary of the District, and made a part of the public records of the District and a certified copy of the approved and adopted budget shall be filed with the Division of Local Government.

Section 5. 2025 Levy of General Property Taxes. That the attached budget indicates that the amount of money from general property taxes necessary to balance the budget for the General Fund for operating expenses is \$_____ and that the 2024 valuation for assessment, as certified by the Boulder County Assessor, is \$10,471. That for the purposes of meeting all general operating expenses of the District during the 2025 budget year, there is hereby levied a tax of _____ mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2025.

Section 6. 2025 Levy of Debt Retirement Expenses. That the attached budget indicates that the amount of money from general property taxes necessary to balance the budget for the Debt Service Fund for debt retirement expense is \$ _____ and that the 2024 valuation for assessment, as certified by the Boulder County Assessor, is \$10,471. That for the purposes of meeting all debt retirement expenses of the District during the 2025 budget year, there is hereby levied a tax of _____ mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2025.

Section 7. 2025 Mill Levy Adjustment. The Board may adjust the mill levy, as specifically set forth in the District's Service Plan (the "Adjusted Mill Levy"). The Board hereby determines in good faith to establish the Adjusted Mill Levy as set forth in the mill levy certification attached hereto as Exhibit C pursuant to the authority granted by its Service Plan to ensure that the District's revenues shall be neither diminished nor enhanced as a result of the changes effecting the mill levy. Subject to adjustment and finalization by the District's accountant in accordance with Section 2 hereof, the Board further authorizes that the Adjusted Mill Levy be reflected in the District's Certification of Tax Levies to be submitted to the Board of County Commissioners of Boulder County on or before December 15, 2024 (or such other date as may be prescribed by law), for collection in 2025.

Section 8. Certification to County Commissioners. That the Board Secretary and/or District's accountant are hereby authorized and directed to immediately certify to the Board of County Commissioners of Boulder County, the mill levy for the District hereinabove determined and set and provide such information as required by Section 39-1-125, C.R.S. That said certification shall be in substantially the following form attached hereto as Exhibit C and incorporated herein by this reference.

[The remainder of this page is intentionally left blank.]

The foregoing Resolution was seconded by Director _____.

RESOLUTION APPROVED AND ADOPTED THIS 6TH DAY OF NOVEMBER, 2024.

STC METROPOLITAN DISTRICT NO. 3

By: _____
James A. Brzostowicz
Its: President

ATTEST:

By: Peggy Ripko
Its: Secretary

STATE OF COLORADO
COUNTY OF BOULDER
STC METROPOLITAN DISTRICT NO. 3

I, Peggy Ripko, hereby certify that I am a director and the duly elected and qualified Secretary of the STC Metropolitan District No. 3, and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of the District, adopted at a regular meeting of the Board of Directors of the STC Metropolitan District No. 3 held on Wednesday, November 6, 2024, via video conference at <https://us02web.zoom.us/j/86267550643?pwd=V3RnRGRtWkRyUIZZc1VMWTJFZjFHdz09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 862 6755 0643, Passcode: 987572, as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2025; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the official seal of the District this 6th day of November, 2024.

Peggy Ripko, Secretary

[SEAL]

EXHIBIT A

Affidavit
Notice as to Proposed 2025 Budget

**NOTICE AS TO PROPOSED 2025 BUDGET AND HEARING
STC METROPOLITAN DISTRICT NO. 3**

NOTICE IS HEREBY GIVEN that a proposed budget has been submitted to the STC METROPOLITAN DISTRICT NO. 3 (the "District") for the ensuing year of 2025. A copy of such proposed budget has been filed in the office of Simmons & Wheeler, P.C., 304 Inverness Way South, Suite 490, Englewood, Colorado, where the same is open for public inspection. Such proposed budget will be considered at a hearing at the meeting of the District to be held at 9:00 A.M., on Wednesday, November 6, 2024.

The location and additional information regarding the meeting will be available on the meeting notice posted on the District's website at <https://stcmd1-3.colorado.gov/> at least 24-hours in advance of the meeting.

Any interested elector within the District may inspect the proposed budget and file or register any objections at any time prior to the final adoption of the 2025 budget.

BY ORDER OF THE
BOARD OF DIRECTORS OF THE DISTRICT:

By: /s/ ICENOGLIE | SEAUER | POGUE
A Professional Corporation

Published: Boulder Daily Camera October 16, 2024-2079683

Prairie Mountain Media, LLC

PUBLISHER'S AFFIDAVIT

**County of Boulder
State of Colorado**

The undersigned, Agent, being first duly sworn under oath, states and affirms as follows:

1. He/she is the legal Advertising Reviewer of Prairie Mountain Media LLC, publisher of the *Daily Camera*.
2. The *Daily Camera* is a newspaper of general circulation that has been published continuously and without interruption for at least fifty-two weeks in Boulder County and meets the legal requisites for a legal newspaper under Colo. Rev. Stat. 24-70-103.
3. The notice that is attached hereto is a true copy, published in the *Daily Camera* in Boulder County on the following date(s):

Oct 16, 2024


Signature

Subscribed and sworn to me before me this
16th day of October 2024.


Notary Public

(SEAL)

**SHAYLA NAJERA
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20174031965
MY COMMISSION EXPIRES July 31, 2025**

Account: 1051343
Ad Number: 2079683
Fee: \$44.00

**NOTICE AS TO PROPOSED 2025 BUDGET AND HEARING
STC METROPOLITAN DISTRICT NO. 3**

NOTICE IS HEREBY GIVEN that a proposed budget has been submitted to the **STC METROPOLITAN DISTRICT NO. 3** (the “District”) for the ensuing year of 2025. A copy of such proposed budget has been filed in the office of Simmons & Wheeler, P.C., 304 Inverness Way South, Suite 490, Englewood, Colorado, where the same is open for public inspection. Such proposed budget will be considered at a hearing at the meeting of the District to be held at 9:00 A.M., on Wednesday, November 6, 2024.

The location and additional information regarding the meeting will be available on the meeting notice posted on the District’s website at <https://stcmd1-3.colorado.gov/> at least 24-hours in advance of the meeting.

Any interested elector within the District may inspect the proposed budget and file or register any objections at any time prior to the final adoption of the 2025 budget.

BY ORDER OF THE
BOARD OF DIRECTORS OF THE DISTRICT:

By: /s/ ICENOGLE | SEAVER | POGUE
A Professional Corporation

Publish In: *Boulder Daily Camera*
Publish On: Wednesday, October 16, 2024

EXHIBIT B

Budget Document
Budget Message

**STC Metropolitan District No. 3
Proposed Budget
General Fund
For the Year Ended December 31, 2025**

	Actual <u>2023</u>	Adopted Budget <u>2024</u>	Actual <u>6/30/2024</u>	Estimate <u>2024</u>	Proposed Budget <u>2025</u>
Beginning balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Property taxes	40	37	37	37	109
SURA Property Tax Increment	24,455	25,577	23,520	25,577	97,436
Specific ownership taxes	1,140	2,200	527	1,000	2,200
Reimbursement from SURA	-	-	-	-	-
Taxes Receivable	-	-	-	-	-
Interest Income	-	-	-	-	-
Total Revenue	<u>25,635</u>	<u>27,814</u>	<u>24,084</u>	<u>26,614</u>	<u>99,745</u>
Total Funds Available	<u>25,635</u>	<u>27,814</u>	<u>24,084</u>	<u>26,614</u>	<u>99,745</u>
Expenditures:					
Treasurer's Fees	<u>1</u>	<u>33</u>	<u>-</u>	<u>1</u>	<u>33</u>
Total expenditures	<u>1</u>	<u>33</u>	<u>-</u>	<u>1</u>	<u>33</u>
Transfers and Reserves					
Transfer to STCMD No. 2	25,634	27,781	11,570	26,613	99,712
Emergency Reserve	-	-	-	-	-
Total expenditures	<u>25,634</u>	<u>27,781</u>	<u>11,570</u>	<u>26,613</u>	<u>99,712</u>
Ending balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,514</u>	<u>\$ -</u>	<u>\$ -</u>
Assessed Valuation Gross		<u>\$ 2,501,770</u>			<u>\$ 9,527,496</u>
Assessed Valuation Increment		<u>\$ 2,498,180</u>			<u>\$ 9,517,025</u>
Assessed Valuation		<u>\$ 3,590</u>			<u>\$ 10,471</u>
Mill Levy		<u>10.394</u>			<u>10.394</u>

STC Metropolitan District No. 3
Proposed Budget
Debt Service Fund
For the Year Ended December 31, 2025

	Actual <u>2023</u>	Adopted Budget <u>2024</u>	Actual 6/30/2024	Estimate <u>2024</u>	Proposed Budget <u>2025</u>
Beginning balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Property taxes	79	75	73	73	218
SURA Property Tax Increment	48,910	52,012	49,896	52,012	198,144
Specific Ownership Taxes	2,281	3,259	1,056	2,200	3,259
Interest income	-	-	-	-	-
Total Revenue	<u>51,270</u>	<u>55,346</u>	<u>51,025</u>	<u>54,285</u>	<u>201,621</u>
Total Funds Available	<u>51,270</u>	<u>55,346</u>	<u>51,025</u>	<u>54,285</u>	<u>201,621</u>
Expenditures:					
Treasurer's Fees	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>
Total expenditures	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>
Transfers and Reserves					
Transfer to STCMD No. 2	51,269	55,345	51,024	54,284	201,618
Emergency Reserve	-	-	-	-	-
Total Transfers and Reserves	<u>51,269</u>	<u>55,345</u>	<u>51,024</u>	<u>54,284</u>	<u>201,618</u>
Ending balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Assessed Valuation Gross		<u>\$ 2,501,770</u>			<u>\$ 9,527,496</u>
Assessed Valuation Increment		<u>\$ 2,498,180</u>			<u>\$ 9,517,025</u>
Assessed Valuation		<u>\$ 3,590</u>			<u>\$ 10,471</u>
Mill Levy		<u>20.820</u>			<u>20.820</u>
Total Mill Levy		<u>31.214</u>			<u>31.214</u>

EXHIBIT C

Certification of Tax Levy

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of _____, Colorado.

On behalf of the _____,
(taxing entity)^A

the _____,
(governing body)^B

of the _____,
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ _____ assessed valuation of: _____
(GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ _____
(NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: _____ for budget/fiscal year _____.
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY²	REVENUE²
1. General Operating Expenses ^H	_____ mills	\$ _____
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< _____ > mills	\$ < _____ >
SUBTOTAL FOR GENERAL OPERATING:	<input type="text"/> mills	\$ <input type="text"/>
3. General Obligation Bonds and Interest ^J	_____ mills	\$ _____
4. Contractual Obligations ^K	_____ mills	\$ _____
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	<input type="text"/> mills	\$ <input type="text"/>

Contact person: _____ Daytime phone: () _____
(print)

Signed: _____ Title: _____

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

¹ If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.

² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

- 1. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

- 2. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

CONTRACTS^K:

- 3. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

- 4. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the STC Metropolitan District No. 3 of Boulder County, Colorado on this 6th day of November, 2024.

Peggy Ripko, Secretary

S E A L

**ANNUAL RESOLUTION OF
THE BOARD OF DIRECTORS OF THE
STC METROPOLITAN DISTRICT NO. 3**

At a regular meeting of the Board of Directors of the STC Metropolitan District No. 3, Boulder County, Colorado, held at 9:00 A.M., on Wednesday, November 6, 2024, via video conference at <https://us02web.zoom.us/j/86267550643?pwd=V3RnRGRtWkRyUjZZc1VMWTJFZjFHdz09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 862 6755 0643, Passcode: 987572, at which a quorum was present, the following resolution was adopted:

WHEREAS, the STC Metropolitan District No. 3 (the “District”) was organized as a special district pursuant to an Order of the District Court in and for the County of Boulder, Colorado, dated November 27, 2013 and is located within Boulder County (the “County”); and

WHEREAS, the Board of Directors of the District (collectively referred to as the “Board” or individually as “Director(s)”) has a duty to perform certain obligations in order to assure the efficient operation of the District; and

WHEREAS, Section 32-1-306, C.R.S. requires the District to file a current, accurate map of its boundaries with the County Assessor, County Clerk and Recorder and the Division of Local Government (the “Division”) on or before January 1 of each year; and

WHEREAS, Sections 24-10-109 and 24-32-116, C.R.S. require that the District provide its name, its principal address and/or mailing address, the name of its agent and the agent’s mailing address to the Department of Local Affairs (the “Department”) and keep such information updated regularly; and

WHEREAS, Section 32-1-809, C.R.S. requires that the Board provide notice, containing certain information about the District, to the eligible electors of the District no more than sixty (60) days prior to and not later than January 15; and

WHEREAS, Section 32-1-104(2), C.R.S. requires that the District, on or before January 15 of each year, file a copy of the notice required by Section 32-1-809, C.R.S. with the Board of County Commissioners, the County Assessor, the County Treasurer, the County Clerk and Recorder in each county in which the District is located, the governing body of any municipality in which the District is located and the Division; and

WHEREAS, the Local Government Budget Law of Colorado, Sections 29-1-101 *et seq.*, C.R.S., requires the Board to hold a public hearing on proposed budgets and amendments thereto, to adopt budgets and to file copies of the budgets and amendments thereto with the Division; and

WHEREAS, Section 29-1-205(1), C.R.S. requires the District to file a current list of all contracts in effect with other political subdivisions within thirty (30) days of receiving a request therefor from the Division; and

WHEREAS, in accordance with the Public Securities Information Reporting Act, Sections 11-58-101 *et seq.*, C.R.S., issuers of nonrated public securities shall make public within sixty (60) days following the end of each of such issuer's fiscal year, an annual information report or reports with respect to any of such issuer's nonrated public securities which are outstanding as of the end of each such fiscal year; and

WHEREAS, in accordance with Section 29-1-604(1), C.R.S., if expenditures and revenues of the District are not in excess of \$100,000, the District may file an application for exemption from audit with the State Auditor; or in accordance with Section 29-1-604(2)(b), C.R.S., if expenditures and revenues of the District for any fiscal year are at least \$100,000, but not more than \$750,000, the District may file an application for exemption from audit with the State Auditor; or in accordance with Section 29-1-603, C.R.S., the Board shall cause to be made an annual audit of the financial statements of the District for each fiscal year; and

WHEREAS, the Revised Uniform Unclaimed Property Act, Article 13 of Title 38, C.R.S., requires that governmental subdivisions, if applicable, file an annual report listing unclaimed property with the State Treasurer by November 1 of each year; and

WHEREAS, pursuant to Section 32-1-103(15), C.R.S., the legal notices of the District must be published one time, in one newspaper of general circulation in the District, and if there is not one such newspaper of general circulation, then in one newspaper in each county in which the District is located and in which the District also has fifty (50) or more eligible electors; and

WHEREAS, pursuant to Section 24-6-402(2)(c)(I), C.R.S., the Board shall annually designate, at the first regular meeting of the calendar year, a posting place within the boundaries of the District for posting of notices; and

WHEREAS, pursuant to Sections 32-1-903(2), 24-6-402(2)(c)(I) & (III), and 32-1-903(6)(c) C.R.S., in addition to any other means of full and timely notice, the Board shall be deemed to have given full and timely notice of a public meeting, including an annual meeting, if the Board posts the notice on a public website of the District or in the designated public place within District boundaries, no less than twenty-four (24) hours prior to the meeting; and

WHEREAS, Section 32-1-903(1), C.R.S. requires that the Board shall meet regularly at a time and location to be designated by the Board and such location may be physical, telephonic, electronic, other virtual place, or combination of such means where a meeting can be attended; provided that meetings that are held solely at physical locations must be held at physical locations that are within the boundaries of the District or within the boundaries of any county in which the District is located, in whole or in part, or in any county so long as the meeting location does not exceed twenty (20) miles from the District boundaries, unless the proposed change of location for a meeting appears on the Board agenda of a meeting and a resolution is adopted stating the reason for which meetings of the Board are to be held in a physical location other than under the provisions of Section 32-1-903(1.5), C.R.S. and further stating the date, time and physical location of such meeting; and

WHEREAS, Section 32-1-903(6)(a), C.R.S. requires that the Board hold an annual meeting at a time and location to be designated by the Board and such location may be in person, virtual, or in person and virtual; provided that if the annual meeting is held solely in person, then it must be held at a physical location within the boundaries of the District, within the boundaries of any county in which the District is located, in whole or in part, or within any other county so long as the physical location does not exceed five (5) miles from the District's boundaries; and

WHEREAS, pursuant to Section 32-1-904, C.R.S., the office of the District shall be at some fixed place to be determined by the Board; and

WHEREAS, pursuant to Section 32-1-901(1), C.R.S., each Director, within thirty (30) days after his or her election or appointment to fill a vacancy, shall take an oath or affirmation in accordance with Section 24-12-101, C.R.S., and the oath must be filed with the County Clerk and Recorder, and in accordance with Section 32-1-901(1), C.R.S. with the Clerk of the Court and with the Division; and

WHEREAS, in accordance with Section 32-1-901(2), C.R.S., at the time of filing said oath, there shall also be filed for each Director a bond; and

WHEREAS, in accordance with Section 24-14-102(2), C.R.S., the District may, in lieu of the required bond, purchase crime insurance to protect the District from any dishonesty, theft, or fraud; and

WHEREAS, pursuant to Section 32-1-902(1), C.R.S., the Board shall elect one of its members as chairman of the Board and president of the District, one of its members as a treasurer of the Board and District, and a secretary who may be a member of the Board, or the secretary and treasurer may be one individual, who in such case is a member of the Board; and

WHEREAS, Directors may receive compensation for their services subject to the limitations imposed by Section 32-1-902(3)(a), C.R.S.; and

WHEREAS, Directors are governed by Section 32-1-902(3)(b), C.R.S., which requires any Director to disqualify himself or herself from voting on an issue in which he or she has a conflict of interest, unless the Director has properly disclosed such conflict in compliance with Section 18-8-308, C.R.S.; and

WHEREAS, Directors are governed by Section 32-1-902(4), C.R.S., which requires any Director who owns undeveloped land that constitutes at least twenty percent (20%) of the territory included in the District to properly disclose such fact in compliance with Section 18-8-308, C.R.S. before each meeting of the Board, and such disclosure must be entered into the minutes of such meeting; and

WHEREAS, pursuant to Section 32-1-1001(1)(o), C.R.S. the Board has the power to authorize the use of electronic records and electronic signatures and adopt rules, standards, policies, and procedures for use of electronic records or signatures in accordance with the Uniform Electronic Transaction Act, Sections 24-71.3-101 *et seq.*, C.R.S.; and

WHEREAS, pursuant to Section 24-72-204.5, C.R.S., should the District operate or maintain an electronic mail communications system, the Board must adopt a written policy on any monitoring of electronic mail communications and the circumstances under which it will be conducted; and

WHEREAS, Sections 32-1-1604 and 32-1-1101.5(1), C.R.S. require the District to issue notice of the authorization or incurrence of general obligation indebtedness to the Board of County Commissioners of each county in which the District is located or the governing body of the municipality that has adopted a resolution of approval of the District and to record such notice with the Clerk and Recorder in each county in which the District is located within thirty (30) days of incurring or authorizing such indebtedness; and

WHEREAS, Section 32-1-1101.5(1), C.R.S. requires the District to certify the results of ballot issue elections to incur general obligation indebtedness to the Board of County Commissioners of each county in which the District is located or to the governing body of a municipality that has adopted a resolution of approval of the District within forty-five (45) days after the election, or at least thirty (30) days before issuing any general obligation debt if not previously certified, and requires the District to file a copy of such certificate with the Division of Securities within that timeframe; and

WHEREAS, in accordance with Section 32-1-1101.5(1.5), C.R.S., the Board of County Commissioners or the governing body of a municipality that has adopted a resolution of approval of the District may require the District to file an application for the quinquennial finding of reasonable diligence; and

WHEREAS, in accordance with Section 32-1-207(3)(c), C.R.S., and unless otherwise waived or requested by an earlier date, any special district created after July 1, 2000, must electronically file an annual report for the preceding calendar year by October 1st with the governing body that approved the District's service plan or, if the jurisdiction has changed due to the annexation into a municipality, the current governing body with jurisdiction over the District, the Division, the State Auditor, and the County Clerk and Recorder, and make the same available on the website of the District; and

WHEREAS, in accordance with the Colorado Governmental Immunity Act, Sections 24-10-101, *et seq.*, C.R.S., the Board is granted the authority to obtain insurance; and

WHEREAS, the Colorado Open Meetings Law at Section 24-6-402(2)(d.5)(II)(A), C.R.S. specifies that discussions that occur in an executive session of a local public body shall be electronically recorded; and

WHEREAS, pursuant to Section 24-6-402(2)(d.5)(II)(E), C.R.S., such electronic recording of executive sessions shall be retained for at least ninety (90) days after the date of the executive session; and

WHEREAS, in accordance with the Public Deposit Protection Act, Sections 11-10.5-101 *et seq.*, C.R.S., the Board shall designate an official custodian with plenary authority to deposit

public funds in any bank which has been designated by the Colorado Banking Board as an eligible public depository; and

WHEREAS, in accordance with Section 32-1-104.8, C.R.S., the District must record a public disclosure document and a map of the boundaries of the District with the Clerk and Recorder of each county in which the District is located at any time that an order or decree confirming the inclusion of real property into the District is recorded; and

WHEREAS, in accordance with Section 32-1-104.5, C.R.S., (1) within one year of the date an order and decree has been issued by a district court for a newly organized metropolitan district; or (2) for all metropolitan districts organized after January 1, 2000, such metropolitan district, shall establish, maintain and annually update an official website containing specific information as set forth in Section 32-1-104.5(3)(a), C.R.S.; and

WHEREAS, the Colorado Office of Information Technology adopted the Rules Establishing Technology Accessibility Standards as contained in 8 CCR § 1501-11, *et seq.*, (the “Accessibility Rules”) requiring the District comply with the Accessibility Rules; and

WHEREAS, elections may be held pursuant to the Special District Act, Article 1 of Title 32, C.R.S.; the Uniform Election Code of 1992, Articles 1 to 13 of Title 1, C.R.S.; and the Colorado Local Government Election Code, Article 13.5 of Title 1, C.R.S., for the purpose of (1) electing members of the Board; and (2) presenting certain ballot questions to the eligible electors of the District; and

WHEREAS, Sections 1-1-111(2), 1-13.5-108 and 32-1-804(2), C.R.S. provide that all powers and authority granted to the Board may be exercised by a “Designated Election Official” designated by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE STC METROPOLITAN DISTRICT NO. 3 AS FOLLOWS:

1. The Board directs the District’s engineer to prepare an accurate map in accordance with the standards specified by the Division or directs management to prepare a letter asserting there have been no changes in the boundaries of the District, as applicable, for filing with the County Assessor, County Clerk and Recorder and the Division as required by Section 32-1-306, C.R.S on or before January 1.
2. The Board directs management to notify the Department of the District’s name, principal address and/or mailing address, agent’s name and agent’s mailing address in accordance with Sections 24-10-109 and 24-32-116, C.R.S.
3. The Board directs management to: (1) provide notice, containing certain information about the District, to the eligible electors of the District, not earlier than November 16 and not later than January 15, in one or more of the ways set forth in Section 32-1-809(2), C.R.S; and (2) in accordance with Section 32-1-104(2), C.R.S., file a copy of the notice with the Board of County Commissioners, County

Assessor, County Treasurer, County Clerk and Recorder's Office in each county in which the District is located, the governing body of any municipality in which the District is located and with the Division. The Board further directs that a copy of the notice shall be made available for public inspection at the principal business office of the District.

4. The Board directs the accountant/treasurer for the District to submit a proposed budget to the Board by October 15; to schedule a public hearing on the proposed budget; to prepare a final budget, including any resolutions adopting the budget, appropriating moneys and fixing the rate of any mill levy; to prepare budget resolutions, including certification of mill levies and amendments to the budget if necessary; to certify the mill levies on or before December 15; and directs management to file the approved budgets and amendments thereto with the proper governmental entities not later than thirty (30) days after the beginning of the fiscal year of the budget adopted, in accordance with the Local Government Budget Law of Colorado.
5. The Board directs management to prepare and file a current list of all contracts in effect with other political subdivisions with the Division within thirty (30) days of receiving a request therefor from the Division, if applicable.
6. The Board directs legal counsel to prepare and file the annual public securities report for nonrated public securities issued by the District with the Department within sixty (60) days following the end of the District's fiscal year, if applicable.
7. The Board directs the accountant to file either an application for exemption from audit with the State Auditor within three (3) months after the close of the District's fiscal year, or that an audit of the financial statements is prepared and submitted to the Board within six (6) months after the close of the District's fiscal year. Further, the Board directs that the audit report be filed with the State Auditor within thirty (30) days after the Board's receipt of the audit report from the auditor.
8. The Board directs legal counsel to prepare the Unclaimed Property Act report and forward to the State Treasurer by November 1, if applicable.
9. The Board designates the *Boulder Daily Camera* as a newspaper of general circulation within the boundaries of the District or in the vicinity of the District if none is circulated within the District, and directs that all legal notices shall be published in accordance with applicable statutes in the *Boulder Daily Camera*.
10. The Board designates the URL Domain <https://stcmd1-3.colorado.gov/>, as the District's official website and posting place for notices of meetings in 2025 pursuant to Sections 24-6-402(2)(c) and 32-1-104.5, C.R.S. and ratifies their designation of <https://stcmd1-3.colorado.gov/>, as the posting place for notices of meetings in 2024 for purposes of Sections 24-6-402(2)(c) and 32-1-104.5, C.R.S. Further, in compliance with Section 24-6-402(2)(III), C.R.S., the Board designates

the light post at the northwest corner of Main Street and Superior Drive, Superior, Colorado, as the public place within the boundaries of the District at which it may post notices of meetings if it is unable to post a notice on the District's official website.

11. The Board directs management to maintain and update the official website of the District in compliance with Section 32-1-104.5(3)(a), C.R.S. In addition, the Board directs management to use their best efforts to comply with the Accessibility Rules in accordance with direction and guidance provided by the Board and the Colorado Office of Information Technology.
12. Emergency meetings may be called without notice, if notice is not practicable, by the president of the Board or any two (2) Directors in the event of an emergency that requires the immediate action of the Board in order to protect the public health, safety and welfare of the property owners and residents of the District. If possible, notice of such emergency meeting may be given to the Directors of the Board by telephone or whatever other means are reasonable to meet the circumstances of the emergency, and shall be provided to the public via any practicable means available, *if any*, including, but not limited to, posting notice of such emergency meeting on the District's website, if any. At such emergency meeting, any action within the power of the Board that is necessary for the immediate protection of the public health, safety and welfare may be taken; provided however, that any action taken at an emergency meeting shall be ratified at the first to occur: (a) the next regular meeting of the Board, or (b) the next special meeting of the Board.
13. The Board determines to hold a regular meeting on **Wednesday, November 5, 2025, at 9:00 A.M. via video conference at _____ and via telephone conference at Dial-In: _____, Meeting ID: _____, Passcode: _____.** The Board directs those notices of all meetings must include the method or procedures, including the conference number and/or link, by which members of the public can attend the meeting. Any additional means of public participation, if any, will also be designated on the meeting agenda.
14. The Board determines to hold its annual meeting as required by Section 32-1-903(6), C.R.S. on **Wednesday, November 5, 2025, at 8:45 A.M. via video conference at _____ and via telephone conference at Dial-In: _____, Meeting ID: _____, Passcode: _____.** The Board directs those notices of all meetings must include the method or procedures, including the conference number and/or link, by which members of the public can attend the meeting. Any additional means of public participation, if any, will also be designated on the meeting agenda.
15. Pursuant to Section 32-1-904, C.R.S., the Board determined that the office of the District shall be at Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood, Colorado 80228.

16. The Board designates [REDACTED] to administer oaths or affirmations in accordance with Section 24-12-103, C.R.S. The Board directs management to prepare and file an oath or affirmation in accordance with Sections 32-1-901 and 24-12-101, C.R.S. In addition to the oath or affirmation, the Board directs management to procure either crime insurance in accordance with Section 24-14-102(2), C.R.S. or a bond for each Director as required by Section 32-1-901, C.R.S. in the total amount of \$10,000, and to file copies of the crime insurance or bond with the Clerk of the Court and the Division.
17. The Board hereby elects the following officers for the District:

President/Chairman:	James A. Brzostowicz
Treasurer:	Terry Willis
Secretary:	Peggy Ripko
18. The Board directs that each Director may receive compensation for services as Directors in accordance with Sections 32-1-902(3)(a)(I) & (II), C.R.S.
19. The Board has determined that when so directed by one or more Directors legal counsel will file conflict-of-interest disclosures provided by Directors with the Secretary of State seventy-two (72) hours prior to each meeting of the Board. In addition, written disclosures provided by Directors required to be filed with the governing body in accordance with Section 18-8-308, C.R.S. shall be deemed filed with the Directors of the District when filed with the Secretary of State.
20. The Board authorizes the use of electronic records and electronic signatures. Use of electronic records and electronic signatures, when conducting transactions and in relation to the administration of the affairs of the District, will be performed and governed in accordance with the Uniform Electronic Transactions Act, Sections 24-71.3-101 *et seq.*, C.R.S.
21. The Board does not operate or maintain an electronic mail communication system devoted to the District but recognizes that its Directors and consultants may utilize electronic mail to conduct matters on behalf of the District and that such communications may be a public record under the Colorado Open Records Act and may be subject to public inspection under Section 24-72-203, C.R.S.
22. The Board directs legal counsel to issue notice of indebtedness to the Board of County Commissioners or to the governing body of the municipality that has adopted a resolution of approval of the District, as applicable, and to record such notice with the County Clerk and Recorder in each county in which the District is located within thirty (30) days of incurring or authorizing any indebtedness in accordance with Sections 32-1-1604 and 32-1-1101.5(1), C.R.S. The Board also directs legal counsel to certify the results of any ballot issue election to incur general obligation indebtedness to the Board of County Commissioners of each county in which the District is located, to the governing body of a municipality that

has adopted a resolution of approval of the District, as applicable, and the Division of Securities within forty-five (45) days after such election, or at least thirty (30) days before the District's issuance of any general obligation debt if not previously certified, in accordance with Section 32-1-1101.5(1), C.R.S.

23. The Board directs the District's accountant to prepare and file, if requested, the quinquennial finding of reasonable diligence with the Board of County Commissioners or to the governing body of a municipality that has adopted a resolution of approval of the District, as applicable, in accordance with Section 32-1-1101.5(1.5), C.R.S.
24. The Board directs management to prepare and file an annual report as required under the Service Plan for the District and Section 32-1-207(3)(c), C.R.S., as applicable.
25. The District is currently a member of the Special District Association ("SDA") and insured through the Colorado Special Districts Property and Liability Pool. The Board directs the District's accountant to pay the annual SDA membership dues and insurance premiums in a timely manner and complete all necessary conditions of the third-party insurance agent, as applicable. The Board will review all insurance policies and coverage in effect to determine appropriate insurance coverage is maintained, at least biannually.
26. The Board directs the custodian of all electronic recordings of executive sessions to retain all electronic recordings of executive sessions for purposes of the Colorado Open Meetings Law for ninety (90) days after the date of the executive session. The Board further directs the custodian to systematically delete all recordings of executive sessions made for purposes of the Colorado Open Meetings Law at its earliest convenience after the ninetieth (90th) day after the date of the executive session.
27. The Board hereby designates the District's accountant as its official custodian over public deposits in accordance with Sections 11-10.5-101 *et seq.*, C.R.S.
28. The Board directs legal counsel to prepare the special district public disclosure statement in accordance with Section 32-1-104.8, C.R.S. and record the statement with the County Clerk and Recorder at any such time as a decree or order of inclusion of real property into the District's boundaries is recorded.
29. Peggy Ripko, of Special District Management Services, Inc., is hereby appointed as the "Designated Election Official" of the Board for any elections to be held during 2025 and any subsequent year unless another Designated Election Official is appointed by resolution. The Board hereby grants all powers and authority for the proper conduct of the election to the Designated Election Official, including, but not limited to, appointing election judges, appointing a canvass board, cancelling the election, if applicable, and certifying election results.

30. The Board hereby authorizes legal counsel, the District manager, and District accountant to use the District's name and a brief description of the work performed for the District for marketing purposes, including identifying the District in presentations, proposals, and publications, provided that no confidential information about the District is revealed.

[The remainder of this page is intentionally left blank.]

Whereupon a motion was made and seconded, and upon a majority vote this Annual Resolution was approved by the Board.

ADOPTED AND APPROVED THIS 6TH DAY OF NOVEMBER 2024.

STC METROPOLITAN DISTRICT NO. 3

James A. Brzostowicz, President

ATTEST:

Peggy Ripko, Secretary

CERTIFICATION

I, Peggy Ripko, Secretary of the Board of the STC Metropolitan District No. 3, do hereby certify that the annexed and foregoing Resolution is a true copy from the records of the proceedings of the Board of said District, on file with Icenogle Seaver Pogue, P.C., general counsel to the District.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the District, at the County of Boulder, Colorado, this 6th day of November 2024.

Peggy Ripko, Secretary

[SEAL]

**RESOLUTION OF
THE BOARD OF DIRECTORS OF
STC METROPOLITAN DISTRICT NO. 3
2025 REGULAR SPECIAL DISTRICT ELECTION RESOLUTION**

At a regular meeting of the Board of Directors of the STC Metropolitan District No. 3, Boulder County, Colorado, held at 9:00 A.M., on Wednesday, November 6, 2024, via video conference at <https://us02web.zoom.us/j/86267550643?pwd=V3RnRGRtWkRyUIZZc1VMWTJFZjFHdz09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 862 6755 0643, Passcode: 987572, at which a quorum was present, the following resolution (the “Resolution”) was adopted:

WHEREAS, STC Metropolitan District No. 3 (the “District”) was organized pursuant to the Special District Act, Article 1 of Title 32, C.R.S. (the “Act”), after approval of the eligible electors of the District, by order of the District Court in and for Boulder County, Colorado, dated November 27, 2013; and

WHEREAS, elections may be held pursuant to the Act; the Uniform Election Code of 1992, Articles 1 to 13 of Title 1, C.R.S. (the “Uniform Code”); and the Colorado Local Government Election Code, Article 13.5 of Title 1, C.R.S. (the “Local Government Election Code”) (the Act, Uniform Code, and Local Government Election Code are collectively referred to herein as the “Election Laws”) for the purpose of 1) electing members of the Board and 2) presenting certain ballot questions to the eligible electors of the District; and

WHEREAS, pursuant to Section 32-1-305.5(3)(a), C.R.S., the term of office of members of the Board of Directors for the District (the “Board”) elected in a regular special district election is four (4) years; and

WHEREAS, the Board currently includes two (2) members elected to serve on the Board, zero (0) members appointed to fill vacancies on the Board, and three (3) vacancies; and

WHEREAS, the term of office for zero (0) members of the Board for the District shall expire after their successors are elected at the next regular election for the District scheduled to be held on the Tuesday succeeding the first Monday of May in accordance with Section 1-13.5-111(1), C.R.S.: May 6, 2025; and

WHEREAS, the terms for the three (3) vacancies on the Board for the District are two (2) four-year terms and one (1) two-year term; and

WHEREAS, in accordance with the Election Laws, an election must be conducted to elect to the Board of the District two (2) Directors to serve for terms of four years and one (1) Director to serve a term of two years; and

WHEREAS, the number of Directors to be elected to the Board of the District may increase following the adoption of this Resolution should a Director's office be deemed vacant in accordance with Section 32-1-905, C.R.S. prior to the election; and

WHEREAS, pursuant to Section 32-1-804(1), C.R.S., the Board shall govern the conduct of the election and shall render all interpretations and make all decisions as to controversies or other matters arising in the conduct of the election; and

WHEREAS, Sections 1-1-111(2), 1-13.5-108, and 32-1-804(2), C.R.S. provide that all powers and authority granted to the Board for the conduct of regular and special elections, including making all initial decisions as to controversies or other matters arising in the operation of the Local Government Election Code, may be exercised by a "Designated Election Official" designated by the Board; and

WHEREAS, Sections 1-13.5-501(1) & -(1.7), C.R.S., require that, between seventy-five (75) and one hundred (100) days before a regular election, the Designated Election Official shall provide public notice of a call for nominations for the election by two methods: (1) by emailing the notice to each active registered elector of the District as specified in the registration list provided by the county clerk and recorder as of the date that is one hundred fifty (150) days prior to the election or, if no email address is on file, by mail as provided in Section 1-13.5-501(1.7), C.R.S., and (2) by any one of the following means: publication, as defined in Section 1-13.5-501(2), C.R.S.; including the notice as a prominent part of an informational mailing sent by the District to the eligible electors of the District; posting the information on the official website of the District; or, if permitted under Section 1-13.5-501(1.7)(b)(IV), C.R.S., posting the notice in at least three public places within the boundaries of the District and, in addition, in the office of the Clerk and Recorder of Boulder County; and

WHEREAS, Section 1-13.5-1104(2), C.R.S. requires the Designated Election Official to supervise the distributing, handling, and counting of ballots and the survey of returns, and to take the necessary steps to protect the confidentiality of the ballots cast and the integrity of the election; and

WHEREAS, Section 1-7.5-107(4)(b)(II), C.R.S. specifies that the Designated Election Official shall designate a secure drop-off location that is under his or her supervision, and Section 1-5-102(1), C.R.S. requires that the Designated Election Official divide the jurisdiction into as many election precincts as he or she deems expedient for the convenience of eligible electors of the jurisdiction and designate the polling place for each precinct; and

WHEREAS, Section 1-13.5-1004(1), C.R.S. provides that the Designated Election Official shall keep a list of names of eligible electors who have applied for absentee voters' ballots and those permanent absentee voters placed on the list pursuant to Section 1-13.5-1003(2), C.R.S., which list must contain certain other information as set out by statute; and

WHEREAS, Section 1-13.5-513(1), C.R.S. provides that if the only matter before the electors in an election is the election of persons to office and if, at the close of business day on the sixty-third (63rd) day before the election or at any time thereafter, there are not more candidates than

offices to be filled at the election, the Designated Election Official shall cancel the election and declare the candidates elected if so instructed by resolution of the governing body; and

WHEREAS, Section 1-11-103(3), C.R.S. provides that if an election is cancelled pursuant to Section 1-13.5-513(1), C.R.S., the District shall file notice and a copy of the resolution of such cancellation with the Colorado Division of Local Government (the “Division”); and

WHEREAS, Sections 1-11-103(3) & 32-1-104(1), C.R.S. require the District to certify to the Division the results of any elections held by the District and include the District’s business address, telephone number, and contact person; and

WHEREAS, the Board desires to call an election and set forth herein the procedures for conducting such election as authorized by the Election Laws.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE STC METROPOLITAN DISTRICT NO. 3 THAT:

1. The Board hereby calls a regular election of the eligible electors of the District to be held between the hours of 7:00 A.M. and 7:00 P.M. on the Tuesday succeeding the first Monday of May pursuant to and in accordance with Section 1-13.5-111(1), C.R.S., the Election Laws, and other applicable laws (May 6, 2025), for the purpose of electing two (2) Directors to serve a four-year term and one (1) Director to serve a two-year term on the Board (the “Election”), as such numbers may change due to one or more vacancies arising on the Board after the adoption of this Resolution and prior to the Election. The Election shall be conducted as an independent mail ballot election, pursuant to Part 11 of the Local Government Election Code.

2. Pursuant to Section 32-1-804(2), C.R.S., the Board hereby names Peggy Ripko of Special District Management Services, Inc., as the Designated Election Official for the Election. The Board hereby directs the Designated Election Official to oversee the general conduct of the Election and authorizes the Designated Election Official to take all other action necessary for the proper conduct thereof. The Designated Election Official shall act as the primary contact with the Clerk and Recorder of Boulder County, Colorado (the “County”) and shall be primarily responsible for ensuring the proper conduct of the Election, including, but not limited to, distributing, handling, and counting of ballots and the survey of returns, taking the necessary steps to protect the confidentiality of the ballots cast and the integrity of the Election, appointing election judges as necessary, appointing the board of canvassers, arranging for the required notices of the Election and printing of ballots, maintaining a permanent absentee voter list, and directing that all other appropriate actions be accomplished.

3. The Board hereby directs the Designated Election Official to provide public notice of a call for nominations for the Election in accordance with the requirements of Section 1-13.5-501, C.R.S., which shall include information regarding the director offices to be voted upon at the Election, where a self-nomination and acceptance form or letter may be obtained, the deadline for submitting the self-nomination and acceptance form or letter to the Designated Election Official, and information on obtaining an absentee ballot. The notice shall be emailed to each active registered elector of the District as specified in the registration list provided by the Boulder County Clerk and Recorder as of

the date that is one hundred fifty (150) days prior to the date of the Election or, if no email address is on file, by mail as provided in Section 1-13.5-501(1.7), C.R.S. In addition, public notice shall be provided by posting the information on the official website of the District.

4. The Board deems it expedient for the convenience of the electors that it shall establish a polling place & drop-off location for all regular and special elections of the District. There shall be one (1) polling place & drop-off location for the elections. This polling place & drop-off location shall be used for any regular or special elections to be held in 2025 and in each year thereafter until such polling place & drop-off location is changed by duly adopted resolution of the Board. Such polling place & drop-off location shall be located at 141 Union Boulevard, Suite 150, Lakewood, Colorado 80228. All voters for the District, including handicapped and nonresident voters unless otherwise permitted by law, shall return their ballots to the designated polling place & drop-off location by mail or delivery. All eligible electors may also obtain a replacement ballot from the polling place & drop-off location until 7:00 P.M. on election day in accordance with Section 1-13.5-1105(4), C.R.S. A map showing the District's boundaries is on file at the offices of Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood, Colorado 80228 and is available for examination by all interested persons.

5. Applications for an absentee voter's ballot or for permanent absentee voter status may be filed with the Designated Election Official, 141 Union Boulevard, Suite 150, Lakewood, Colorado 80228, between the hours of 8:00 a.m. and 5:00 p.m., until the close of business on the Tuesday immediately preceding the Election (April 29, 2025).

6. Pursuant to Section 1-13.5-303, C.R.S., all candidates must file a self-nomination and acceptance form or letter signed by the candidate and by an eligible elector of the District as a witness to the signature of the candidate with the Designated Election Official no later than 5:00 P.M. on the day that is sixty-seven (67) days prior to the Election (February 28, 2025). Self-nomination and acceptance forms are available at the Designated Election Official's office located at the above address.

7. Pursuant to Section 1-13.5-513, C.R.S., the Board hereby authorizes and directs the Designated Election Official to cancel the Election and declare the candidates elected if, at or after the close of business on the sixty-third (63rd) day before the Election (March 4, 2025), there are not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates, and so long as the only matter before the electors is the election of persons to office. Under these circumstances, the Board further authorizes and directs the Designated Election Official to provide notice of the cancellation by publication in accordance with Section 1-13.5-501, C.R.S. and to post notice of the cancellation at each polling location, the office of the Designated Election Official, the Boulder County Clerk and Recorder's Office, and with the Division. The Designated Election Official shall also file notice and a copy of this Resolution authorizing the cancellation of the Election with the Division pursuant to Section 1-11-103(3), C.R.S. The Designated Election Official shall also notify the candidates that the Election was canceled and they were elected by acclamation.

8. In accordance with Sections 1-11-103(3) & 32-1-104(1), C.R.S., the District directs the Designated Election Official to notify the Division of the results of any elections held by the

District, including the District's business address, telephone number, and contact person within thirty (30) days after the Election (June 5, 2025).

9. The Designated Election Official and the officers, agents, consultants, and employees, if any, of the District are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Resolution.

10. All actions not inconsistent with the provisions of this Resolution heretofore taken by the members of the Board, the Designated Election Official, and the officers, agents, consultants, and employees, if any, of the District, and directed toward holding the Election for the purposes stated herein are hereby ratified, approved, and confirmed.

11. All prior acts, orders, or resolutions, or parts thereof, by the District in conflict with this Resolution are hereby repealed, except that this repealer shall not be construed to revive any act, order, or resolution, or part thereof, heretofore repealed.

12. If any section, paragraph, clause, or provision of this Resolution shall be adjudged to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining sections, paragraphs, clauses or provisions of this Resolution, it being the intention that the various parts hereof are severable.

13. The District shall be responsible for the payment of any and all costs associated with the conduct of the Election, including its cancellation, if necessary, and those costs incurred pursuant to the terms and conditions of an election agreement with the County, if any.

14. This Resolution shall take effect on the date and at the time of its adoption.

[Remainder of page intentionally left blank.]

Whereupon, a motion was made and seconded, and upon a majority vote, this Resolution was approved by the Board.

ADOPTED AND APPROVED THIS 6TH DAY OF NOVEMBER, 2024.

STC METROPOLITAN DISTRICT NO. 3

James A. Brzostowicz, President

ATTEST:

Peggy Ripko, Secretary



ICENOGL SEAVER POGUE

**PRIVILEGED & CONFIDENTIAL
ATTORNEY/CLIENT COMMUNICATION
ATTORNEY WORK PRODUCT**

MEMORANDUM

TO: Board of Directors, Managers, and other District Representatives

FROM: Icenogle Seaver Pogue, P.C.

DATE: March 25, 2024

RE: Rules Establishing Technology Accessibility Standards (8 CCR § 1501-11, *et seq.*)

INTRODUCTION

Colorado House Bill 21-1110 (“HB21-1110”) was passed in 2021, enacting Section 24-85-103(1), C.R.S., requiring the Colorado Office of Information Technology (the “OIT”), to establish rules regarding information technology systems accessibility standards for individuals with disabilities. In February 2024, the OIT adopted the Rules Establishing Technology Accessibility Standards (the “Accessibility Rules”). 8 CCR § 1501-11, *et seq.* By July 1, 2024, all public entities and state agencies, as such terms are defined in the Accessibility Rules, must be fully compliant with the Accessibility Rules. 8 CCR § 1501-11.5. This memorandum provides a very general overview of the requirements for compliance with the Accessibility Rules. As the Accessibility Rules are not yet effective and guidance is still being released by various entities, we will continue to monitor this and provide additional updates regarding any additional guidance that is released.

DISCUSSION

I. ADOPTION OF THE ENACTED ACCESSIBILITY RULES

HB21-1110 was passed in 2021 as the first installment of the State’s efforts toward digital accessibility for individuals with disabilities. The bill required the OIT to create rules regarding technology accessibility and established that failure to conform with the applicable technology accessibility rules constituted discrimination thereby violating state law. Colorado Laws For Persons With Disabilities, H.R. 21-1110, 73rd Leg., 1st Reg. Sess. (Colo. 2021). Senate Bill 23-244 (“SB23-244”) was passed in 2023 to clarify certain language contained in HB21-1110, and in November 2023, the OIT released a draft of the Accessibility Rules. Colo. Gen. Assemb., <https://leg.colorado.gov/bills/sb23-244> (last visited Mar. 7, 2024). After additional comment periods and revisions, the OIT adopted the Accessibility Rules on February 23, 2024, with the Accessibility Rules becoming effective in April 2024. As a result, efforts by state agencies and public entities to initiate measures to comply with the Accessibility Rules are now in full force following the OIT’s enactment of the Accessibility Rules. The Accessibility Rules as embodied in 8 CCR § 1501-11, *et seq.*, are the rules which all public entities and state agencies must adhere to regarding technology accessibility compliance. Below is a general overview of the requirements for compliance and applicability of the Accessibility Rules to special districts.

II. APPLICATION OF THE ACCESSIBILITY RULES TO SPECIAL DISTRICTS AND THEIR ASSOCIATED TECHNOLOGY

The Accessibility Rules apply to “information and communication technology (ICT) ... that is procured, developed, maintained, or used by public entities and state agencies.” *Id.* at 11.2(B)(1). Examples of ICT include, but are not limited to, “websites, applications, kiosks, digital signage, digital documents, video, audio, and third-party tools that are owned or controlled by the public entity.” *Id.* at 11.2(B)(2). Compliance with the Accessibility Rules is required for all ICT, both internal and public facing, which is “in active use¹ ... and any ICT that is newly created, developed, acquired, or purchased on or after July 1, 2024.” *Id.* at 11.2(B)(1) and 11.3.² For ICT that is not in active use, compliance is triggered when the ICT is altered, updated, or an accessible version of the ICT is specifically requested by an individual with a disability. *Id.* at 11.2(B)(1) and 11.3.

As the Accessibility Rules specifically define its scope to include special districts, all Colorado special districts must comply with the Accessibility Rules by July 1, 2024. *Id.* at 11.4. Such compliance will require ensuring that each special district’s website, digital documentation, images, audio, and video, among other items, are in compliance with the Accessibility Rules. A general overview of the requirements for a special district’s compliance with the Accessibility Rules is contained in Section III below. Failure to comply with the Accessibility Rules could result in potential litigation, fines, and penalties against the special district. C.R.S. § 24-35-802(1)-(5).

III. REQUIREMENTS FOR COMPLIANCE WITH THE ACCESSIBILITY RULES

Compliance with the Accessibility Rules requires:

1. That a public entity’s ICT conforms with the Web Content Accessibility Guidelines 2.1 Levels A and AA (the “technical standards”). 8 CCR § 1501-11.5.
2. The development and public posting of a Technology Accessibility Statement in a conspicuous place. The Technology Accessibility Statement is defined to include:
 - a. A commitment to timely responding to accessibility issue reports or requests for reasonable accommodations³ or modifications⁴; and
 - b. A prominent notice which states the process for requesting reasonable accommodations or modifications and how to report inaccessible ICT; and
 - c. More than one method of contact for reports or requests, such as an accessible submission form, email address, or toll-free phone number (with TTY), to contact personnel knowledgeable regarding the ICT’s accessibility.

¹ Active use means “regularly used by members of the public to apply for, gain access to, or participate in a public entity’s services, programs, or activities” or is “currently used by employees to perform their job duties.” *Id.* at 11.4 ICT also includes the authorized, official version or versions, but does not include “previous versions that may still be available, archives, working products, or drafts.” *Id.* The term “employees” is not defined in the Accessibility Rules; however, for purposes of compliance we have assumed this would include a special district’s board of directors.

² However, there are exceptions to compliance requirements of certain ICT, as detailed in Section III herein.

³ A reasonable accommodation is a “modification or adjustment to a program, service, activity, job, or the work environment that enables a disabled individual to participate or perform essential job functions.” *Id.* at 11.4.

⁴ A reasonable modification is a “modification in policies, practices or procedures when the modifications are necessary to avoid discrimination on the basis of a disability.” *Id.* at 11.4

Id. at 11.6(A)-(B)(2).⁵

The Accessibility Rules specifically note that compliance with the technical standards, including any reasonable accommodations or modifications, is only required “to the extent that it would not require a public entity to take any action that would fundamentally alter the nature of [the public entity’s] programs or services, impose an undue burden, or pose a direct threat to the health or safety of others.” *Id.* at 11.3.⁶ Should compliance with the technical standards result in one of the above exceptions, the Accessibility Rules state that a public entity shall take any other reasonable action, including any additional reasonable accommodations or modifications, to ensure individuals with disabilities can still access and receive the benefits of the provided service. *Id.* at 11.10(D). A determination of whether an undue burden, fundamental alteration, or direct threat exists is a fact specific analysis. *Id.* at 11.10(A)-(C).

Under the Accessibility Rules, non-compliant ICT can still meet compliance with the Accessibility Rules in certain enumerated circumstances including the ability of a disabled individual to access, utilize, and have the same usage experience as the non-disabled public with the non-conforming ICT by way of a reasonable accommodation or modification, the development of an Accessibility Plan and a Technology Accessibility Statement, a reasonable accommodation or modification which best meets the technical standards, and/or the provision of a conforming alternate version⁷ of the non-compliant ICT to the disabled individual. *Id.* at 11.7(A)-(E).

Section 24-34-802(1)(c), C.R.S. and the Accessibility Rules as adopted do not require the adoption of an Accessibility Plan. However, an Accessibility Plan could be used as evidence of a special district’s attempts to comply with the Accessibility Rules. Additionally the Accessibility Rules include items that could be addressed in an Accessibility Plan, including, but not limited to, annual status updates containing the ICT’s accessibility progress, the prioritization of the ICT noting the impact of the ICT upon the public entity and its users, the steps the public entity is taking to remove accessibility barriers, timelines for addressing accessibility issues, and policies regarding regular testing of ICT for accessibility issues. *Id.* at 11.7(B)(1)-(5). The OIT has recently released an Accessibility Plan template, a copy of which can be found on the OIT’s website. Colo. Governor’s Office of Information Technology, *Comments for Technology Accessibility Rules Welcome through Oct. 27*, https://docs.google.com/document/d/14wfAMtsZnTigtR-fUBVaxIGg08o_ohqm7G6-Ju5RRjI/edit (last visited Mar. 7, 2024).

In summary, for a special district to be compliant with the Accessibility Rules, the special district must adopt a Technology Accessibility Statement, and any ICT contained within the District’s website which is “regularly used” for participation in or “to gain access to” the special district’s services, programs, or activities must be compliant with the technical standards by July 1, 2024. The terms “regularly used,” “participate in” and “gain access to” are not further defined in the Accessibility Rules. As information contained on a special district’s website is likely information required for a website visitor to understand

⁵ The OIT released a template Technology Accessibility Statement which is contained in <https://oit.colorado.gov/accessibility-rules> at Section 11.6.

⁶ A fundamental alteration is defined to include “something that would change the essential nature of the entity’s programs or services.” 8 CCR § 1501-11.4. An undue burden constitutes “an action that requires significant financial, technical, or administrative hardship.” *Id.* A direct threat is defined as “a significant risk to the health or safety of others that cannot be eliminated by a modification of policies, practices or procedures or by the provision of auxiliary aids or services.” *Id.*

⁷ The Accessibility Rules note that examples of conforming alternate versions could include “a website that provides identical information to a geographic information system in a non-graphical format, or a web application that uses accessible controls as an alternative to one with inaccessible controls.” *Id.* at 11.8

the special district's services and policies and/or participate in the special district offerings, we do recommend ensuring compliance across all ICT posted on the special district's website. This includes, but is not limited to, service plans, minutes, agendas, videos of meetings and any related audio, forms, and rules and regulations. We recommend that all ICT posted to the District's website be compliant with the technical standards, or the special district provide a conforming alternate version, reasonable accommodation or modification, or the ICT fall within one of the exceptions such as an undue burden, fundamental alteration, or direct threat. While not guaranteed, should the special district's non-compliant ICT fall within one of the enumerated circumstances, it is possible that the non-compliant ICT could be considered compliant with the Accessibility Rules. While the Accessibility Rules offer exceptions for incomplete compliance with the technical standards, we recommend that all applicable special district ICT conform as much as possible to the technical standards to avoid potential litigation, penalties, and fines for noncompliance with the Accessibility Rules.

Attached to this memorandum as Exhibit A is a template for the required Technology Accessibility Statement that all special districts must adopt and post in a conspicuous place prior to July 1, 2024. Our office will be reaching out to each special district which we represent that is impacted by this legislation to facilitate adoption and posting of the required Technology Accessibility Statement prior to July 1, 2024.

IV. WEBSITE PLATFORM OFFERINGS

Our firm is not familiar with the services being offered by all website service providers but does have experience with the services of Streamline (DBA of Digital Deployment, Inc.), which several of our special district clients utilize as the platform for their websites. As such, we have described below the services offered by Streamline as a means of education based on how compliance with the Accessibility Rules is being assisted by Streamline.

Streamline is a website platform provider specializing in accessibility compliant websites for special districts. Streamline's website platform is compliant with both federal and Colorado accessibility requirements. In using Streamline's services, a special district can monitor their ICT's compliance with the Accessibility Rules via Streamline's website accessibility scanner. The scanner automatically performs monthly scans of the special district's website and any attachments thereto for any violations of the technical standards and generates a report of any non-compliance contained therein. The report denotes the sources of the technical standard violations for the website manager to correct. Should a special district wish to perform scans more than monthly, the website scanner can be activated at any time.

While Streamline does not proactively perform the corrections to the non-compliant ICT, the special district's website managers are able to communicate with Streamline regarding any technical difficulties in correcting the compliance issues. Streamline's services also include training on products. The special district's website manager is encouraged to schedule a session with a Streamline representative to learn the intricacies of the Streamline platform.

As Streamline's website platforms are compliant with federal accessibility requirements and the Accessibility Rules, the only additional steps by districts utilizing this platform to ensure website compliance are limited to ensuring the accessibility of any ICT posted to the special district's website. Furthermore, as Streamline's services provides automatic monthly scanning of the special district's website and assistance with correcting non-compliant ICT, the website manager would be able to easily track any compliance issues and address them with greater ease.

We recommend that the district contact the person that is responsible for maintaining its website to ensure that the individual is working with the district's website platform provider and/or other providers to ensure compliance with the Accessibility Rules prior to July 1, 2024. Where applicable, our firm is also facilitating this compliance process for websites which we administer and will assist, as appropriate and requested to do so, managers and other website administrators to ensure compliance with the Accessibility Rules prior to July 1, 2024.

CONCLUSION

All special districts across Colorado are required to be compliant with the Accessibility Rules by July 1, 2024. The basic requirements for compliance with the Accessibility Rules require the creation of a Technology Accessibility Statement and for applicable special district ICT to be in conformance with the technical standards. Failure to comply with the Accessibility Rules by July 1, 2024, could result in fines, penalties, or litigation. The services provided by Streamline would help to ensure the special district attains and maintains compliance with the Accessibility Rules. As the Accessibility Rules are new with no associated case law, we will continue to monitor information from the OIT and provide additional updates should any additional rules or guidance be released.

EXHIBIT A

DISTRICT TECHNOLOGY ACCESSIBILITY STATEMENT

_____ District (the "District") is committed to providing equitable access to our services, programs, and activities to all members of the public. The District's ongoing accessibility efforts work toward being compliant with the Web Content Accessibility Guidelines (WCAG) version 2.1, level AA criteria. The District welcomes comments on how to improve its technology's accessibility for users with disabilities as well as requests for reasonable modifications and/or accommodation to any District services, programs, and/or activities.

Please let us know if you encounter inaccessible information and communication technology. The District is committed to responding to requests for reasonable modifications and/or accommodation as well as reports of accessibility issues in a timely manner.

For reports of inaccessible information and communication technology or to request reasonable modifications or accommodations to District information and communication technology, please contact the District at ¹:

Phone: _____²

E-mail: _____

FOOTNOTES TO BE REMOVED PRIOR TO POSTING

¹ The point of contact must be "personnel knowledgeable about the accessibility of the ICT."

² The phone number must have TTY. TTY is teletypewriter, which is used by individuals who are deaf, hard of hearing, or have speech impediments. If the number is connected to a cellphone, this feature can be activated in the cellphone's system settings.

BOARD OF DIRECTORS OF STC METROPOLITAN DISTRICT NO. 3

A RESOLUTION ADOPTING THE STC METROPOLITAN DISTRICT NO. 3 TECHNOLOGY ACCESSIBILITY STATEMENT AND TECHNICAL STANDARDS

At a regular meeting of the Board of Directors of the STC Metropolitan District No. 3, Boulder County, Colorado, held at 9:00 A.M., on Wednesday, November 6, 2024, via video conference at <https://us02web.zoom.us/j/86267550643?pwd=V3RnRGRtWkRyUIZZc1VMWTJFZjFHdz09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 862 6755 0643, Passcode: 987572, at which a quorum was present, the following resolution was adopted:

WHEREAS, STC Metropolitan District No. 3 (the “District”) is a special district organized and existing pursuant to Sections 32-1-101 et seq., C.R.S.; and

WHEREAS, the Board of Directors of the District (collectively referred to as the “Board” or individually as “Director(s)”) has a duty to perform certain obligations in order to assure the efficient operation of the District; and

WHEREAS, pursuant to Section 32-1-1001(1)(m), C.R.S., the District’s Board is authorized to adopt, amend, and enforce bylaws and rules and regulations not in conflict with the constitution and the laws of the State for carrying on the business, objects, and affairs of the Board and the District; and

WHEREAS, the Colorado Anti-Discrimination Act (“CADA”), as set forth in Title 24, Article 34, Parts 3 through 8 of the Colorado Revised Statutes provides that it is unlawful to discriminate against an individual with a disability as that term is defined in Section 24-34-301(7), C.R.S.; and

WHEREAS, the Colorado General Assembly, through House Bill 21-1110 and subsequently amended by Senate Bill 23-244 (the “Technology Accessibility Bills”), amended CADA to include certain provisions regarding website accessibility for individuals with disabilities; and

WHEREAS, the Technology Accessibility Bills require the Colorado Office of Information Technology (the “OIT”) to establish rules regarding information technology systems accessibility standards for individuals with disabilities; and

WHEREAS, on February 23, 2024, the OIT adopted the Rules Establishing Technology Accessibility Standards as contained in 8 CCR § 1501-11, *et seq.*, (the “Accessibility Rules”) requiring all public entities and state agencies, as such terms are defined in the Accessibility Rules, to comply with the Accessibility Rules; and

WHEREAS, 8 CCR § 1501-11.4 specifically defines the term public entity to include special districts; and

WHEREAS, compliance with the Accessibility Rules requires the District to adopt and publicly post in a conspicuous place a Technology Accessibility Statement, as such term is defined in the Accessibility Rules, by July 1, 2024; and

WHEREAS, the Technical Standards is defined in the Accessibility Rules at Section 11.5(a) as Web Content Accessibility Guidelines (“WCAG”) 2.1 Level AA; and

WHEREAS, the Accessibility Rules require the District to ensure applicable information and communication technology (the “ICT”), as such term is defined in the Accessibility Rules, is compliant with the Technical Standards by July 1, 2024; and

WHEREAS, the District desires to adopt and implement the Technical Standards and required Technology Accessibility Statement in accordance therewith; and

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE STC METROPOLITAN DISTRICT NO. 3 AS FOLLOWS:

1. Accessibility Rules. The District recognizes the adoption of the Accessibility Rules, as contained within 8 CCR § 1501-11, *et seq.*, and shall endeavor to comply with the applicable requirements contained therein.
2. Technology Accessibility Statement. The District ratifies the adoption of the Technology Accessibility Statement attached hereto in Exhibit A (the “Statement”) in accordance with Section 11.6 of the Accessibility Rules and recognizes that such Statement was posted publicly in a conspicuous location on the District’s website on or before July 1, 2024.
3. Actions to Effectuate Resolution. Management and legal counsel for the District are authorized and directed to take all actions necessary and appropriate to effectuate this Resolution and the imposition of the Technology Accessibility Statement and Technical Standards contemplated hereunder. All actions not inconsistent with the provisions of this Resolution heretofore taken by the members of the Board of Directors and/or management or legal counsel for the District and the officers, agents and employees of the District and directed toward effectuating the purposes stated herein are hereby ratified, approved and confirmed.
4. Effective Date. This Resolution Adopting the STC Metropolitan District No. 3 Technology Accessibility Statement and Technical Standards shall take effect on the date and at the time of its adoption.

[Remainder of page intentionally left blank.]

APPROVED AND ADOPTED THIS 6TH DAY OF NOVEMBER 2024.

STC METROPOLITAN DISTRICT
NO. 3

By: James A. Brzostowicz
Its: President

STC METROPOLITAN DISTRICT NOS. 1-3 TECHNOLOGY ACCESSIBILITY STATEMENT

STC Metropolitan District Nos. 1-3 (the “District”) is committed to providing equitable access to our services, programs, and activities to all members of the public. The District’s ongoing accessibility efforts work toward being compliant with the Web Content Accessibility Guidelines (WCAG) version 2.1, level AA criteria. The District welcomes comments on how to improve its technology’s accessibility for users with disabilities as well as requests for reasonable modifications and/or accommodation to any District services, programs, and/or activities.

Please let us know if you encounter inaccessible information and communication technology. The District is committed to responding to requests for reasonable modifications and/or accommodation as well as reports of accessibility issues in a timely manner.

For reports of inaccessible information and communication technology or to request reasonable modifications or accommodations to District information and communication technology, please contact the District at:

Phone: 303-987-0835

E-mail: pripko@sdmsi.com

Physical/Mailing Address: 141 Union Boulevard, Suite 150, Lakewood, CO 80228



ICENOGL SEAVR POGUE

MEMORANDUM

TO: Board of Directors, Managers, and other District Representatives

FROM: Icenogle Seaver Pogue, P.C.

DATE: July 15, 2024

RE: Summary of 2024 Legislation

INTRODUCTION

The Second Regular Session of the Seventy-Fourth General Assembly (“General Assembly”) of the State of Colorado (the “State”) convened on January 10, 2024 and adjourned on May 8, 2024. This memorandum summarizes certain bills enacted into law and regulations promulgated in 2024 that may impact special districts, either directly or indirectly. This memorandum does not address every new law or regulation or every nuance of the laws and regulations that are included; therefore, the Colorado Revised Statutes (“C.R.S.”) and legal counsel should be consulted for the complete statutory requirements of the legislation discussed herein and laws impacting special districts.

WEBSITE ACCESSIBILITY

Grace Period Noncompliance Digital Accessibility

HB 24-1454

House Bill (“HB”) 21-1110 (as amended by Senate Bill (“SB”) 23-244) required the Colorado Office of Information Technology (“OIT”) to promulgate rules regarding information technology systems accessibility standards by July 1, 2024, after which public entities are liable for discrimination claims.¹ HB 24-1454 permits a one-year grace period (to July 1, 2025) from liability if the noncompliant public entity demonstrates good faith efforts toward compliance with the OIT accessibility standards or makes good faith efforts toward resolution of a complaint of noncompliance. “Good faith efforts”² must include the following:

- Creation of a progress report demonstrating concrete and specific efforts toward compliance on the entity’s or agency’s front-facing web pages;

¹ For additional information regarding the OIT’s Rules Establishing Technology Accessibility Standards, see our memorandum on this issue dated March 25, 2024.

² If a civil action is filed and a public entity alleges that it has made a good faith effort towards compliance, the court shall determine whether a good faith effort was made based on a preponderance of the evidence.

- updating the progress report on a quarterly basis; and
- creating a clear, easy-to-find process for requesting redress for inaccessible digital products including contact options that are not dependent on web access or digital accessibility and are prominently displayed on all front-facing web pages.

HB 24-1454 took effect on May 24, 2024 and will be automatically repealed on July 1, 2025.

SPECIAL DISTRICTS

Metropolitan District Covenant Enforcement Policy

HB 24-1267

HB 24-1267 requires the board of directors of a metropolitan district that provides covenant enforcement and design review services to adopt a written policy that governs the imposition of fines and establishes procedures for imposing the same, including notice and an opportunity to be heard, and establishing procedures for disputes between the metropolitan district and a unit owner by January 1, 2025. The policy must be posted to the metropolitan district’s website if the metropolitan district is required to maintain one.

In addition, HB 24-1267 provides, among other things, that the metropolitan district cannot foreclose on a lien based on the unit owner’s delinquent payment of rates, fees, tolls, fines, penalties, or charges or charge a unit owner for court costs or attorney fees when a court determines an owner did not commit the alleged violation. Additionally, a metropolitan district may not prohibit the owner or occupant of a unit from displaying flags and signs, parking an emergency response vehicle in a driveway, removing vegetation for fire mitigation, making reasonable modifications for individuals with disabilities, utilizing certain drought-tolerant vegetation or rain barrels, and installing certain energy efficient devices. The bill also prohibits a metropolitan district from seeking to enforce the terms of a building restriction (which term is undefined) or to compel the removal of any building or improvement because of a violation of the terms of the building restrictions unless the action is commenced within one (1) year after the date that the metropolitan district knew or should have known of the violation. HB 24-1267 permits a metropolitan district to adopt a resolution to have delinquent amounts certified to the county treasurer for collection in the same manner as taxes are collected.

HB 24-1267 will take effect on August 7, 2024, assuming no referendum petition is filed. Metropolitan districts that provide covenant enforcement and design review services should expect to adopt a formal policy, in coordination with legal counsel, by no later than January 1, 2025.

Prohibit Landscaping Practices for Water Conservation

SB 24-005

SB 24-005 prohibits local entities,³ including special districts, from installing, planting, or placing nonfunctional turf, artificial turf, or invasive plant species (collectively, “turf”) as part of a new

³ “Local entity” is defined as a “home rule or statutory city, county, city and county, territorial charter city, or town; special district; and metropolitan district.”

development or redevelopment project on applicable property⁴ beginning on January 1, 2026. On or before January 1, 2026, local entities must enact or amend ordinances, resolutions, regulations, or other laws in accordance with this prohibition. Finally, SB 24-005 provides that any turf installed prior to January 1, 2026 may continue to be maintained by a local entity. SB 24-005 will take effect on August 7, 2024, assuming no referendum petition is filed.

Restrictions on Tap Fees**HB 24-1463**

HB 24-1463 provides that within thirty (30) days of receiving a written request from any local government⁵ within the boundaries of which the special district operates or partly operates, a special district must provide the rate schedule for tap fees, system development fees, and other fees and charges that contemplate future water or sanitation system usage (the “Fees”). In addition, upon request, the local government shall provide any professional analyses and a detailed written justification of the costs and methodologies used to calculate Fees. HB 24-1463 will take effect on August 7, 2024, assuming no referendum petition is filed.

TAXATION & OTHER FINANCING

Update Local Government Sales & Use Tax Collection**SB 24-025**

SB 24-025 revises State laws that govern State administration of local sales or use tax, including those collected by special districts. Among other things, SB 24-025 requires that the executive director of the Department of Revenue (“DOR”) collect, administer, enforce, and distribute sales or use tax imposed by local governments, including special districts, in the same manner as the collection, administration, and enforcement of State sales and use tax. In addition, SB 24-025 allows local governments to allow retailers to retain a percentage of the amount remitted to cover the retailer’s expenses in collecting the tax. SB 24-025 will take effect on July 1, 2025, unless a referendum petition is filed by August 7, 2024.

Property Tax**SB 24-233**

SB 24-233⁶ can be broken into three key components: 1) establishing a property tax revenue limitation for local governments, 2) reducing assessment rates for both residential and commercial property, and 3) providing State reimbursement to local governments that lost property tax revenue from such changes.

⁴ “Applicable property” is defined as commercial, institutional, industrial property, common interest community property, rights-of-way, parking lots, medians, or transportation corridors. Residential properties are specifically excluded from the meaning of applicable property.

⁵ “Local government” is defined as a home rule or statutory county, city and county, or municipality.

⁶ At the outset, it should be noted that SB 24-233 will only go into effect if neither Initiative 50 nor Initiative 108 (discussed below) pass in the November 2024 election. Should either initiative pass in the November 2024 election, this bill will not become effective.

1. Property Tax Revenue Limitations for Local Governments

Beginning with the 2025 property tax year (collection year 2026), SB 24-233 limits property tax revenue growth for local governments.⁷ The limit is equal to the level of the local government's base year property tax revenue, plus any reimbursements received by the State for that year, grown annually by 5.5% from the base year.⁸ However, SB 24-233 excludes certain revenue from the calculation of the property tax revenue limit including, but not limited to, (1) revenue resulting from assessed value attributable to new construction and personal property, newly included property, formerly exempt federal property that becomes taxable, refunds and abatements by local governments during a reassessment cycle, oil and gas production, and revenues previously diverted for tax increment financing; and (2) revenue for the payment of bonds outstanding as of the effective date of the bill and interest thereon, contractual obligations approved by voters as of the effective date of the bill, and bonds or other contractual obligations issued with existing voted authorization. Beginning in 2025, revenue from voter-approved mill levy increases is also excluded. *It should be noted that any special district that has previously received voter approval for the waiver of the 5.5% statutory limitation and TABOR expenditure limitations are now subject to the above limitation.*

In addition, SB 24-233 requires that a local government either enact a temporary property tax credit or temporarily reduce its mill levy in order to meet the limitations of SB 24-233, and neither action shall change the underlying mill levy imposed by the local government and does not require prior voter approval. Pursuant to SB 24-233, revenues collected in excess of the above limitation must be refunded. SB 24-233 allows local governments to (1) waive the limit for a single property tax year,⁹ a specified number of years, or for all future tax years with advance voter approval; and (2) seek voter authorization to (a) increase the total number of mills levied, or (b) allow a floating mill levy up to the property tax limit, so long as voter authorization for (a) and (b) are obtained after the effective date of SB 24-233.

2. Property Tax Assessment Rates and Reductions

SB 24-233 lowers assessment rates and extends value reductions for the 2024 property tax year (collection year 2025). For the 2024 tax year, SB 24-233 carries over the temporary assessment

⁷ "Local government entity" for this portion of the bill means a governmental entity authorized to impose ad valorem taxes on taxable property within its territorial limits; however, school districts, home-rule jurisdictions, and local governments whose revenue is already limited by TABOR's collection, retention, and spending limits or by the 5.5% revenue limit are specifically excluded.

⁸ "Base year" is defined as 1) "[f]or a local government entity that had a qualified property tax revenue for the property tax year commencing on January 1, 2023, the local governmental entity's qualified property tax revenue for the property tax year commencing on January 1, 2023, plus any money that the local governmental entity received pursuant to Section 39-3-210," C.R.S.; or 2) "[f]or a local governmental entity that did not have qualified property tax revenue for the property tax year commencing on January 1, 2023, the local governmental entity's qualified property tax revenue for the first year that the local governmental entity had property tax revenue." In addition, for local governmental entities that have temporarily waived the property limit, the local governmental entity's qualified property tax revenue for the most recent property tax year for which the local governmental entity temporarily waived the property tax limit serves as the base year.

⁹ The base year for calculation of the 5.5% growth limit is based off the year when the waiver last applied.

rates and actual value reductions from the 2023 property tax year (collection year 2024). This includes a 6.7% assessment rate applied to the actual value of the property minus \$55,000 or the amount that reduces assessed value to \$1,000 for residential real property.

In addition, beginning in the 2025 property tax year, SB 24-233 creates two assessed values for each residential property: one that is used for mill levies assessed by school districts,¹⁰ and one that is used for all other local government entities.¹¹ For local governments for property tax year 2025, SB 24-233 reduces the assessment rate for all residential property to 6.4% applied to the actual value of the property. For property year 2026, the residential assessment rate is 6.95% applied to the actual value of the property minus the lesser of (a) 10% of the actual value, or (b) \$70,000. Finally, beginning with the 2027 property tax year, the \$70,000 maximum is increased annually by inflation in the first year of each subsequent reassessment cycle.

SB24-233 (Concerning Property Tax) – Overview for Non-School Local Governments

	PTY* 2024	PTY 2025	PTY 2026	PTY 2027	PTY 2028
Property Tax Limit	No new limit	5.5%	5.5%	5.5%	5.5%
Residential AR**	6.7%	6.4%	6.95%	6.95%	6.95%
Homestead Exemption from Actual Value	\$55K	10% of first \$700K***			
Non-Residential AR**	27.9%	27%	25%	25%	25%
Commercial Exemption from Actual Value	\$30K of actual value				

* Revenues are collected in the year following the Property Tax Year (PTY) – eg. PTY 2024 is collected in 2025

** Assessment Rate (AR)

***The Homestead Exemption is adjusted by inflation/CPI starting in PTY 2025

Source: Special District Association, 2024 Legislative Summary (July 2024)

3. State Reimbursements

Finally, SB 24-233 establishes a process by which local governments can be reimbursed by the State for revenue lost pursuant to the reductions in assessed value in the 2024 property tax year only. Reimbursements shall be based on the decline in assessed value multiplied by the local government’s 2022 mill levy, less mills for bonds and contractual obligations. In order to qualify for State reimbursement, the change in assessed value from the 2022 property tax year to the 2024 property tax year must be negative. If there is insufficient State funding to fully backfill the eligible local governments, the backfill will be proportionately reduced.

¹⁰ For purposes of this memorandum, details regarding school district assessment rates have been excluded.

¹¹ “Local government entity” for the purpose of this portion of the bill means a governmental entity authorized by law to impose ad valorem taxes on taxable property located within its territorial limits but excepting school districts. “Local government entity” does not include local governments that are subject to and have not received voter approval to exceed the 5.5% limitation of Section 29-1-301, C.R.S. nor entities that have not received voter approval to collect, retain, and spend without regard to TABOR.

SB 24-233 was signed into law by the Governor on May 14, 2024 and takes effect upon the Governor's proclamation of the results of the 2024 General Election only if voters do not approve ballot measures that either reduce valuations for assessment and/or require voter approval for retaining property tax revenue that exceeds a limit, as briefly discussed below.

Initiative 50 and Initiative 108

Initiative 50, which is qualified to appear on the November 2024 ballot, seeks to amend the Colorado Constitution¹² by imposing a 4% annual cap on total statewide property tax revenues. Any revenue received in excess of the 4% cap would require statewide advance voter approval to be retained.

Initiative 108, which is not yet qualified to appear on the November 2024 ballot, seeks to amend Colorado Revised Statutes¹³ by reducing the residential assessment rate to 5.7% and non-residential assessment rate to 24%. Initiative 108 would require State backfill of revenue loss to local governments as a result of this measure.

Should either Initiative 50 or Initiative 108 be approved by voters at the November 2024 election, SB 24-233 will not take effect.

Tax Rate Information to Real Property Owners

HB 24-1302

HB 24-1302 requires taxing authorities, including special districts, to submit certain information about each mill levy they impose with their annual certification of levies starting with the 2024 property tax year (fiscal year 2025).

The required information includes:¹⁴

1. The rate of the levy;
2. The prior year levy and revenue collected from the levy;
3. The maximum levy that may be levied without further voter approval;
4. The allowable annual growth in revenue collected from the levy;
5. The actual growth in revenue collected from the levy over the prior year;
6. Whether revenue from the levy is allowed to be retained and spent as a voter-approved revenue change under TABOR;
7. Whether revenue from the levy is subject to the statutory 5.5% local revenue growth limit;
8. Whether revenue from the levy is subject to any other limit;
9. Whether the levy must be adjusted, or whether a mill levy credit must be allowed, to collect a certain amount of revenue for the tax year and, if applicable, that amount of revenue; and

¹² Requires 55% approval to pass.

¹³ Requires 50% approval to pass.

¹⁴ Counties are required to ensure that such information is publicly available beginning January 1, 2026. From December 31, 2024 through December 31, 2025, counties must ensure the information is available upon request.

10. Any other information determined necessary by the Department of Local Affairs (“DOLA”).

On or before September 1, 2024, DOLA is required to determine the process by which taxing authorities, including special districts, will provide the above information.

Finally, under current law, county assessors are required to include an estimate of taxes owed with the notice of valuation that is sent annually to each property owner. HB 24-1302 removes this requirement.

HB 24-1302 took effect on June 3, 2024.

Senior Primary Residence Property Tax Reduction

SB 24-111

SB 24-111 establishes a new subclass of residential property called “qualified-senior primary residence real property.” For the 2025 and 2026 property tax years, SB 24-111 reduces the assessed value of owner-occupied senior primary residences for those who previously qualified for the senior homestead tax exemption in 2020 or later years but have since relocated. The actual value of the property is adjusted to 50% of the first \$200,000 or the amount that causes the valuation or assessment to be \$1,000. SB 24-111 requires that revenue lost by local governmental entities, including special districts, be reimbursed by the State. SB 24-111 will take effect on August 7, 2024, assuming no referendum petition is filed.

County Revitalization Authorities

HB 24-1172

HB 24-1172 allows counties to create county revitalization authorities (“CRAs”) to promote economic revitalization in unincorporated areas of the State. CRAs may use resources such as tax increment financing and private financing to conduct revitalization projects according to approved plans. Plans must be reviewed by county planning commissions, are subject to statutory notice provisions, and the public decision-making process. HB 24-1172 outlines the requirements for counties choosing to create and administer a CRA. Under HB 24-1172, special districts have the option to request to join a CRA and participate in the revitalization effort. HB 24-1172 will take effect on August 7, 2024, assuming no referendum petition is filed.

ELECTIONS

Modifications to Laws Regarding Elections

SB 24-210

SB 24-210 contains various additions, amendments, and repeals regarding Colorado’s election laws. Many sections of this bill do not apply to special districts; however, the bill includes the following changes, which may affect special district elections:¹⁵

¹⁵ It should be noted that other elements of SB 24-210 may apply to elections coordinated by the county.

- Section 39 specifies the conditions under which an elector may request a replacement ballot from the designated election official and modifies the time by which an elector must submit that request to remove the requirement that it be made before 5:00 p.m. on Election Day.
- Section 41 eliminates a requirement from Section 1-10.5-104, C.R.S. that the designated election official order a recount no later than 25 days after the election if it appears that a recount is required for any office, ballot question, or ballot issue. Section 1-13.5-1306, C.R.S. still contains recount requirements for the Colorado Local Government Election Code.
- Section 49 prohibits a natural person who is not a citizen of the United States, a foreign government, or a foreign corporation from making a direct ballot issue or ballot question expenditure in the State.

The foregoing provisions of SB 24-210 took effect on June 1, 2024.

EMPLOYMENT

Public Employees’ Workplace Protection

SB 24-232

SB 24-232 clarifies definitions in the Protection for Public Workers Act, which was adopted by SB 23-111. It clarifies that “protected, concerted activity for the purpose of mutual aid or protection” does not include the right or obligation to recognize or negotiate a collective bargaining agreement and does not include certain activities of confidential or managerial public employees. It further clarifies that public employers (which includes special districts) may limit the rights of an employee to the extent necessary to maintain the nonpartisan role of the employer’s nonpartisan legislative, judicial, or election-related staff. SB 24-232 also clarifies that activity by a public employee that results in a material disruption of a public employee’s duties, the public employer’s operations, or the delivery of public services is not a protected activity; provided, disagreement with the content of a viewpoint expressed or a strike does not constitute a material disruption. In addition, SB 24-232 modifies the applicability of a public employer's authority to limit the rights of public employees in certain circumstances. SB 24-232 will take effect on August 7, 2024, assuming no referendum petition is filed.

Safer Youth Sports

SB 24-113

SB 24-113 establishes requirements for nonprofit and for-profit youth sports organizations as well as local governments providing youth athletic activities. It requires local governments,¹⁶ including special districts, perform a criminal history record check prior to employing a person as a coach of a youth athletic activity. Any person who has been convicted of, pled nolo contendere to, or have a deferred sentence or prosecution for felony child abuse or felony unlawful sexual behavior, including a comparable offense committed in another state, is disqualified from acting as a coach of a youth athletic activity.

¹⁶ “Local government” has the same meaning as set forth in Section 29-1-102, C.R.S. This includes, but is not limited to, authorities, counties, municipalities, and special districts.

In addition, local governments must make available a prohibited conduct policy relating to youth athletic activities,¹⁷ including (1) a list of prohibited conduct by coaches, parents, spectators, and athletes; (2) a mandatory reporting policy for adults who have knowledge of an act of prohibited conduct; and (3) a code of conduct for parents, spectators, coaches, and athletes to follow, which may be the model code of conduct policy made available by the Department of Early Childhood.

SB 24-113 will take effect on August 7, 2024, assuming no referendum petition is filed.

MISCELLANEOUS¹⁸

Concerning Prohibiting Restrictions on the Use of Fire-Hardened Building Materials in Residential Real Property **HB 24-1091**

HB 24-1091 prohibits property transfer instruments (*e.g.*, deeds or contracts), homeowner association bylaws, and declarations from restricting the installation, use, or maintenance of fire-hardened building materials in residential property. Existing provisions that violate this prohibition are void and unenforceable as of March 12, 2024. HB 24-1091 took effect on March 12, 2024.

Discrimination in Places of Public Accommodation **HB 24-1124**

Under current law, any person who discriminates in places of public accommodation is subject to a fine of not less than fifty dollars (\$50) nor more than five hundred dollars (\$500). HB 24-1124 increases the fine amount to three thousand five hundred dollars (\$3,500) for each violation. HB 24-1124 will take effect on August 7, 2024, assuming no referendum petition is filed.

Hold Harmless for Error in GIS Database Data **SB 24-023**

SB 24-023 establishes that any vendor relying on the DOR's GIS database to determine the tax rate and which local tax jurisdictions¹⁹ are owed sales and use tax is held harmless in an audit by the State or any local taxing jurisdiction for an underpayment of tax, charge, or fee liability that results solely from an error or omission in the GIS database. To be held harmless, the vendor must collect and produce certain documentation to demonstrate proper system use. SB 24-023 applies to audits commenced by local taxing jurisdictions, directly or by contractors, on or after April 19, 2024.

¹⁷ "Youth athletic activity" means "an organized athletic activity in which the majority of the participants are less than eighteen years of age and are engaging in an organized athletic game, competition, or training program."

¹⁸ It should be noted that all bills affecting homeowners associations are not included for purposes of this memorandum and there may be other bills not otherwise mentioned here. Please contact legal counsel for more information regarding homeowners association bills.

¹⁹ "Local Taxing Jurisdiction" means "a city, town, municipality, county, special district, or authority authorized to levy a sales or use tax pursuant to title 24, 25, 29, 30, 31, 32, 37, 42, or 43, and any county, city and county, or municipality governed by a home rule charter that uses the electronic sales and use tax simplification system."

HB 24-1051 imposes additional limitations and obligations on towing companies and owners of private property that must be followed prior to the nonconsensual towing of a vehicle from private property. Because HB 24-1051 applies to private property, there is likely no impact on most special districts. However, private property is not defined for purposes of HB 24-1051, and some special districts may be providing covenant enforcement on property that is privately owned. As such, special districts that are or may in the future engage in towing are encouraged to discuss this bill and other legal considerations related to towing with legal counsel. HB 24-1051 will take effect on August 7, 2024, assuming no referendum petition is filed.

Local Government Utility Relocation in Right-Of-Way

SB 24-1266 focuses on coordination between “local governments”²⁰ and utility providers for utility relocation work²¹ required for road improvement projects²² and establishes guidelines for notifications from local governments. SB 24-1266 broadly defines “public roadway” as property controlled by a local government that is acquired, dedicated, or reserved for the construction, operation, and maintenance of a street or public highway and that is open to public travel, or any other public highway established by law.

Although SB 24-1266 does not specifically implicate special districts, these requirements may come into play if there is engagement in a roadway improvement project that requires relocation of utility facilities with an affected local government. SB 24-1266 will take effect on August 7, 2024, assuming no referendum petition is filed, and will apply to relocation work commenced on or after the effective date.

Prohibiting Carrying Firearms in Sensitive Spaces

SB 24-131 prohibits, with limited exceptions, the carrying of firearms in government buildings (including the property, offices, and adjacent parking lots) of the general assembly, local government governing bodies,²³ and courthouses). In addition, SB 24-131 permits a local

²⁰ “Local government” is defined to include a statutory or home rule county, city and county, municipality, or town, excluding a local government that has granted a franchise to a utility company pursuant to Section 31-32-101 or article XX of the Colorado constitution.

²¹ This includes “private project relocation” work including a construction or reconstruction project for the adjustment, expansion, or realignment of a public roadway or public right-of-way that 1) requires the removal, relocation, or alteration of a utility, 2) is necessary to facilitate the development of private property, and 3) is required by reason of a local government zoning, approval, or other land use regulation permitting requirement.

²² “Road improvement project” means “any construction or reconstruction project for the adjustment, expansion, or realignment of a public roadway or public right-of-way, including but not limited to maintenance, replacement, bridge, culvert, or traffic signal projects” (not for projects under the control of CDOT).

²³ This includes the property or within any building in which the (1) chambers of a local government’s governing body are located; (2) meeting of a local government’s governing body is being conducted; or (3) official office of any

government,²⁴ including special districts, to enact an ordinance, regulation, or other law allowing a person to carry a firearm at any of the applicable locations. SB 24-131 took effect on July 1, 2024.

Emission Reduction Requirements for Lawn and Garden Equipment

Regulation No. 29

In February 2024, the Air Quality Commission adopted Regulation No. 29 to reduce air pollution from gas-powered lawn and garden equipment. Regulation No. 29 prohibits local governments, including special districts and their contractors, from using certain gas-powered push and held-held lawn and garden equipment with an internal combustion engine smaller than 7 kW (10 horsepower) between June 1 and August 31 of each year in the ozone nonattainment area²⁵ beginning June 1, 2025.

elected member of a local government’s governing body or of the chief executive officer of a local government is located.

²⁴ “Local government” is defined as “any city, county, city and county, special district, or other political subdivision of this state, or any department, agency, or instrumentality thereof.”

²⁵ The current “ozone nonattainment areas” designated by the Air Quality Control Commission and approved by the U.S. Environmental Protection Agency are Adams County, Arapahoe County, Boulder County, Broomfield County, Denver County, Douglas County, Jefferson County, Weld County, and a portion of Larimer County.



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

MEMORANDUM

TO: Board of Directors

FROM: Christel Gemski
Executive Vice-President

DATE: September 23, 2024

RE: Notice of 2025 Rate Increase

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

In accordance with the Management Agreement (“Agreement”) between the District and Special District Management Services, Inc. (“SDMS”), at the time of the annual renewal of the Agreement, the hourly rate described in Article III for management and all services shall increase by (2.5%) per hour.

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